सत्यमेव जयते

634
16 HC.

REPORT OF THE

COMPTROLLER AND AUDITOR GENERAL

OF INDIA

FOR THE YEAR ENDED 31 MARCH 1987

NO. 1 OF 1988

UNION GOVERNMENT—CIVIL

REPORT OF THE

COMPTROLLER AND AUDITOR GENERAL

OF INDIA

FOR THE YEAR ENDED 31 MARCH 1987

NO. 1 OF 1988

UNION GOVERNMENT—CIVIL

TABLE OF CONTENTS

PREFATORY REMARKS

The Report on the expenditure of the Union Government (Civil Departments) for the year ended 31 March 1987 has been prepared for submission to the President under Article 151 of the Constitution.

2. This Report relates to matters arising from the Appropriation Accounts of the Union Government (Civil) for the year 1986-87 prepared (with a few exceptions) by the Controller General of Accounts and test checked in Audit and other points arising from audit of the financial transactions of the Civil Departments of the Union Government except those relating to Scientific Departments; Departments of Union Territory of Delhi Administration and Central Autonomous Bodies audited under various provisions of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 which have been given in the Reports Nos. 7, 8 and 9 of 1988.

3. Certain points of interest arising from the Union Government Finance Accounts for the year 1986-87 as consolidated by the Controller General of Accounts and based on the statements of Finance Accounts furnished by the Controller General of Accounts/Controllers of Accounts are included in Chapter II of this Report.

4. This Report also includes, among others, paragraphs/reviews on National Programme for Control of Blindness; National Tuberculosis Control Programme; National Leprosy Eradication Programme; Modernisation of State Police Forces; Dandakarnya Project; Directorate of Field Publicity; Working of Land and Development Office and Delhi Milk Scheme.

5. The cases mentioned in this Report are among those which came to notice in the course of test audit during the year 1986-87 as well as those which came to notice in earlier years but could not be dealt with in previous Reports; matters relating to the period subsequent to 1986-87 have also been included, wherever considered necessary.

6. Chapter I of the Report is an 'Overview' bringing out the significant Audit findings.

CHAPTER I

Overview

The Audit Report for the year 1986-87 contains 68 paragraphs including 9 reveiws. The points highlighted in the Report are summarised below :

1.1 *Budgetary Control.*—The overall deficit during 1986-87 was Rs. 8261 crores against the budget estimates of Rs. 3703 crores and revised budget estimates of Rs. 8285 crores. The revenue deficit was Rs. 7776.04 crores during 1986-87 as against Rs. 5888.23 crores during 1985-86.

The supplementary provision of Rs. 6631.44 crores obtained during 1986-87 constituted 3 *per cent* of the original provision of Rs. 210226.18 crores. In 20 cases, the supplementary provision of Rs. 117.05 crores obtained was unnecessary. There were excesses amounting to Rs. 44.76 crores over the sanctioned provision in 15 cases; these excesses require regularisation by Parliament.

(Paragraphs 2, 3 and 4)

1.2 *Poor maintenance of aircraft in the Agricultural Aviation Directorate.*—Of a total fleet of 50 aircraft/helicopters which the Directorate of Agricultural Aviation had, serviceable ones were only 21, the remaining having been grounded one to 19 years ago. The objectives of the Directorate include locust control and aerial dispensing of insecticides, fertilizers and seeds and operates as a 'fire fighting brigade'. Of the aircraft/helicopters grounded, 15 had been declared as beyond economical repairs 11 of which before completion of their normal life. In addition to the 15 aircraft declared beyond economical repairs 14 aircraft grounded were awaiting repairs for periods ranging from two to ten years. (Paragraph 7).

1.3 *Avoidable payment of cash assistance for export of Individual Quick Frozen (IQF) shrimps.*—The Ministry of Commerce introduced cash assistance on the export of IQF shirmps at 15 *per cent* of the f.o.b. value with effect from 1st April 1984 even though the necessary machinery required to produce IQF shrimps was not available in the country. A subsidy scheme on machinery required for production and packing of IQF shrimps was approved only in November 1985. The prices realised by some of the exporters of IQF shrimps were significantly lower than those realised from block frozen shrimps which attracted no cash assistance. The decision of the Government to introduce cash assistance from 1st April 1984 led to avaoidable payment of cash assistance of Rs. 21.68 lakhs by disbursing offices.

(Paragraph 8)

1.4 *Cash assistance for export of perfumed hair oil.*—Cash assistance at 15 *per cent* of the f.o.b. value on export of perfumed hair oil was being allowed till 31st March 1979 when it was decided to discontinue assistance on this item and the item was also removed from the cash compendium list. Cash assistance was paid for the generic entry, "Cosmetics and Toiletries not specified elsewhere" barring two exceptions viz., lipstick and shampoo. Two firms which were denied cash assistance on the export of perfumed hair oil filed a case in court which observed that the said item 'Cosmetics and Toiletries' while excluding shampoo did not intend to exclude perfumed hair oil and ordered payment of cash assistance to be made. Ministry's failure to specifically exclude this item led to avoidable payment of cash assistance of Rs. 9.72 lakhs. A claim of Rs. 2.69 lakhs was also pending.

(Paragraph 9)

1.5 *Irregularities in payment of cash compensatory support.*—A test check of payments of cash compensatory support made by the Chief Controller of Imports and Exports revealed several instances of overpayments. Against an overpayment of Rs. 269.16 lakhs pointed out by Audit during 1983-84 to 1985-86, recoveries were only for Rs. 29.93 lakhs. Failure to effect recoveries pointed out by Audit in time, carries with it the risk of the amounts becoming non-recoverable. There were instances where demand notice issued to firms had not been responded and it appeared that the firms had either closed down their business or were not intentionally refunding the amount. (Paragraph 10)

1.6 *Cash assistance for export of frozen fish, frozen lobster tails and whole cooked lobsters.*—Cash assistance for the export of frozen fish, frozen lobster tails and whole cooked lobsters was raised by the Ministry from 5 *per cent* to 9 *per cent* of the f.o.b. value from April 1984 to offset the duty element of diesel oil used on boat operations which was contrary to the guidelines issued. The higher rate of cash assistance of 12 *per cent* on frozen fish and 8 *per cent* on frozen lobster tails and whole cooked lobsters was also allowed on unrepresentative data from 1st July 1986. A scrutiny of representative data, however, revealed that the exporters had either not incurred any loss in their exports or the loss was around 5 *per cent* of the f.o.b value. Cash assistance beyond 5 *per cent* of f.o.b. value was not, therefore, justified leading to extra payment of cash assistance of Rs. 406.04 lakhs on export of these products during April 1984 to March 1987. (Paragraph 11)

1.7 *Excess air freight assistance on the export of leather products.*—Till June 1986, air freight subsidy on export of leather products made by Ministry of Commerce was related to the actual air freight paid ranging from 30 *per cent* to 40 *per cent* of the air freight with a further overall ceiling of the percentage of f.o.b. value. From July 1986, the basis for determination of subsidy was related to the f.o.b. value of exports. An examination of 38 cases, where cash compensatory support was allowed on the export of some categories of leather products, valued at Rs. 2.27 crores, revealed that the subsidy paid to the exporters resulted in adventitious gain of Rs. 8.78 lakhs to the exporter over the quantum that would have been admissible under the rates in vogue till 30th June 1986. There were instances where the assistance received towards air freight was in excess of the actual air freight paid.

(Paragraph 12)

1.8 *Avoidable expenditure on works in Madras Export Processing Zone.*—A high voltage line meant for 25 KV single phase supply for the sub-urban train service and another high tension power line of the Electricity Board were passing over the Madras Export Processing Zone for a certain distance. Failure to restrict the construction upto a safe height below the lines resulted in the death of a female labourer at the site. Further, failure to consult the Railways before starting the development of the Zone resulted in realignment of the boundary wall and taking the power lines meant for supply of power for traction out of the Zone. Inadequate planning and failure to consult the Railways before the construction work led to redundancy of expenditure. (Paragraph 13).

1.9 *Avoidable expenditure on purchase of Chancery building in Hong Kong.*—The delay in taking a decision by Ministry of External Affairs in approving the purchase proposal of a building for housing the Chancery in Hong Kong resulted in avoidable expenditure of Rs. 54.72 lakhs. (Paragraph 15)

1.10 *Payment of compensation to a landlord by a Mission abroad.*—In contravention of the instructions, the High Commission of India, London, held the hired premises without renewing the lease deed for nearly 5 years resulting in an expenditure of Rs. 0.90 lakh. (Paragraph 16)

1.11 *Loss of revenue due to non-levy of fee.*—In August 1985, Ministry of External Affairs directed all passport issuing authorities to charge a fee for emigration endorsement. It was noticed in Audit that 17 Regional Passport Offices out of 21 in India did not collect the fee between October 1985 and October 1986 resulting in a loss of revenue of Rs. 62.86 lakhs. (Paragraph 17)

1.12 *National Programme for Control of Blindness*—The Government of India released a grant of Rs. 3572.93 lakhs during 1980-81 to 1986-87 to the States/Union Territories but the grants released were not fully utilised. Performance in activities like upgradation of Primary Health Centres, District Hospitals, Mobile Units and cataract operations was below the target. No proper mechanism was evolved at the Centre and at the State level to monitor and evaluate the programme from time to time.

(Paragraph 19)

1.13 *National Tuberculosis Control Programme.*—The matching contribution by some States was much less than the Central assistance during 1980-81 to 1986-87. In the case of sputum examination, the district TB centres achieved targets upto 49 *per cent* during 1983-84 to 1986-87. Detection of new cases fell short of the targets by more than 50 *per cent* in some States during 1982-83 to 1986-87. District TB centres had not been established in 65 districts in the country. Due to shortage of trained medical and para-medical staff, 1635 posts in 14 States were manned by untrained staff. An independent evaluation of the programme has not been done so far.

(Paragraph 20)

1.14 *National Leprosy Eradication Programme.*—Against the targeted coverage of 90 *per cent* of the endemic population by the end of Sixth Five Year Plan, the coverage was only 64.20 *per cent.* Fourteen States/Union Territories in case detection, 16 in treatment and 18 in discharge activities had not achieved their respective cumulative targets upto 1986-87. Shortfall of more than 20 *per cent* of the sanctioned strength was reported in medical officers and staff. While considerable shortage of medicines was noticed in some States, there was excess procurement in some other States. (Paragraph 21)

1.15 *Modernisation of State Police Forces.*—Out of 21 States, the Perspective Plans of 7 States were approved by the Ministry of Home Affairs but the grant or expenditure was not in conformity with the approved plan. The revised Plans of 6 States were not approved by the Ministry. Out of Rs. 59.45 crores released by the Central Government Rs. 54.85 crores were utilised by various State Governments during 1980-81 to 1986-87. Five State Governments had not contributed towards the scheme. Physical targets were not fixed by the State Governments. None of the State Governments except Madhya Pradesh could achieve 100 *per cent* coverage of police stations by providing wireless or telecommunication system. The shortfall in mobility at police station level in 15 States ranged from 3 to 100 *per cent.* Regional Forensic Science Laboratories were not established in most of the States. The existing laboratories were not strengthened with modern sophisticated equipment and skilled staff. Equipment costing Rs. 3.84 crores were lying idle; Rs. 1.68 crores were spent on items not covered under the scheme and Rs. 1.78 crores were diverted. The implementation of the scheme by the States was to be reviewed by the Ministry through periodical visits by a Central team. The Central team had not visited all the States during 1980—87.

(Paragraph 25)

1.16 *Dandakaranya Project.*—Against 36,673 displaced families resettled upto March 1986, 25,253 families were in position and the remaining 11,420 families had deserted. The proportionate expenditure incurred on the deserted families worked out to Rs. 23.41 crores. Lands reclaimed at a cost of Rs. 36.27 lakhs were not put to any use. Lands measuring 15,587 acres were allotted to 4,933 families in Potteru area assuming the land will be covered by perennial irrigation. Land covered by irrigation in 1986 was 2,040 acres only as the Potteru Irrigation Scheme taken up by the Government of Orissa in 1975, with funds provided by the Centre, was under construction and likely to be completed by 1989-90.

(Paragraph 26)

1.17 *Festival of India.*—The audited statements of accounts and utilisation certificates had not been received for grants amounting to Rs. 196.92 lakhs released to various agencies. Brochures costing Rs. 45.12 lakhs were printed without inviting quotations. Sale account of 6050 copies of the book titled 'India' purchased at a cost of Rs. 7.44 lakhs was not maintained. (Paragraph 28)

1.18 *Directorate of Field Publicity*.—The performance of activities was less than 50 *per cent* of the prescribed norms in film shows, photo exhibitions oral communication, etc. during 1983 to 1985. There was no fixed norm for the song and drama programmes. Ministry of Information and Broadcasting was yet to take a decision on the recommendations made by a group in October 1985, for the merger and re-organisation of sister organisations with a view to achieve effective publicity and savings of Rs. 189 lakhs per annum. (Paragraph 32)

1.19 *Tardy implementation of Solatium Fund Scheme*.—As a measure of relief to victims of road accidents by Motor Vehicles a suitable provision for compensation was made by amending the Motor Vehicles Act, 1939 for payment of solatium in cases in which the identity of vehicles causing the accident was not known. Although till 31st March 1987, the Fund has received a contribution of about Rs. 4.82 crores a disbursement of only Rs. 53.44 lakhs had been made till 31st March 1987. Besides, Rs. 54.57 lakhs representing more than 50 *per cent* of the total allocation of Rs. 108.01 lakhs placed at the disposal of State Governments was lying unutilised. The expenditure incurred on the publicity of the scheme was Rs. 1.64 lakhs which was inadequate considering the publicity required for the success of the scheme.

(Paragraph 34)

1.20 *Loss of freight charges in chartering a ship*.—A foreign flag vessel was chartered by the Chartering Wing for transporting fertilizers from Rostock to India. An advance payment of 90 *per cent* freight charges was made to the owners of the vessel in terms of the charter party. While enroute to India the vessel was diverted, in breach of the charter party, to another port where it was arrested on an application moved by a bank with whom the vessel was under mortgage. The vessel was auctioned but the claim of the Government was not ranked in the list of creditors. Failure to verify the antecedents of the party and to adequately secure the advance freight resulted in substantial loss to Government which, besides loss of advance freight of $ 4,22,594, included additional charges for alternative arrangement to bring the cargo and deterioration in the quality of cargo, besides legal charges.

(Paragraph 35)

1.21 *Observations as a result of a general review of Ministry of Tourism*.—A general review of Ministry of Tourism by Audit revealed that against an increase of 220 per cent and 111 *per cent* in the outlay on promotional activities during 1985-86 and 1986-87 over the previous years, the increases in percentage of tourist arrivals were 1 *per cent* and 34 *per cent* and earnings in foreign exchange were 12 *per cent* and 21 *per cent* respectively. On the 'Follow the Festival' campaign in the USA an expenditure of Rs. 5.16 lakhs was incurred for projection through journals which were considered 'as not so effective'. The number of undistributed stock of the Indian diary 1987 at the end of November 1987 was 1176 valued at Rs. 1.38 lakhs. No training programmes were arranged by the Indian Institute of Tourism and Travel Management, set up in January 1983, in 1983-84. In 1984-85 4 seminars and 4 Executive Development Programmes were organised, but the number declined to 4 for a total duration of 22 days in 1985-86.

(Paragraph 36)

1.22 *Losses in the stocking and sale of departmental publications*.—Publications brought out by various Ministries/Departments are sold through the Department of Publication under the Ministry of Urban Development. A test check by Audit revealed that 4.96 lakh books/periodicals under 346 titles valued at Rs. 62.58 lakhs brought on stock prior to March 1984 were lying unsold for periods ranging between 3 and above 15 years. A selected review of 68 samples revealed that in respect of 19 titles the sales were less than 25 *per cent* of the copies printed, for 15 titles the sales were between 25 and 35 *per cent* and for 34 titles the sales were between 35 and 50 *per cent* of the number of copies printed. During 1984-85 to 1986-87 the number of copies sold were insignificant as compared to the number of copies available in stock. 34,271 books printed by various presses during 1980-81 to 1986-87 and earmarked for sale had not been released for sale by the department so far.

(Paragraph 37)

1.23 *Loss due to damage/collapse of newly constructed bridges on National Highways*.—Three bridges on National Highways, two in Tamil Nadu and one in Bihar, constructed during 1972—77 collapsed or were damaged within one to five years of their completion. One more bridge on National Highway-2 in Uttar Pradesh, constructed during 1963—69, started showing signs of distress nine years after its opening to traffic. Defects occurred due to sub-standard work, bad workmanship, lack of quality control and inadequate supervision. On reconstruction/repairs of these bridges an amount of over Rs. 128 lakhs was estimated to be spent.

(Paragraph 40)

1.24 *Land and Development Office*.—A review on the working of Land and Development Office (L&DO) revealed several defects. Proper records to ensure timely and regular collection of revenue were not maintained. Arrears of ground rent had increased from Rs. 184.80 lakhs in 1981 to Rs. 887.52 lakhs in 1986. Failure to revise ground rent timely as per lease terms resulted in loss of revenue. Land rates fixed in some cases were on the lower side as compared to the rates fixed by the Delhi Administration resulting in less realisation of Government's share of unearned income. 231 cases were pending in various law courts from one to 25 years. An amount of Rs. 42 crores stood recoverable in respect of cases pertaining to multi-storeyed buildings alone pending in High Court/Supreme Court. Construction of hotels on plots allotted to the Delhi Development Authority (DDA), New Delhi Municipal Committee (NDMC) and India Tourism Development Corporation (ITDC) at concessional rates, before Asiad 1982, was not completed on time. Other terms of allotment were also violated. Over Rs. 9 crores were due from the three organisations since May 1983/September 1986. There was absence of coordination between the L&DO, DDA and NDMC resulting in (i) cases of squatting remaining unnoticed for years together, (ii) unauthorised leasing out of lands and (iii) approval of site plans by the local bodies despite breaches of lease terms committed by allottees. (Paragraph 43)

1.25 *Misutilisation of steel imported under an Aid Programme*.—Six construction divisions of Calcutta, under Central Public Works Department, utilised 2207 tonnes of steel bars mainly on construction of Government quarters in violation of the conditions of the grant, as these were meant for construction of houses for the lowest category of workers in mines, hospitals, foodgrain godowns, etc. (Paragraph 44)

1.26 *Delhi Milk Scheme (DMS)*.—The DMS established in 1959, is running in loss from its inception except in 1969-70 and 1970-71. Provisional figures of the losses in 1984-85, 1985-86 and 1986-87 were Rs. 950 lakhs, Rs. 765.70 lakhs and Rs. 740.38 lakhs respectively. Against the installed capacity of 4.15 lakh litres per day, production ranged between 3.25 lakh litres and 3.77 lakh litres during 1982-83 to 1986-87. While production had declined by 8.28 *per cent* in 1985-86 as compared to 1982-83 expenditure had increased by 35.66 *per cent* during the same period. Increase in the procurement price of raw material, viz, raw milk, milk powder, butter oil, etc. was not matched by comensurate increase in the selling price of milk. Maintenance of surplus staff resulted in expenditure of Rs. 70 lakhs per annum. Failure to procure raw milk in adequate quantity had resulted in heavy dependence on other raw materials for production of reconstituted milk so as to maintain production and supplies. There were several instances of ill-planned purchase of equipment. The equipment purchased were not put to use and were disposed of or were awaiting disposal. (Paragraph 67)

1.27 *Other interesting cases noticed are as follows* :

(i) Blocking of funds due to sanction of grants-in-aid by several departments for the same purpose

The Department of Agricultural Research and Education released grants-in-aid of Rs. 15 lakhs to the Indian Society for Genetics and Plant Breeding, New Delhi for holding the XV International Congress of Genetics in India. The Society had also received for the same purpose grants-in-aid of Rs. 19 lakhs from 8 other Government departments/agencies and Rs. 25 lakhs from foreign agencies etc. Rs. 39.46 lakhs was spent on the congress and there was an unspent balance of Rs. 41.75 lakhs. Failure on the part of the departments to obtain the certificate from the grantee that grants-in-aid for the same purpose had not been received by them from other departments resulted in retention by the Society of surplus funds for more than three years. (Paragraph 5)

(ii) Non-installation of X-ray plant

An X-ray plant costing Rs. 5.69 lakhs, purchased in October 1985, by the Central Government Health Scheme, Allahabad, is yet to be installed. (Paragraph 24)

(iii) Non-utilisation of slide projectors

The Directorate of Advertising and Visual Publicity purchased 10 slide projectors costing Rs. 1.09 lakhs in 1981 but they remained un-utilised for over 6 years due to their inability to generate or procure suitable audio-visual programmes. (Paragraph 33)

(iv) Idle manpower

With the completion of different stages of construction works on Beas project between 1974 and 1983, the staff became surplus during April 1979, July and September 1982. Delay in taking a decision regarding retrenchment/repatriation/adjustment of surplus staff had resulted in avoidable expenditure of Rs. 2.35 crores upto August 1985. (Paragraph 39)

(v) Loss due to short receipt of steel from a supplier

The CPWD sustained a loss of Rs. 2.01 lakhs on account of shortage of 34.37 tonnes of steel due to its failure in not arranging for its weighment before taking delivery from the Railways in spite of shortages being detected in most of the consignments. (Paragraph 46)

(vi) Construction of a Labour Community Centre

A Labour Community Centre constructed in March 1983 at a cost of Rs. 7.18 lakhs at Chandigarh had not been utilised for the welfare of labour community. (Paragraph 50)

(vii) Purchase of mingografs

According to the instructions of the Ministry of Defence the quantum of agency commission payable to Indian agents of foreign suppliers was to be restricted to 7½ *per cent*. While placing an Acceptance of Tender for the procurement of two sets of mingografs costing Rs. 14.85 lakhs the Director General, Supplies and Disposals did not take into account the instructions of the Ministry of Defence. Consequently the actual agency commission paid to the Indian agents of the foreign suppliers worked out to 16.67 *per cent*, the amount paid in excess being Rs. 1.36 lakhs. (Paragraph 57)

(viii) Sale of diesel generation sets

For the disposal of 15 diesel generating sets and accessories located at three power stations in Delhi a joint inspection team determined the assessed value of stores without taking into consideration the value of oil contained in the storage tanks. The storage tanks contained 4.66 lakh litres of oil, the value of which on the basis of the then prevailing rate (November 1986) was Rs. 15.24 lakhs. Since in the advertised tender enquiry there was no mention of the disposal of oil contained in the tanks the oil had to be parted with as the sale was on "as-is-where-is-basis." (Paragraph 62)

CHAPTER II

2. GENERAL

The summarised position of the accounts of the Union Government for 1986-87 emerging from the Appropriation Accounts and the statements of Finance Accounts as rendered by the Controller General of Accounts, subject to adjustments made for subsidy on fertilizers and the capital expenditure met from the internal resources of Railways and Posts and Telecommunications, is given in the following Statements.

I. Statement of financial position* of the Government of India as on 31st March, 1987

(Rupees in crores)

LIABILITIES			ASSETS			
Amount as on 31-3-1986		Amount as on 31-3-1987	Amount as on 31-3-1986			Amount as on 31-3-1987
40375.10**	Internal Debt (Other than Treasury Bills)	46686.17	65048.17	Gross Capital Outlay (Schedule A)		
36858.96	Small Savings, Provident Funds, etc.	44928.38		Investment in shares of Companies, Corporations, Co-operatives, etc.	30725.90	
26014.28	Treasury Bills	19976.42				
4650.00	Treasury Bills converted into Securities	19650.00		Other Capital Expenditure	45842.56	76568.46
18152.61	External Debt	20298.89	61766.41			
50.00	Contingency Fund	50.00		Loans and Advances :		
1453.93	Reserve Funds	1751.51		For Development of Central Projects/Schemes, etc.	26235.95	
9468.37	Deposits and Advances	12780.86				
5751.37	Contributions by Railways and Posts and Telecommunications and others for financing Capital expenditure (as per contra—Refer Schedule A).	6482.47		State/Union Territory Governments	43706.38	
				Foreign Governments	733.45	
				Government Servants and Miscellaneous	343.56	71019.34
			357.32	Suspense and Miscellaneous Balances		324.05
			1273.27	Remittance Balances		1639.06
			3.56	Cash Balance Investment		4.54
			1006.68	Cash Balance at end (including Departmental Balances and Permanent Advance)		1886.35
			13319.21	Deficit :		
				Revenue Deficit for the year	7776.04	
				Less Capital Receipts	1.00	
				Add : Miscellaneous Receipts (Net)	11.60	
				Add : Prior Period Adjustments	57.05	
				Add : Deficit as on 31st March 1986	13319.21	21162.90
142774.62		172604.70	142774.62			172604.70

1. *Subject to Explanatory Notes appended.
2. NOTE :—Proforma corrections have been made by the Controller General of Accounts in the closing balances as on 31st March 1986 of Public Debt, Loans and Advances, Reserve Funds, Suspense and Miscellaneous, Remittances, etc. resulting in net increase of Rs. 52.05 crores in credit balance and proforma reduction in progressive Capital expenditure as on that date by Rs. 5.00 crores leading to a net Prior Period Adjustment of Rs. 57.05 crores.
3. **Differs from last year figures as 'Treasury Bills converted into securities' have now been shown distinctly.

S/36 C&AG/88—3

Explanatory Notes

1. The summarised Financial statements are based on the Statements of the Finance Accounts rendered by the Controller General of Accounts and the Appropriation Accounts of the Union Government and are subject to notes and explanations contained therein.

2. Government accounts being mainly on cash basis, the revenue surplus or deficit has been worked out on cash basis. Consequently, items payable or receivable or items like depreciation or variation in stock figures, etc. do not figure in the accounts.

3. Finance Accounts contain information on progressive capital expenditure outside the revenue account. Prior to rationalisation of accounting classifications, small expenditure of capital nature was also met out of revenue. Information on such capital expenditure being not available, is not reflected in the accounts.

4. The capital outlay represents capital expenditure booked in the accounts except adjustments made for subsidy on imported fertilisers and that met from internal resources of Railways, Posts and Telecommunications Departments.

5. Although a part of revenue expenditure and the loans are used for capital formation by the recipients, its classification in the accounts of Union Government remains unaffected by end use.

6. Under the Government system of accounting, the revenue surplus or deficit is closed annually to Government Account with the result that cumulative position of such surplus or deficit is not ascertainable. The balancing figure as on 31st March 1982 was, therefore, treated as cumulative surplus for drawing up the first statement of financial position for 1982-83 which took the place of Balance Sheet.

7. Suspense and Miscellaneous balances include cheques issued but not paid, payments made on behalf of States and others pending settlement, amount collected by public sector banks awaiting credit to Government, Coinage balances, etc.

8. Internal Resources of Telecommunications include Rs. 318.62 crores representing advance rentals under OYT, etc. schemes.

9. The closing cash balance as per Reserve Bank of India was Rs. 840.64 crores against the general cash balance of Rs. 706.75 crores shown in the accounts. The difference had not been reconciled (February 1988).

SCHEDULE A

(Annexed to Statement of Financial position as on 31 3 1987)

I. Details of Capital Outlay (Rupees in crores)

As on 31-3-1986		As on 31-3-1987
62063.52	Gross Capital Outlay as per accounts	73049.83
2766.72	Less Revenue Expenditure charged to Capital (Subsidy on imported fertilizers)	2963.84
	Total	70085.99
5751.37	Add Capital Expenditure of Railways and Posts and Telecommunications financed from their internal Resources and contributions from others.	6482.47
65048.17*	Total Capital Outlay	76568.46

*Prior Period Adjustment of Rs. 5.00 crores made by the Controller General of Accounts in the Accounts for 1986-87.

II. Sector-wise Capital Outlay

Sector	Capital Outlay during the year	Capital outlay at the end of 1986-87
Civil	7572.00	47643.21@
Defence	1298.48	8362.01
Railways	1899.22	13836.59
Posts	31.25	296.18
Telecommunications	724.16	6430.47@
Total	11525.11	76568.46

@Difference is due to rounding of the last year's figure by Controller General of Accounts.

III. Contributions from Railways, Posts and Telecommunications and others for financing capital expenditure

	Railways	Others	Posts	Telecommunications	Total
Till end of 1985-86	2413.96†	8.30*	53.01	3276.28	5751.55†
During 1986-87	519.81	..	3.82	207.29	730.92
Total	2933.77	8.30*	56.83	3483.57	6482.47

*States, District Boards, etc.

†Differs from last year's figures which were provisional.

IV Sources and Application of Funds for 1986-87

(Rupees in crores)

(i) Sources

1.	Revenue Receipts	40559.81
2.	Increase in Debt	8459.08
3.	Treasury Bills converted into Securities	15000.00
4.	Net Receipts from Public Account	11334.39
5.	Recoveries from Loans and Advances	4125.19
6.	Internal Resources of Railways and Posts and Telecommunications used for Capital expenditure.	730.92
7.	Miscellaneous Capital Receipts	1.00
	Total	80210.39

(Rupees in crores)

(ii) Application

1.	Revenue Expenditure	48335.85
2.	Lending for Development and other purposes	13430.61
3.	Capital Expenditure	11525.11
4.	Decrease in Treasury Bills	6037.86
5.	Increase in Cash Balance	880.96
		80210.39

III. Abstract of Receipts and Disbursements for 1986-87

(Rupees in crores)

SECTION A — REVENUE

RECEIPTS

I. *Revenue Receipts*		
Tax Revenue	30668.29	
Interest Receipts	5353.02	
Dividends	207.47	
Share of profits from Reserve Bank of India, Life Insurance Corporation and Nationalised Banks.	274.02	
Other Dividends and profits	25.48	
Aid materials and Equipment	40.20	
Other Non-Tax Revenue	3595.34	
External Grant Assistance	395.99	40559.81
II. Revenue Deficit c/o to Section B		7776.04
Total		48335.85

DISBURSEMENTS

	Plan	Non-Plan	Total
I. *Revenue Expenditure :*			
Grants to States under the Constitution	174.54	868.95	1043.49
Other Grants to State/Union Territory Governments	5702.29	998.41	6700.70
States' share of Union Excise Duties	—	6305.74	6305.74
Interest and Debt Service obligations	—	9245.94	9245.94
Pension (including Swatantrata Sainik Samman Pension) and other Miscellaneous expenditure	—	1582.09	1582.09
Food Subsidy		1999.74	1999.74
Subsidy on Indigenous Fertilizers	—	1700.00	1700.00
Assistance for Export Promotion and Market Development	—	785.33	785.33
Interest Subsidy	—	322.77	322.77
Other Grants and Contribution	0.19	157.27	157.46
Postal Expenditure	1.90	214.53	216.43
Defence Expenditure	—	9178.98	9178.98
Subsidy to Railways towards Dividends Relief etc.	—	143.90	143.90
Other Expenditure	2337.46	6418.70	8756.16
	8216.38	39922.35	48138.73
I.A. Revenue Expenditure Charged to Capital—Subsidy on imported fertilizers—transferred from Section B.			197.12
			48335.85

SECTION B — OTHERS

RECEIPTS

III. Opening Cash Balance including Departmental Cash Balances and Permanent Advance		1005.39*
IV. Contributions of Railways and Posts and Telecommunications for Capital Expenditure as per contra		730.92
V. Recoveries of Loans and Advances :		
(*a*) From State and Union Territory Governments	2908.58	
(*b*) From Government Servants	145.93	
(*c*) From others	1041.50	
(*d*) From Foreign Governments	29.18	4125.19

DISBURSEMENTS

II. Gross Capital Expenditure as booked in accounts	10991.31	
Less Revenue Expenditure charged to Capital transferred to Section A	197.12	
	10794.19	
Add Capital Expenditure financed from Internal Resources of Posts and Telecommunications and Railways as per contra	730.92	11525.11
III. Loans and Advances by Central Government :		
(*a*) To State Governments and Union Territories	7895.27	
(*b*) To Other Development Loans	4969.28	

RECEIPTS		DISBURSEMENTS		
VI. Miscellaneous Capital Receipts	1.00	(c) To Government Servants	192.13	
		(d) To Foreign Governments	373.93	13430.61
VII. Public Debt Receipts (other than Treasury Bills)	10793.03	IV. Repayment of Debt (other than Treasury Bills)		2333.95
VIII. Public Account Receipts	11334.39	V. Treasury Bills Repayment (Net)		6037.86
IX. Treasury Bills converted into Securities	15,000.00	VI. Cash Balance at year end :		
		(a) General Cash Balance	706.75	
		(b) Cash with Departmental Offices	1169.91	
		(c) Permanent Cash Imprest	9.69	1886.35
		VII. Revenue Deficit b/f from from Section A		7776.04
Total	42989.92			42989.92

NOTE : (1) Does not include Revenue Receipts and Expenditure of Railways and Telecommunications.

(2) Defence expenditure and Postal expenditure is net of receipts.

(3) Receipts are net of States' share of Income-Tax and Estate Duty and Union Territories' share of Estate Duty on agricultural land (Rs. 2170.17 crores).

*Differs from closing balance in last year due to inclusion of Rs. 1.29 crores on account of rectification of misclassification of Central Excise Receipts pertaining to 1976-77.

IV. Analysis of annual financial statements as summarised above brings out of the following :—

1. The plan revenue expenditure during the year was Rs. 8216.38 crores against budget estimates of Rs. 8682.25 crores (including supplementary), disclosing shortfall of Rs. 465.87 crores. The non-plan revenue expenditure during the year was Rs. 39,922.35 crores (Rs. 33,488.98 crores during the previous year) against the estimates of Rs. 40991.90 crores (including supplementary) disclosing a shortfall of Rs. 1069.55 crores. The reasons for overall shortfall of Rs. 1535.42 crores over the budget estimates plus supplementary of Rs. 49674.15 crores are given in the Union Government Appropriation Accounts (Civil) for 1986-87.

The revenue expenditure during the year was Rs. 48138.73 crores (excluding revenue expenditure charged to capital) against Rs. 40397.71 crores during 1985-86. The detailed reasons for variations are given in the Statement I of the Union Government Finance Accounts for 1986-87.

2. The capital expenditure fell short of budget estimates (including supplementary) by Rs. 14.19 crores. The main reasons for variation in capital expenditure are given in the Union Government Appropriation Accounts for 1986-87.

3. The actual revenue receipts during the year were Rs. 40559.81 crores against the budget estimates of Rs. *37537.86 crores and revised estimates of Rs. 41491.90 crores. The comparative figures for 1984-85 and 1985-86 are given below :—

Year	*Budget Estimates	Revised Estimates	Actuals
	(Rupees in crores)		
1984–85	28451.96	29456.83	28908.92
1985–86	32486.63	34646.86	34833.19

*Excludes States' share of Income-Tax and Estate Duty and Union Territories' share of Estate Duty on agricultural land.

Additional resource mobilisation from tax revenue on account of new fiscal measures was estimated at Rs. 488 crores.

4. The general cash balance at year end was Rs. 706.75 crores as compared to balance of Rs. 107.30 crores at end of 1985-86 and of Rs. 487.93 crores at end of 1984-85.

5. The overall deficit during 1985-86 was Rs. 6943 crores. The overall deficit for 1986-87 was estimated at the Budget stage at Rs. 3703 crores and at the Revised Estimates stage at Rs. 8285 crores against which the actual deficit was Rs. 8261 crores. The increase in deficit by Rs. 4558 crores with reference to Budget Estimates was mainly due to overall increase in expenditure (Revenue 3394 crores : Capital Rs. 1590 crores) provided through supplementary grants and more loans and advances by Government (Rs. 1440 crores), together with shortfalls in, receipts from Public Account (Rs. 335 crores) recovery of loans and advances (Rs. 656 crores) and receipts from Public Debt other than Treasury Bills (Rs. 167 crores). These increases were partly set off by increased revenue receipts (Rs. 3024 crores). The increase (Rs. 4558 crores) in deficit over the Budget Estimates was reflected in increased borrowings of Rs. 5158 crores under Treasury Bills and increase in Cash balance by Rs. 600 crores.

6. Including *Rs. 197.12 crores of subsidy on imported fertilizers (booked in the accounts as capital expenditure) which is really expenditure on current consumption, the revenue deficit during 1986-87 was Rs. 7776.04 crores. Capital expenditure and long-term lendings of Rs. 29192 crores till the end of 1986-87 was financed from deficit financing.

*Under the existing accounting procedure, cost of imported fertilizers is debited to the Major Head '505—Capital Outlay on Agriculture'—Manures and Fertilizers. Issues made to Food Corporation of India and other agencies are taken as recoveries in reduction of expenditure. The net adjustment under the head reflects by and large subsidy on purchase of fertilizers on cash basis.

7. The revenue deficit of Rs. 7776.04 crores during 1986-87, includes the effect of the following:—

	(Rupees in crores)
Food Subsidy	1999.74
Subsidy on Indigenous Fertilizers	1700.00
Export Promotion and Market Development Assistance.	785.33
Interest Subsidy	322.77
Subsidy to Railways towards Dividends Relief, etc.	143.90
Total	4951.74

8. The net outgo on Debt Service obligations, after deducting Interest Receipts of Rs. 5353.02 crores, was Rs. 3892.92 crores, as compared to Rs. 2917.13 crores during 1985-86.

9. The aggregate of States' share of Union Excise Duties (Rs. 6305.74 crores) and Grants to States and Union Territories (Rs. 7744.19 crores) was Rs. 14049.93 crores representing slightly more than 29 *per cent* of total revenue expenditure and over 45 *per cent* of the total tax revenue of the Union Government.

10. The net loans and advances disbursed to States and Union Territory Governments (Rs. 4986.69 crores) during the year constituted more than 21 *per cent* of the net receipts from the long term borrowings of the Union Government.

11. The total investment of Government in Statutory Corporations, Government Companies, other Joint Stock Companies, Co-operative Banks and Societies, International Organisations, etc. as on 31st March 1987 was Rs. 30725.90 crores. No dividend is receivable on investment of Rs. 332.26 crores in International Bodies and on Rs. 4017.08 crores invested in enterprises under construction. The share of profits from Reserve Bank, Industrial Development Bank, LIC and Nationalised Banks was Rs. 274.02 crores on a total investment of Rs. 1422.82 crores. The dividend received during the year from others, with investment of Rs. 24953.74 crores, was Rs. 207.47 crores, representing only 0.83 *per cent* return on investment.

12. The total debt Internal (excepting Treasury Bills), External and Small Savings as on 31st March 1987 was Rs. 111913.44 crores out of which external debt was Rs. 20298.89 crores, representing more than 18 *per cent* of total debt. The interest paid on external debt during the year was Rs. 765.96 crores constituting over 8 *per cent* of total interest payments.

13. Upto 31st March 1987, grants including aid materials and equipment aggregating Rs. 7098.03 crores were received from foreign countries and international organisations, the receipts for the year under report being Rs. 436.19 crores. These are treated as revenue receipts. The cumulative deficit of Rs. 21162.90 crores as on 31st March 1987 has to be viewed in the context of external grant assistance of Rs. 7098.03 crores received so far.

14. The terms and conditions of loans aggregating Rs. 8.32 crores as detailed below have not yet been settled.

	(Rupees in crores)
Loans to State and Union Territory Governments.	1.50
Loans to Government owned Companies and corporations, etc.	6.82
Total	8.32

15. The recovery of principal amounts of loans (Rs. 2279.67 crores) and of interest (Rs. 2508.84 crores) (total Rs. 4788.51 crores) as detailed below, remained in arrears from the State and Union Territory Governments and Government Companies/Corporations, non-Government Institutions, etc. at the end of 1986-87.

(Rupees in crores)

	Principal	Interest
State and Union Territory Governments.	1.30	17.18
Government Companies/Corporations, Non-Government Institution, etc.	2278.37	2491.66
Total	2279.67	2508.84

16. During 1986-87, fresh loans of Rs. 2.10 crores were sanctioned to various public sector enterprises, etc. to enable them to make repayment of principal and payment of interest.

17. The maximum amount of guarantees for which Government have entered into agreement and sums guaranteed outstanding on 31st March 1987 were Rs. 32357.79 crores and Rs. 26,645.94 crores (approximately) respectively.

The details of guarantees invoked during 1986-87 and payments made by Government were as under :—

(i) Government had guaranteed a net return of 3 *per cent* to 3½ *per cent/5 per cent* per annum on the paid up share capital of Private Railway Companies. The guarantee was invoked during 1986-87 in the case of one company and Rs. 1.19 lakhs were paid by Government.

(ii) In 4847 cases, Rs. 1704 lakhs were paid by Government as a result of invoking guarantees given under credit Guarantee Scheme for small scale industries due to default in repayment of loans/advances.

18. The total amount of contributions to International Bodies made during 1986-87 was Rs. 31.65 crores, major contributions being to United Nations Development Programmes (Rs. 8.13 crores), United Nation International Children's Emergency Fund (Rs. 2.70 crores), Food and Agricultural Organisation (Rs. 0.96 crore), United Nations Industrial Development Organisation (Rs. 1.58 crores). International Telecommunication Union (Rs. 1.75 crores), United Nations Organisation (Rs. 3.15 crores), World Food

Programme (Rs. 0.86 crore) and UNESCO (Rs. 0.99 crore).

19. Government of India has been rendering assistance to various countries under the Colombo Plan and Special Commonwealth African Assistance Plan. The aid rendered to Government of Nepal and Bhutan, who are major recipients of aid under the Colombo Plan during 1986-87 was Rs. 4.09 crores and Rs. 55.18 crores respectively. The aid rendered under the special Commonwealth African Assistance Plan was Rs. 13.90 lakhs during 1986-87 and Rs. 345.88 lakhs upto the end of 1986-87.

20. The total gross receipts from Treasury Bills including Treasury Bills converted into securities during the year were Rs. 157508.96 crores, while the gross discharges were Rs. 148546.82 crores, resulting in a net increase in borrowings of Rs. 8962.14 crores at the year end from this source.

CHAPTER-III

Appropriation Audit and Control over Expenditure

3. General

The summarised position of actual expenditure during 1986-87 against grants/appropriations is as follows :—

	Original grant/ appropriation	Supplementary	Total	Actual expenditure	Variation Saving
	1	2	3	4	5
			(Rupees in crores)		
I. Revenue :					
Voted	20765.30	2651.51	23416.81	22468.63	948.18
Charged	*16255.54*	*806.34*	*17061.88*	*16653.15*	*408.73*
II. Capital :					
Voted	8887.61	1238.66	10126.27	9204.38	921.89
Charged	*52.97*	*2.89*	*55.86*	*39.13*	*16.73*
III. Public Debt :					
Charged	*152228.13*	..	*152228.13*	*150888.85*	*1339.28*
IV. Loans and Advances :					
Voted	3958.99	1918.34	5877.33	5771.16	106.17
Charged	*8077.64*	*13.70*	*8091.34*	*7685.35*	*405.99*
V. Others—Inter-State Settlement :				*	
GRAND TOTAL	210226.18	6631.44	216857.62	212710.65	4146.97

*Against 'Nil' provision a sum of Rs. 0.29 lakh was paid to the Government of Andhra Pradesh under Inter-State Settlement.

4. The broad results of Appropriation Audit are as follows :—

4.1 The overall supplementary grants and appropriations obtained during 1986-87 constituted 3 *per cent* of the original grants and appropriations.

4.2 In 20 cases, the supplementary provision of Rs. 117.05 crores was unnecessary as the saving in all these cases exceeded the supplementary provision obtained. Details are given in Appendix-I.

4.3 The overall saving of Rs. 4146.97 crores (net) represented about 2 *per cent* of the total provision of voted grants and charged appropriations and 62.5 *per cent* of the supplementary provision. It was the net result of saving of Rs. 4191.73 crores in 222 cases and excess of Rs. 44.76 crores in 15 cases as shown below :—

	Savings		Excesses		Net Savings	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
			(Rupees in crores)			
Voted Grants	971.32 (in 95 grants)	1049.64 (in 60 grants)	23.14 (in 5 grants)	21.58 (in 4 grants)	948.18	1028.06
Charged Appropriations	*408.77 (in 44 appropriations)*	*1762.00 (in 23 appropriations)*	*0.04 (in 4 appropriations)*	'A' *(in 2 appropriations)*	*408.73*	*1762.00*

'A' actual amount is Rs. 0.0001 crore.

4.4 In 29 grants, the savings exceeded 20 *per cent* of the provision, while in 17 grants, the savings were in excess of 30 *per cent*. Details are given in Appendix-II.

4.5 Out of the final savings of Rs. 2020.96 crores under voted grants and Rs. 2170.77 crores under *charged appropriations*, savings in 23 grants and 4 *appropriations* accounted for Rs. 1387.65 crores and Rs. 2122.14 crores respectively as detailed below :—

Sl. No.	Grant	Amount of savings (Percentage of savings)	Main reasons
1	2	3	4
		(Rupees in crores)	
Voted Grants			
Revenue			
1.	4—Animal Husbandry and Dairy Development	41.85 (29.6)	Less receipt of aid materials (skimmed milk powder and butter oil) from European Economic Community (EEC) (Rs. 16.60 crores), shortfall in the procurement of milk/skimmed milk powder and fat by Delhi Milk Scheme (Rs. 5.51 crores) and less receipt of gift commodities for Operation Flood II (Rs. 16.98 crores).
2.	9—Department of Fertilizers	36.85 (2.1)	Non-payment of compensation due to deferment of the retrenchment of the surplus employees of Sindri Rationalisation Plant of Fertilizer Corporation of India Ltd. and Amjhore Unit of Pyrites, Phosphates and Chemicals Ltd. (Rs. 36.00 crores).
3.	23—Department of Coal	24.21 (16.3)	Postponement of the scheme for the development of roads in coalfield areas (Rs. 10.00 crores), non-receipt of approval for payment of subsidy for transportation of coal (Rs. 2.00 crores), transfer of Coal Mines Welfare Organisation alongwith staff to Coal Companies (Rs. 3.77 crores), shortfall in the accrual of cess following abolition of levy of cess from 1st October 1986 (Rs. 2.41 crores) and curtailment of expenditure as an economy measure (Rs. 3.50 crores).
4.	27—Environment	28.06 (34.8)	Shortfall in the requirement of funds following fewer finalisation of schemes pertaining to Central Ganga Authority (Rs. 26.20 crores).
5.	37—Pensions	24.13 (8.3)	Delay in implementation of the recommendations of Fourth Pay Commission.
6.	39—Transfers to State Governments	41.70 (1.5)	Shortfall in expenditure on externally aided projects.
7.	40—Other Expenditure of the Ministry of Finance	201.89 (17.6)	Non-utilisation of a part of the lump sum provision (Rs. 300. 00 crores) made under the grant for payment of instalments of dearness allowance to Central Government Employees due to inclusion of corresponding provision by various Ministries and Departments in their respective grants.
8.	46—Family Welfare	21.14 (3.6)	Shortfall in the quantum of supply of vaccines/ vitamin 'A' under immunization Schemes, modification in the Health Guide Scheme and non-procurement of Village Health Guide Kits.
9.	49—Police	47.85 (5.5)	Non-materialisation of procurement of machinery/motor transport vehicles, non-receipt of bills from Army authorities, non-drawal of bonus in respect of combatant Ministerial Staff, late revision of scales of pay of Group 'A' officers on the recommendations of Fourth Pay Commission and non-filling up of vacant posts.
10.	51—Rehabilitation	35.11 (59.4)	Less quantum of loan balances for write-off on the recommendations of Eighth Finance Commission.

1	2	3	4
11.	89—Ports, Lighthouses and shipping	31.68 (23.1)	Shortfall in the requirements for subsidy due to Hindustan and Cochin Shipyards and Shipping Development Fund Committee (SDFC) owing to slippage in achievement of 50 *per cent* steel erection on the ship for which subsidy was earmarked, cut imposed on the non-Plan expenditure and subsidy payable to SDFC turning out to be less than anticipated (Rs. 26.00 crores).
	Capital		
12.	2—Agriculture	371.57 (24.4)	Shortfall in the quantum of imports and reduction in international prices of fertilizers.
13.	23—Department of Coal	45.97 (3.6)	Shortfall in budgetary support to Singareni Collieries Company Ltd. due to improvement in Company's internal resources and delay in receipt of some plant and machinery.
14.	24—Department of Power	62.87 (4.3)	Non-utilisation of provision due to modification in the financing pattern of the DVC Gas Turbine Project to obviate dependence on Budgetary support (Rs. 39.00 crores) and non-clearance of Sardar Sarover Project from the forest and environment angle (Rs. 25.75 crores).
15.	33—Taxes on Income, Estate Duty, Wealth Tax and Gift Tax	24.31 (81.0)	Implementation of stay order by Supreme Court against acquisition of property.
16.	36—Currency, Coinage and Mint	48.34 (22.6)	Non-receipt of shredding machine and post-budget decision to give exemption of customs duty on import of machinery (Rs. 16.00 crores), less purchase of metal by India Government Mint, Bombay (Rs. 14.76 crores), slow progress of works by CPWD (Rs. 4.26 crores) and delay in purchase/ receipt/non-procurement/ /non-finalisation of contract of machinery (Rs. 9.27 crores).
17.	40—Other Expenditure of the Ministry of Finance	66.16 (3.3)	Lesser payment of subscription to the Share Capital of Nationalised Banks for passing on credit to ancillary units connected with industrial exports (Rs. 12.50 crores), non-utilization of funds by International Development Association as anticipated (Rs. 1.00 crore), less payment of loans for modernisation of cement Industry (Rs. 10.17 crores) and non-drawal/short drawal of credits by foreign Governments (Rs. 40.39 crores).
18.	54—Andaman and Nicobar Islands	28.16 (38.0)	Non-finalisation of tender for purchase of ships and non-receipt of claims for reimbursement for purchase of vessels from Directorate General of Supplies and Disposals (DGSD) (Rs. 30.69 crores).
19.	76—Ministry of Petroleum and Natural Gas	68.50 (8.5)	Shortfall in the release of loans to (*i*) Hindustan Petroleum Corporation Ltd. (*ii*) Bharat Petroleum Corporation Ltd. (*iii*) Madras Refineries Ltd. (*iv*) Cochin Refineries Ltd. and (*v*) Gas Authority of India Ltd. owing to delay in foreign exchange approval/delayed initial payment to the foreign suppliers/late placement of order, postponement of procurement of equipment pertaining to Gas Turbine Project of Madras Refineries Ltd., withholding payment for the fees payable to foreign vendor and economy measures.
20.	84—Department of Steel	50.29 (6.1)	Less budgetary support to Steel Authority of India Ltd. (SAIL), Kudremukh Iron Ore Company Ltd. and

1	2	3	4
			Hindustan Steel Works Construction Ltd. due to improvement in the internal resources of the companies (Rs. 21.90 crores), shelving of some of non-priority schemes and delay in receipt of imported equipments in respect of Bharat Refractories Ltd. and Sponage Iron India Ltd. (Rs. 5.14 crores) and economy cut in respect of Rashtriya Ispat Nigam Ltd. (Rs. 24.10 crores).
21.	88—Roads	22.74 (6.3)	Non-allocation of funds to various State Governments for execution of Schemes under National Highways (Rs. 10.28 crores), non-drawal of arrears of pay by Group 'A' officers owing to late implementation of the recommendations of Fourth Pay Commission, cut imposed on Non-Plan expenditure and late receipt of claims from Defence Department (Rs. 11.76 crores).
22.	89—Ports, lighthouses and Shipping	38.87 (12.7)	Shortfall in requirement of loans for Shipping Development Fund Committee (Rs. 23.97 crores) and non-acquisition of a dredger in replacement of dredger 'Lady Willingdon' (Rs. 11.60 crores).
23.	100—Atomic Energy Research, Development and Industrial Projects	25.40 (5.6)	Shortfall in acquisition of Heavy Water.

1	2	3	4
	Charged Appropriations		
	Revenue		
24.	*Interest Payments*	*304.05* (*3.2*)	Shortfall in discount owing to lesser issue of treasury bills than anticipated (Rs. 259.29 crores).
25.	39—Transfers to State Governments	*91.79* (*1.3*)	Shortfall in expenditure reported by State Governments against approved estimates by Inter Ministerial Empowered Committee (IMEC).
	Capital		
26.	39—Transfers to State Governments	*387.03* (*5.1*)	Shortfall in collection of small savings, conversion into grants-in-aid of interest free ways and means advances against grants-in-aid towards net interest liability, centre share of margin money and upgradation of standards of Administration and less payment of ways and means advances.
27.	*Repayment of Debt*	*1339.27* (*1.0*)	Discharge of less treasury bills than anticipated.

4.6 *Excess over grants/appropriations*

In the revenue section, there was total excess of Rs. 23.14 crores in 5 grants and Rs. 0.04 crore in 4 *appropriations,* while excesses in capital section amounted to Rs. 21.58 crores in 4 grants and Rs. 0.0001 crore in 2 *appropriations.* These excesses require regularisation under Article 115 of the Constitution. The details of excesses are given below :—

Sl. No.	Grant	Total grant	Actual expenditure	Amount of excesses (Percentage of excesses)	Main reasons
1	2	3	4	5	6
		Rs.	Rs.	Rs.	
	Revenue				
1.	18—Defence Pensions	686,57,05,000	687,92,99,989	135,94,989 (0.2)	Grant of pensionary benefits at enhanced rate and payment of instalments of interim relief.
2.	54-Andaman and Nicobar Islands	75,60,93,000	85,94,06,925	10,33,13,925 (13.7)	Larger requirements of funds due to accelerated progress of works, rise in cost of maintenance of buildings/Jetties, larger claims for reimbursement

1	2	3	4	5	6
					from Medical Stores Depot, Calcutta/Power House at Phoenix Bay/Shipping Corporation of India and implementation of the recommendations of the Fourth Pay Commission.
3.	56—Lakshadweep	21,42,85,000	21,49,11,116	6,26,116 (0.3)	Implementation of the recommendations of the Fourth Pay Commission, Payment of charges for professional and special services to Madhya Pradesh Government and adjustment of two part payments made for one steel hull speed launch ordered through DGS & D.
4.	93—Public Works	137,63,88,000	148,56,57,099	10,92,69,099 (7.9)	Implementation of the recommendations of Fourth Pay Commission, payment to Government pleaders for various Court and Tribunal cases, purchase and maintenance of Computer System and increase in telephone/postage/water and electricity charges.
5.	97—Ministry of Water Resources	295,61,37,000	296,06,97,517	45,60,517 (0.2)	Implementation of the recommendations of the Fourth Pay Commission, receipt of four imported rigs and spares, payment of custom duty at enhanced rates and drilling of more wells.
	Capital				
6.	11—Foreign Trade and Export Promotion	328,38,00,000	347,81,16,651	19,43,16,651 (5.9)	Increase in requirements for technical credits by foreign countries for purchase from India.
7.	56A—Chandigarh	35,56,65,000	35,59,45,186	2,80,186 (0.1)	Reasons for excess had not been received (January 1988).
8.	74—Tourism	11,06,00,000	11,08,15,984	2,15,984 (0.2)	Accelerated progress on Resort Development Scheme.
9.	83—Department of Scientific and Industrial Research	3,30,00,000	5,40,00,000	2,10,00,000 (63.6)	Belated post-budget decision to convert the outstanding interest into fresh loan in order to recover long outstanding interest from Central Electronics Ltd.
	Charged appropriations *Revenue*				
10.	35—Audit	*2,94,00,000*	*2,96,21,582*	*2,21,582* *(0.8)*	Implementation of the recommendations of Fourth Pay Commission relating to Group 'A' officers at the fag end of the year.
11.	56A—Chandigarh	*2,11,22,000*	*2,11,73,500*	*51,500* *(0.2)*	Reasons for excess had not been received (January 1988).
12.	81—Survey of India	*48,000*	*48,510*	*510* *(1.1)*	Payment in satisfaction of court decrees.
13.	93—Public Works	*42,000*	*1,50,503*	*1,08,503* *(258.3)*	Receipt of larger number of arbitration awards than anticipated.
	Capital				
14.	24—Department of Power	*23,20,00,000*	*23,20,00,200*	*200* (..)	Excess release of loan to meet the demand of Orissa Government in connection with the Transmission and Distribution Schemes—Inter-State Transmission Lines.
15.	43—Department of Civil Supplies	*2,67,00,000*	*2,67,01,250*	*1,250* (..)	Release of more loans to State Governments for development of Urban Consumer's Co-operatives.

4.7 *Expenditure on "New Service/New Instrument of Service"*

On the recommendations of the Public Accounts Committee, Government has, *inter alia,* prescribed certain financial limits for different categories of expenditure beyond which the expenditure constituted "New Service" or "New Instrument of Service" and required prior approval of Parliament. During test-check in Audit of the accounts for 1986-87, the following cases were noticed in which prescribed limits were exceeded and the expenditure constituted 'New Service' or 'New Instrument of Service', but neither advance from the Contingency Fund was obtained nor was prior approval of Parliament taken.

(i) MINISTRY OF STEEL AND MINES

(Grant No. 84-Department of Steel)

The department had paid loan amounting to Rs. 250.00 lakhs to 'Birds group of Companies' against the budget provision of Rs. 100.00 lakhs. The additional payment of loan of Rs. 150.00 lakhs to the Companies was in excess of the prescribed limits of Rs. 20.00 lakhs and was met by re-appropriation within the grant.

(ii) MINISTRY OF TEXTILES

(Grant No. 86—Ministry of Textiles)

The Ministry had paid grants amounting to Rs. 2196.46 lakhs and Rs. 42.36 lakhs towards 'development of Silk Industry' and 'Silk and Art Silk Mills Research Association' against the budget provision of Rs. 1985.50 lakhs and Rs. 31.00 lakhs respectively. The additional payment of Rs. 210.96 lakhs in the first case and Rs. 11.36 lakhs in the second case were in excess of the prescribed limits of Rs. 200.00 lakhs/Rs. 10.00 lakhs and were met by re-appropriation within the grant.

CHAPTER IV

CIVIL DEPARTMENTS

Ministry of Agriculture

5. Blocking of funds due to sanction of grants-in-aid by several departments for the same purpose

The Ministry of Agriculture, Department of Agricultural Research and Education (DARE) released grants-in-aid of Rs. 15 lakhs to the Indian Society for Genetics and Plant Breeding, New Delhi for holding the XV International Congress of Genetics in India in February 1983 in three instalments in January 1982 (Rs. 2 lakhs), June 1982 (Rs. 6 lakhs) and February 1983 (Rs. 7 lakhs). The Congress was held in December 1983.

A perusal of accounts of the Congress, as on 31st December 1984 (audited by a Chartered Accountant in March 1985) revealed that the Society had received grants-in-aid of Rs. 19 lakhs from other Government departments/agencies for the same purpose as under :

Departments/Agencies	Amount
	(In lakhs of rupees)
Department of Atomic Energy	1.00
Department of Science and Technology	14.00
Department of Science and Technology (Bio-technology Board)	2.00
Department of Environment	1.00
Department of Ocean Development	0.20
Council of Scientific and Industrial Research	0.20
University Grants Commission	0.30
Indian National Science Academy	0.30
	19.00

According to the provisions of the General Financial Rules, the department sanctioning a grant-in-aid is required to ascertain from the grantee institution that it has not received a grant-in-aid for the same purpose from any other department.

The audited accounts of the Congress revealed that its total receipt of Rs. 81.21 lakhs included also grants from foreign agencies (Rs. 7.58 lakhs) and Public/Private Sector Undertakings (Rs. 17.44 lakhs). The total expenditure towards the Congress up to 31st December 1984 was Rs. 39.46 lakhs, leaving a closing balance of Rs. 41.75 lakhs as on the same date.

When the matter came to the notice of the DARE, they observed that the grant of Rs. 15 lakhs was sanctioned in favour of the Society for a specific purpose and, according to the provisions of Rules, a certificate was needed to the effect that the Organisation had not been sanctioned grants-in-aid for the same purpose by another department of the Government. Non-furnishing of such certificate had facilitated drawal of excess funds by the Society.

The National Organising Committee of the Congress recommended (October 1984) that the unspent balances, as on 31st December 1984, be utilised :

(a) to return to such Government agencies as might so desire proportionate sums calculated on the basis of percentage utilisation of funds, and

(b) to utilise the remaining amounts in launching a XV Genetics Congress Trust.

Agreeing with the proposal of the Organising Committee of the Congress, the DARE conveyed their decision that the Society should refund a sum of Rs. 7.53 lakhs, representing the proportionate amount calculated on the basis of the percentage utilisation of funds, to the department. The Society refunded the amount in May 1987.

The case revealed that due to failure on the part of the sanctioning authorities to enforce the provisions of the Rules it was possible for the Society to obtain grants from as many as nine agencies of Government for the same purpose resulting in extra financial assistance to the Society which also resulted in keeping substantial funds of Government outside Government accounts. Due to this failure, the Society was allowed to retain the surplus funds for a purpose not intended originally.

The DARE, while accepting the facts, stated (October 1987) that they were not aware at the time the grant was sanctioned that the Society had also approached other Government departments/organisations for the same purpose. The Department of Atomic Energy stated that instructions had been issued to ensure that the provisions of Rules were strictly followed while releasing grants. The Ministry of Environment and Forests stated that it had since been decided not to provide any financial assistance to any seminar which was in receipt of asistance from any other department/agency. The Department of Ocean Development stated that it had received back Rs. 0.10 lakh as proportionate savings. Replies from other concerned departments had not been received (November 1987).

6. Unfruitful release of grant

A proposal made by the Management and Administrative Research Council (MARC), a society registered under the Societies Registration Act, 1860 to undertake a study in credit monitoring in one block of Amritsar district of Punjab was received by the Ministry of Agriculture, Department of Rural Development in October 1981. The proposal was recommended in April 1982 by the Adviser (Rural Development), Planning Commission and had been approved by the Advisory Committee on Research Training and Evaluation of the department. The department conveyed in April 1982 administrative approval to an expenditure not exceeding Rs. 28,750 for the study being undertaken by the MARC and released the first instalment of Rs. 14,000 as grant. The study was to be completed in seven to eight months. As per the terms and conditions of the sanction, the plan of action and progress report of the study were to be submitted to Government from time to time and also the audited statement of accounts and utilisation certificate within three months immediately after the stipulated period of the study. MARC's request for release of the second instalment of funds was turned down by the Ministry as the progress of the study was not found satisfactory.

It was found by the department in September 1983 that the progress was not satisfactory and MARC was asked in April 1984 to render an account of the first instalment of Rs. 14,000. Letters addressed to the Council were returned undelivered. In September 1984, the department requested the Comptroller and Auditor General of India that the accounts of the Council might be audited to the extent of funds released by them. Accordingly, action was initiated by the Audit Department to conduct the audit of the Council (July 1986) which, however, found that no such office was traceable at the address furnished by the Ministry. The Ministry was requested to intimate the correct address of MARC so that the audit of the accounts of the Council could be conducted. The Ministry intimated (December 1986) that the Parliament Street Police Station had been asked to find out the present whereabouts of the Council.

The department stated in July 1987 that they had not yet closed the matter and efforts were on to find out the addresses of the persons associated with MARC and to enforce recovery. The reply of the department has to be viewed in the context that the matter is being investigated for over three years, i.e. since April 1984.

Ministry of Civil Aviation

7. Poor maintenance of aircraft in th Agricultural Aviation Directorate

The Directorate of Agricultural Aviation was functioning as a subordinate office under the Department of Agriculture and Co-operation from 1971 to 19th May 1987, when it was transferred to the Ministry of Civil Aviation. The objectives of the Directorate included locust control and aerial dispensing of insecticides, fertilisers and seeds, etc.

The Directorate had a fleet comprising 42 aircraft and 8 helicopters for aerial spraying in November 1986. Out of the fleet of aircraft, 33 (Basant aircraft) were procured from M/s. Hindustan Aeronautics Ltd. (HAL). 25 Basant aircraft had been taken delivery by 31st March 1977 and were in operation. The Ministry of Agriculture was, therefore, aware of various defects in the Basant aircraft like "lack of proper pre-production trials, high purchase price and major maintenance problem on account of lack of proper servicing organisation on the part of HAL and lack of easy availability of spares" and were also of the view that certain modifications were necessary to the aircraft to make them ready for operation at the right time. Still 8 more aircraft were taken delivery of in March 1983. These were also similar to those taken before and had not been modified since this would have meant further expenditure.

As at the end of August 1986, of the total fleet of 50 aircraft/helicopters, the number of serviceable ones was 21, the remaining having been grounded. Of the 29 aircraft/helicopters grounded, 15 (book value : Rs. 100.97 lakhs) had been declared as beyond economical repairs; particulars of which were as under :

Period in operation	No. of aircraft/ helicopters	Year in which declared beyond repair	No. of flying hours
Less than 1 year	2 (Basant)	1977, 1977	255.55
Between 1—2 years	2 (Basant)	1977, 1978	150.45
Between 2—3 years	2 (Basant)	1978, 1985	275.35 114.00
Between 3—5 years	2 (Basant)	1979, 1980	446.30
Between 5—10 years	4 (2 Basant) 2 (Others)	1981, 1982 1967, 1977	— 1421.55 836.50
Between 10—15 years	2 (Others)	1976, 1981	2863.00 2460.00
After 21 years	1 (Other)	1985	2874.15

Ten aircraft, including one acquired in 1983, and two helicopters were damaged in accidents due to the fault of pilots, who were either warned or recommended for corrective training, two aircraft were damaged due to technical defects and one aircraft was damaged due to cyclone.

10 Basant and 1 helicopter of the fifteen aircraft/ helicopter were declared beyond economical repairs before the completion of their normal life. i.e. 9 years. 2 Basant aircraft had met with accidents within a year of their operation.

Even though 15 aircraft/helicopters were declared "beyond economical repairs" 1 to 19 years ago, the case for their condemnation and disposal was prepared by the Directorate and sent to the Ministry only in April 1986. Approval of the Ministry for condemnation was awaited (March 1987). On account of paucity of hangars, many of the aircraft had to be kept in the open resulting in deterioration in their condition.

Particulars of fourteen aircraft/helicopters lying unserviceable/grounded as at the end of November 1986 were :

No. of aircraft/helicopters	Value (Rs. in lakhs)
Basant 10	78.99
Piper Pawnee 1	2.01
Beaver 1	4.61
Helicopter 1	4.02
Helicopter 1	Transferred from Pre Investment Survey.

Three had been grounded since five to ten years, ten since two to five years and one since less than two years. Included in the aircraft lying unserviceable is one Basant aircraft purchased in March 1983.

The department stated in November 1986 that out of the 14 grounded aircraft, repair of eight was in hand but that of the remaining six could not be done due to shortage of engineers.

The following points emerge :

(i) Despite major defects which were noticed in the performance of Basant aircraft, eight more aircraft were taken delivery of in March 1983 without any modifications. Of the eight, one met with an accident and one became unserviceable.

(ii) Disposal of 15 aircraft declared beyond economical repairs was still pending. Most of them were declared beyond economical repairs even before completion of their normal life of 9 years.

(iii) Out of the fifteen cases of accidents of various aircraft, twelve were damaged in accidents due to fault of the pilots.

(iv) A substantial part of the fleet (29 out of 50) had remained immobilised for long periods, thereby reducing the efficiency of the organisation to undertake emergency operations.

(v) The department is carrying a large inventory of grounded/unserviceable aircraft. The value of aircraft/helicopters declared beyond economical repairs and those which were grounded amounted to Rs. 190.60 lakhs.

The matter was referred to the Ministry of Agriculture (Department of Agriculture and Co-operation) on 31st August 1987 (since transferred to the Ministry of Civil Aviation on 11th September 1987). The comments of the Ministry had not been received (November 1987).

Ministry of Commerce

8. Avoidable payment of cash assistance for export of Individual Quick Frozen shrimps

The technique of producing Individual Quick Frozen (IQF) shrimps enables shrimps to be frozen quickly and packed in individual form as against the conventional method of packing in blocks under the plate freezer technique. In the case of block packing, the importer repacks them in IQF form and sells them under his brand name at a higher value. To produce IQF shrimps in its genuine form, specialised equipment is required. These were not available in the country around April 1984. At the instance of the Marine Products Export Development Authority (MPEDA), Government approved in November 1985 a scheme for allowing subsidy on machinery required for production and packing of IQF shrimps. The Ministry of Commerce introduced cash assistance on the export of IQF shrimps at 15 *per cent* of f.o.b. value with effect from 1st April 1984.

Complaints were received by the MPEDA from some exporters of frozen shrimps that a few exporters in Madras, Bombay, etc. were declaring exports made by them as IQF, though in fact these were not IQF at all in their true sense and were obtaining inspection certificates and claiming 15 *per cent* cash assistance from Government. It was also mentioned in the complaints that such exports were being made at prices, 5 to 10 *per cent* lower than those obtained for block frozen shrimps. Instead of stepping up the foreign exchange earnings, these were going down. It was alleged that there was, in a way, a sharing of 15 *per cent* cash assistance as between the importers and exporters.

The MPEDA conducted a randum check of some invoices relating to the export of IQF shrimps from Cochin, Madras and Bombay regions and found that the prices realised by some exporters of IQF shrimps were significantly lower than those for block frozen shrimps and there was no value addition. The table below indicates the result of the study conducted by the MPEDA on the prices obtained on the export of IQF shrimps and block frozen shrimps during 1985-86.

Size count	Price for IQF shrimps per kg. (C&F) (US$)	Price for block frozen shrimps per kg. (C&F) (US$)	Short fall in prices per kg. of IQF shrimps (C&F) (US$)
8/12	13.00	14.50	(—)1.50
11/15	13.00	14.50	(—)1.50
16/20	11.95	14.10	(—)2.15
21/25	10.55	12.00	(—)1.45
26/30	9.00	9.80	(—)0.80
31/40	6.55	7.30	(—)0.75
41/50	5.60	6.30	(—)0.70
51/60	4.85	5.60	(—)0.75
61/70	4.55	5.10	(—)0.55
71/90	3.80	4.50	(—)0.70

In September 1985, the MPEDA requested the Ministry to consider the desirability and feasibility of suspending cash assistance on the export of IQF shrimps since cash assistance on this item "instead of fetching higher export prices and boosting the export of value added items has apparently been operated to defeat the very purpose." The MPEDA also pointed out that, in the absence of cost data, they had not requested the Ministry to introduce cash assistance on the export of this item and it was done by the Ministry on its own assessment. The Ministry, however, decided not to withdraw the cash assistance fearing that if it was withdrawn it would be difficult to introduce it later. A clarification was issued by the Ministry on its own assessment. The Ministry, however, should be allowed only to those units which were in possession of regular IQF machinery and these orders were made applicable from the date of issue, viz 4th December 1985, with no intention to recover the amount of cash assistance paid prior to this date to exporters who were not in possession of regular IQF machinery. According to the MPEDA's letter of 8th October 1987, large commercial scale export of IQF shrimps from India took place only from 1986-87. In October 1987 there were six IQF plants set up in the country and another seven projects were under implementation. Thus, introduction of cash assistance on IQF shrimps from 1st April 1984 was not called for and payment of cash assistance made during 1984-85 and 1985-86 was avoidable. Avoidable payment of cash assistance of Rs. 21.68 lakhs was made by some of the regional offices of the Chief Controller of Imports and Exports (CCIE) during April 1984 to December 1985. Information from regional offices at Cochin and Ahmedabad (1984-85) was still awaited (October 1987). The JCCIE, Bombay stated in April 1987 that he could not furnish the information as the registers were maintained exporter-wise and group-wise from which itemwise figures were not available.

The rates of cash assistance on all export products became due for revision from 1st July 1986. While furnishing data on the cost of production and export losses on marine products, the MPEDA could not again furnish any cost data on IQF shrimps as the production of this item with IQF machinery was yet to start in the country. The Ministry with the approval of the CARC extended the rate of cash assistance of 15 *per cent* from 1st July 1986 with the remarks that it would be reviewed after one year.

The MPEDA, however, moved the Ministry to maintain the rate of cash assistance at least for a period of 3 years since, otherwise, exporters might be reluctant to make heavy investment on the machinery required for making IQF shrimps. This was agreed to by the Ministry.

The Ministry stated in October 1987 that the decision that cash assistance on the export of IQF shrimps would be admissible only to those units, who possessed IQF machinery, was taken in October 1985 and clarificatory order to that effect was issued on 4th December 1985 with no intention to effect recoveries of the cash assistance already paid during April 1984 to December 1985 and that the decision was taken to rectify the deficiencies in the implementation of cash assistance scheme on IQF shrimps after such deficiencies were brought to their notice by the Chairman, MPEDA in September 1985. The Ministry added further that the MPEDA were already taking steps to avoid possible malpractices in the implementation of the scheme of cash assistance on IQF shrimps.

The case reveals that :—

Export assistance was introduced in haste from April 1984 without even a proposal from the MPEDA, the agency responsible for initiating proposals on the basis of guidelines issued by the Ministry.

No clear guidelines were issued on identifying IQF shrimps and consequently, while some inspection agencies passed export consignments as IQF packed shrimps, others did not. It was only in December 1985 that the Ministry clarified that cash assistance on IQF shrimps would be admissible only to exporters who had regular IQF machinery. Even when the Ministry recognised that the cash assistance had been wrongly paid, it did not withdraw the assistance in October 1985 fearing that it would be difficult to reintroduce it later, notwithstanding the fact that cash assistance could be introduced, modified or withdrawn at any time if the circumstances so justify.

Introduction of cash assistance on the export of IQF shrimps from 1st April 1984 led to :—

(a) avoidable payment of cash assistance of Rs. 21.68 lakhs by some of the regional offices of the CCIE during April 1984 to December 1985.

(b) realisation of foreign exchange on its exports in some cases was lower than those realised from the exports of other frozen shrimps.

9. Cash assistance for export of perfumed hair oil

Perfumed hair oil was one of the items which was being allowed cash assistance at 15 *per cent* of the f.o.b. value of exports up to 31st March 1979. For fixing the rate of cash assistance on cosmetics and toiletry items from 1st April 1979, data was received by the Ministry from Basic Chemicals, Pharmaceuticals and Cosmetics Export Promotion Council (CHEMEXCIL) in December 1978, which did not include cost data on perfumed hair oil. Accordingly, the entry B 27.8 of the cash compendium list of 1978-79 against which cash assistance was being allowed on the export of perfumed hair oil was not included in the agenda note placed before the Cash Assistance Review Committee (CARC) on 9th January 1979, when the Committee decided a rate of 12.5 *per cent* for the export of cosmetics and toiletries. In the orders issued on 31st March 1979, it was indicated against S. No. 6 of the annexure thereof that "Cosmetics and Toiletries (not specified elsewhere excluding lipstick and shampoo)" would be eligible for cash assistance at 12.5 *per cent* of the f.o.b. value during 1979-80 to 1981-82 which were later extended up to 30th September 1982. There was, thus, an omission to specifically mention in these orders that cash assistance would not be admissible on the export of perfumed hair oil.

Firm 'A' was informed by the Chief Controller of Imports and Exports (CCIE), New Delhi in June 1981, that as per advice received from the Ministry, there was no cash assistance on the export of 'perfumed hair oil. Firms 'B' and 'C', who were also denied cash assistance on the export of perfumed hair oil by the Joint Chief Controller of Imports and Exports (JCCIE), Bombay, appealed against the non-payment of cash assistance in a Court of Law. The Court ordered and directed on 13th July 1984 that firms 'B' and 'C' should be paid cash assistance amounting to Rs. 9.72 lakhs latest by 1st October 1984. The Court observed that the said item '6' "Cosmetics and Toiletries" while excluding shampoo did not intend to exclude perfumed hair oils which thus continued to be an item, the export of which entitled the exporters to cash assistance. The argument of the legal counsel of Government that 'perfumed hair oil' was not entitled to cash assistance due to the fact that the specific entry (B 27.8) had been deleted for the purpose of cash assistance from 1st April 1979 was not accepted by the Court.

Fearing repercussions of the above judgement, the Ministry and CCIE decided in April 1985 to file an appeal but, in view of the advice given by the Ministry of Law and Justice in March 1986 that it was not a fit case for filing an appeal and had also become "hopelessly time barred", decided to make payment of Rs. 9.72 lakhs to the two firms 'B' and 'C'. Accordingly, the CCIE asked the JCCIE, Bombay in December 1986 to make payment of Rs. 9.72 lakhs to the two firms from his existing cash compensatory support budget allotment. Consequently, firm 'A' also requested the Ministry in February 1987 to pay them Rs. 2.69 lakhs as cash assistance on the export of 'perfumed hair oil' made by it during August 1981 to September 1982. The decision was awaited (October 1987).

The Ministry, while holding the view that 'perfumed hair oil' was ineligible for cash assistance with effect from 1st April 1979, stated in October 1987 that in view of a separate entry given to 'hair oils, perfumed' in the Import Policy (1979-80), it was not thought necessary to mention this item alongwith "lipstick" and "shampoo" while granting cash compensatory support on export of "cosmetics and toiletries not specified elsewhere" in the orders issued in March 1979. According to the Ministry, the intention was to exclude only such items from the eligibility of cash assistance which earlier had a separate entry prior to 1979 but subsequently were clubbed with the generic entry.

The contention of the Ministry was not correct since cash assistance rates, as announced from time to time, were fixed on criteria different than those allowed for import replenishment as given in the Import Policy Book and there could be no linkage between the two sets of entries—one allowing cash assistance and another allowing import replenishment on an export product. "Perfumed hair oil' is a cosmetic item under the definition of 'cosmetic' given in Section 3 (a) (a) (a) of the Drugs and Cosmetics Act, 1940. Thus, if any cosmetic item was not to be allowed cash assistance from the previous list of 1978-79 under the revised consolidated entry "Cosmetics and Toiletries not specified elsewhere" effective from 1st April 1979, it should have been so specified as ineligible for cash assistance to make the position clear.

Since the intention of the Ministry all along was not to allow cash assistance on the export of perfumed hair oil, this item should have been specifically excluded from eligibility to cash assistance in the Cash Compendium list, 1979—82. Failure to do so had led to avoidable payment of cash assistance on the export of this item. The exact amount paid or the total liability involved is not known. An amount of Rs. 9.72 lakhs was paid during 1986-87 and a claim of Rs. 2.69 lakhs was also pending.

The Ministry also did not comply with the directive given by the CARC in February 1981 to draw a list of items that would be ineligible for cash assistance under "Cosmetics and Toiletries, not specified elsewhere."

10. Irregularities in the payment of cash compensatory support

Government pays cash compensatory support (CCS) on the export of some selected products as an export promotion measure. Such assistance is disbursed to exporter by the regional offices of the Chief Controller of Imports and Exports (CCIE), New Delhi in accordance with the instructions laid down on the subject. In the implementation of these instructions, the major licensing (disbursing) offices at Bombay, Calcutta, Kanpur and New Delhi have also been provided with verification units to have a second look at the claims of cash assistance admitted by scrutiny sections as an independent pre-check before payments are made. They are required to see that the rules and orders in force are observed in respect of disbursement of cash compensatory support on exports of approved products. These claims are also test checked by the Internal Audit Organisation under the Controller of Accounts, Ministry of Commerce.

A test check of such payments is also undertaken by the Audit.

(A) Year-wise details of the amount of cash assistance overpaid, as detected by Audit in test-check and the recoveries made by licensing (disbursing) offices for the years 1983-84 to 1985-86, are given below :—

(a) Overpayments pointed out by Audit

(Rs. in lakhs)

Year	Delhi	Bombay	Calcutta	Kanpur	Total
1983-84	29.92	16.24	5.97	0.06	52.19
1984-85	39.75	10.42	32.19	60.22	142.58
1985-86	28.18	10.11	6.25	29.85	74.39
Total	97.85	36.77	44.41	90.13	269.16

(b) Overpayments accepted and recoveries effected by Drawing and Disbursing Officers.

(Rs. in lakhs)

Year	Delhi	Bombay	Calcutta	Kanpur	Total
1983-84	5.85	5.75	0.25	0.02	11.87
1984-85	0.32	0.88	0.08	3.33	4.61
1985-86	4.20	0.92	6.00*	2.33	13.45
Total	10.37	7.55	6.33	5.68	29.93

*Recovery of this overpayment has not been effected though accepted.

(c) Overpayments yet to be accepted and recovered due to lack of decision on the part of licensing officer (a)-(b) above.

(Rs. in lakhs)

1983-84	24.07	10.49	5.72	0.04	40.32
1984-85	39.43	9.54	32.11	56.89	137.97
1985-86	23.98	9.19	0.25	27.52	60.94
Total	87.48	29.22	38.08	84.45	239.23

It will be seen that despite scrutiny made at two stages of cash assistance claims, overpayments do occur and their number is considerable. The department has neither accepted nor denied the overpayments shown in table 'C' above.

Categorywise break-up of the overpayments at (b) above is as under :—

(Rs. in lakhs)

1. Overpayment due to non-levy of prescribed cut on account of late submission of claim.	1.36
2. Overpayment due to inclusion of insurance, Central sales tax and commission charges.	0.13
3. Overpayment due to computation of incorrect f.o.b. value.	0.33
4. Overpayments due to misclassification.	0.45
5. Overpayments due to higher rates of CCS allowed than those admissible on such items.	10.93
6. Overpayments due to excess air freight subsidy.	0.22
7. Overpayments due to non-exclusion of freight charges.	1.04
8. Overpayments due to wrong calculation and conversion of foreign currency.	0.14
9. Overpayments due to exports made below the minimum export price.	1.94
10. Overpayments due to documents not made available by exporters.	2.82
11. Miscellaneous overpayments	10.57

If the recoveries pointed out by Audit are not effected on time, there is a possibility of the amounts becoming non-recoverable. For instance, on an enquiry by Audit, the JCCIE, New Delhi stated in August 1987 that demand notices were sent to twelve firms for surrendering the amount of overpayment but no reply was received from them for the last two years and it appeared that the firms had either closed down their business or were intentionally not refunding the amount.

The number of cases where the overpayments exceeded Rs. one lakh each was eleven. A few of these cases are discussed below :—

(i) *Overpayment of Rs.* 1.08 *lakhs*

Firm 'A' submitted its application for CCS after the expiry of time limit of six months from the date of export. Due to failure to apply a cut of 5 *per cent* of the entitlement, in terms of para 323(4) of the Hand Book of Import and Export Procedures 1985—88, an overpayment of Rs. 1.08 lakhs was made to the firm which was pointed out by Audit in December 1985. The recovery has since been effected in April 1986.

(ii) *Overpayment of Rs.* 4.70 *lakhs*

Overpayments of CCS of Rs. 4.70 lakhs were made to five different firms who had exported leather shoes below the minimum export price prescribed by Government which was pointed out by Audit in January 1986. A recovery of Rs. 1.49 lakhs was made in March 1986 and the balance Rs. 3.21 lakhs is yet to be recovered (August 1987)

(iii) *Overpayment of Rs.* 1.15 *lakhs*

CCS was available on the export of cosmetics subject to the condition that these were supported by valid manufacturing licence. Firm 'C' exported lipstick in paste form whereas the manufacturing licence was granted to it only for the packs of 4.5 gms. and 3.3 gms. and not in paste form. The CCS of Rs. 1.15 lakhs paid to the firm was, thus, not admissible. The entire payment, was recovered in January 1986 from the firm, on being pointed out by Audit in July 1983.

(iv) *Overpayment of Rs.* 1.22 *lakhs*

Firm 'D' exported detergent washing powder and was paid CCS at the rate of 7 *per cent* by giving the benefit under the scheme of Registration of Contracts. The contract was signed on 10th December 1981 but the exports were made on 24th December 1982 i.e. after a lapse of more than one year of signing the contract. Since, under the scheme, the protected rate of CCS was admissible only for one year for items other than Engineering goods, from the date of the contract, the firm had been paid CCS wrongly at the rate of 7 *per cent* instead of 3 *per cent* applicable at the time of export. This resulted in an overpayment of Rs. 1.22 lakhs, which was pointed out by Audit in February 1984 and the over-paid amount was recovered in September 1984.

(v) *Overpayment of Rs.* 1.11 *lakhs*

Under the scheme of registration of contracts, a contract is required to be registered with the Bank within 45 days from the date of contract. It was, however, observed that though the date of contract was 22nd July 1982, it was registered with the Bank only on 30th September 1982 i.e. after the expiry of 45 days from the date of contract. Consequently, the protected rate of CCS was not admissible in this case. The payment of CCS at the protected rate resulted in an overpayment of Rs. 1.11 lakhs, which was pointed out by Audit in February 1984 and was recovered from firm 'E' in July 1986.

(vi) *Overpayment of Rs.* 1.11 *lakhs*

Cash compensatory support amounting to Rs. 1.11 lakhs was paid to a firm against export of finished (sole) leather. The invoices and related shipping bills against which the CCS was paid did not show that the exported finished leather conformed to ISI specifications as required under orders issued by Government. The recovery has since been effected.

(vii) *Overpayment of Rs.* 1.29 *lakhs*

Cash compensatory support amounting to Rs. 1.29 lakhs was paid to firm 'F' without production of bank certificate which was necessary as per procedure prescribed by Government. The payment being irregular was subsequently recovered.

(viii) *Irregular payment of cash compensatory support on export of storage batteries*

Cash compensatory support amounting to Rs. 23.52 lakhs was paid to a firm for export of storage batteries against a registered contract dated 20th April 1978. The amount of cash compensatory support was calculated at the rate of 10 *per cent* of the f.o.b. value of export prevailing on 29th March 1978, the date of offer for supply, instead of the normal rate of 5 *per cent* on the date of export which only was actually admissible in terms of the Import Policy. According to the provisions of the Import Policy for 1978-79, contracts with provision for price re-negotiation were not eligible for the benefit of protected rates under the scheme of registration of contracts. Since clause 11 of the contract contained a specific provision for price re-negotiation, to cover rise in the cost of raw materials, the exporter was not entitled to cash compensatory support at the protected rate of 10 *per cent*. He was entitled to the cash compensartory support at the normal rate of 5 *per cent*.

The payment of cash compenstory support at the protected rate of 10 *per cent* of the f.o.b. value resulted in an overpayment of Rs. 11.76 lakhs.

The department accepted the irregularity and stated in April 1986 that the overpayment had been adjusted. Of the nine case files referred to in the reply, only five cases were shown to Audit and it was found in these cases that the adjusted amount had been restored to the exporter.

(ix) *Overpayment of Rs.* 4.79 *lakhs*

Cash compensatory support amounting to Rs. 11.99 lakhs on exports of Galvanised Transmission Line Towers worth $1.4 million (Rs. 133 lakhs) was paid to a firm in January 1983 at 10 *per cent* of the 90 *per cent* f.o.b. value instead of at the admissible rate of 6 *per cent* of f.o.b. value. According to the instructions, issued in October 1979, in cases where advanced licence for a value higher than the permissible rate of import replenishment as per import policy of the Government of India was issued, the level of cash compensatory support was to be brought down to the original ratio of import replenishment and cash compensatory support so that the cash compensatory support on "value added basis" remained the same.

The failure of the department to work out the correct rate of cash compensatory support payable had resulted in an excess payment of cash compensatory support of Rs. 4.79 lakhs.

The department accepted the irregularity and stated in September 1986 that the excess payment had been adjusted.

(B) *Non-reconciliation of cash assistance payments*

The Pay and Accounts Office (PAO) is required to book the expenditure incurred by the Drawing and Disbursing Officers (DDOs) having cheque drawing facility, on the basis of weekly list of payments accompanied by the paid vouchers furnished by the DDO. The DDOs also prepare a bank reconciliation statement of payment and send it to the PAO. On receipt of scrolls with paid cheques from the paying bank and the weekly list of payments with paid vouchers from the DDO, the PAO is required, *inter alia* to check (i) whether the payment shown in the scroll agrees with the amount shown in the cheques and (ii) whether the total amount shown in the scroll and the cheque tally with the amount passed for payment in the related voucher received with the list of payments.

It was noticed during the course of audit of the account of the Regional Pay and Accounts Office (Ministry of Commerce), Bombay that no reconciliation was done by the PAO for the period September 1978 to March 1986 in respect of payment of cash assistance to the exporters made by the JCCIE, Bombay, who acts as the cheque drawing DDO. Further, in April 1986, the PAO had shown the opening balance of outstanding cheques as 'NIL' without actually completing the reconciliation. The amount of cash assistance paid for the period from September 1978 to October 1986 amounted to Rs. 1097.57 crores.

Despite repeated observations made in various local Audit Reports on the accounts of the Pay and Accounts Office, the reconciliation work remained in arrears.

(C) *Outstanding in objection book*

It was observed during the audit of the Pay and Accounts Office (Ministry of Commerce), Bombay in November 1986 that the objection book maintained in respect of the payments of cash assistance made by the JCCIE, Bombay revealed that a sum of

Rs. 195.50 lakhs was held in objection by the Internal Audit Organisation of the Controller of Accounts mainly due to overpayments of cash assistance to the exporters by the JCCIE, Bombay and these items continued to remain outstanding despite repeated observations in the various local audit Reports.

Year-wise break-up of the outstanding items, is given below :—

Year	No. of items	Amount involved
		(Rs. in lakhs)
1976-77	41	8.59
1977-78	143	16.97
1978-79	222	8.32
1979-80	443	18.68
1980-81	90	4.45
1981-82	112	8.78
1982-83	26	1.36
1983-84	124	5.58
1984-85	394	35.72
1985-86 (upto December 1985)	2474	87.05
Total	4069	195.50

Of the 4,069 objection book items yet to be settled by the PAO, 1077 items, involving Rs. 67.15 lakhs, related to the period up to March 1983. Further delay in settlement of these items is likely to weaken the prospect of recoveries of overpayments by the JCCIE, Bombay.

The JCCIE, Bombay stated (March 1987) that the amount held in objection by the Regional PAO was worked out on a hypothetical basis and that the objections were only observations and not real objections.

The Chief Controller of Accounts (Ministry of Commerce, New Delhi) stated (February 1987) that the matter had been taken up with the Office of the CCIE to settle the long outstanding objections.

The PAO (New Delhi) was not maintaining any objection book for the cash assistance made by the JCCIE, New Delhi/Kanpur and also Dy. CCIE, Amritsar/Jaipur and Asstt. CCIE, Srinagar/Chandigarh.

The matter was reported to the Ministry of Commerce in August 1987; their comments were not received (November 1987).

11. Cash assistance for export of frozen fish, frozen lobster tails and whole cooked lobsters

(i) *Cash assistance for the period 1st October 1982 to 30th June 1986*

The Marine Products Export Development Authority (MPEDA) submitted proposals in May 1982 for fixing the rate of cash assistance on marine products from 1st October 1982 based on the production data for 1980-81. After examining the proposals, the Ministry sanctioned cash assistance at 5 *per cent* of the f.o.b. value of exports from 1st October 1982 to 31st March 1985 on frozen fish, frozen lobster tails and whole cooked lobsters. The rate of cash assistance on these products was further raised to 9 *per cent* of f.o.b. value from 1st April 1984 to off-set disadvantage of duty on diesel oil on boat operations for catching fish. The enhanced quantum of cash assistance was later extended up to 30th June 1986. The decision to increase the rate of cash assistance from 5 *per cent* to 9 *per cent* to off set the duty element on diesel oil was contrary to the guidelines issued by the Ministry in October 1978 as also the decision taken by the Cash Assistance Review Committee (CARC) in December 1980, whereby unrefunded duties and taxes only from the stage of input of raw materials had to be taken into account and incidences of duties prior to this stage were not to be taken into account for the purpose of fixing cash assistance. The Ministry themselves had in a letter addressed to the Ministry of Agriculture later in May 1987 expressed against compensation on excise duty on diesel oil on boat operations being taken into account for fixation of cash assistance on export of marine products.

A scrutiny of the sample cost data for 1984-85 submitted by the MPEDA in January 1986, May 1986 and June 1986 revealed that the exporters had either not incurred loss on exports during that period or the loss was around 5 *per cent*. Consequently, there was no justification to increase the rate of cash assistance from 5 *per cent* to 9 *per cent* from 1st April 1984 which resulted in an extra payment of cash assistance of Rs. 239.61 lakhs at 4 *per cent* of exports of Rs. 5990.32 lakhs during 1984-85 to 1986-87 (up to 30th June 1986).

(ii) *Cash assistance for the period 1st July 1986 to 31st March 1989*

For fixing the rate of cash assistance from 1st July 1986, the MPEDA had submitted data in January 1986, April 1986, May 1986 and June 1986 as under :—

A. Forzen Fish	January 1986	April 1986	May 1986
No. of units manufacturing/ exporting	74	74	74
No. of units from which data obtained	11	2	12
F.o.b. cost (Rs. per kg.)	20.72	15.76	17.71
F.o.b. realisation (Rs. per kg.)	20.90	12.06	16.69
Short fall (Rs. per kg.)	—	3.70	1.02
Surplus (Rs. per kg.)	0.18	—	—
Shortfall as percentage of f.o.b. realisation	—	30.68	6.11
Surplus as percentage of f.o.b. realisation.	0.86	—	—

B. Frozen lobster tails/whole cooked lobster

	January 1986		April 1986		June 1986	
	Forzen lobster tail	Whole cook-ed lobs-ter	Forzen lobster tail	Whole cooked lobster	Frozen lobster tail	Whole cooked lobster
No. of units manufacturing/ exporting	36		36		36	
No. of units from which data was obtained	7		1		4	
F.o.b. cost (Rs. per kg.)	111.41	76.34	170.41	75.34	118.49	82.67
F.o.b. realisa-tion (Rs. per kg.)	125.61	77.93	159.61	69.35	115.77	77.93
Shortfall (Rs. per kg.)	—	—	10.80	5.99	2.72	4.74
Surplus (Rs. per kg.)	14.20	1.59	—	—	—	—
Shortfall as percentage of f.o.b. realisa-tion	—	—	7.77	8.64	2.35	6.08
Surplus as percentage of f.o.b. realisa-tion	11.31	2.04	—	—	—	—

Contrary to the guidelines issued by the Ministry in December 1985 to all export promotion councils/ commodity boards that the rates of cash assistance were required to be fixed on representative data, the most unrepresentative data of April 1986 was placed before the CARC for deciding the rate of assistance. On the data, the CARC sanctioned the following rates of cash assistance :

For items in	Group A	12 *per cent*
	Group B	8 *per cent*

Had the representative data for January 1986, May 1986 and June 1986 been considered by the CARC, the cash assistance could not have been sanctioned at more than 5 *per cent*.

Thus, cash assistance beyond 5 *per cent* was not justified. During 1st July 1986 to 31st March 1987, exports of frozen fish, frozen lobster tails and whole cooked lobster were for Rs. 3059.39 lakhs on which excess cash assistance worked out to Rs. 166.43 lakhs.

The Ministry stated in November 1987 that grant of cash assistance at enhanced rates from 1st April 1984 and 1st July 1986 had significantly increased exports of frozen fish, frozen lobster tails and whole cooked lobsters with increase in unit value realisation also. The Ministry also stated that in the revised data called for from the MPEDA, apart from the shortfall between f.o.b. cost and f.o.b. realisation, there were other indirect taxes which were not refunded through duty draw back. The fact, however, was that the revised data received in May 1986 from the MPEDA was examined by the Cost Account Cell of the Ministry and, after correcting arithmetical inaccuracies, it was found that f.o.b. cost was Rs. 17.71 per kg. and f.o.b. realisation Rs. 16.69 per kg. on frozen fish against the earlier unrepresentative data of f.o.b. cost of Rs. 15.76 per kg. and f.o.b. realisation of Rs. 12.06 per kg. Thus, in the revised cost data, the shortfall was only 6.11 *per cent* against 30.68 *per cent* shown in the data placed before the CARC. The Cost Account Cell had also observed that incidence of indirect taxes was only on account of sales tax and Central excise duty on boat operations for catching fish and that there were no other levies entering the cost of production. This applied equally in the case of frozen lobster tails and whole cooked lobsters. Although there was time for the CARC to reconsider their decision, having regard to the revised data received from the MPEDA, the matter was not placed before the committee for reconsideration. The increases in unit value realisation during 1984-85 and 1985-86 were indicative that the exporters had either not incurred any losses in their exports or the losses were only around 5 *per cent* which did not justify increase in the cash assistance beyond 5 *per cent* from 1st April 1984.

The following are the main points that emerge :

- The increase in rate of cash assistance from 5 *per cent* to 9 *per cent* on frozen fish, frozen lobster tails and whole cooked lobsters from 1st April 1984 to 30th June 1986 was not justified and resulted in extra payment of cash assistance which worked out to Rs. 239.61 lakhs on export of the value of Rs. 5990.32 lakhs.
- Fixation of higher rate of cash assistance at 12 *per cent* on the f.o.b. value of frozen fish and 8 *per cent* on frozen lobster tails/whole cooked lobster from 1st July 1986 resulted in extra payment of cash assistance during 1st July 1986 to 31st March 1987 which worked out to Rs. 166.43 lakhs.

12. Excess air freight assistance on the export of leather products

On exports of leather and leather products, in addition to cash assistance, a scheme of air freight subsidy on exports made by air was available till 30th June 1986. When the rates of cash assistance on all export products became due for revision from 1st July 1986, the separate scheme of air freight subsidy was discontinued. Differential rates of cash assistance on the export of leather and leather products going by sea and by air were announced from 1st July 1986. The rationale for changing the basis for determination of subsidy (i.e. from relating it to the air freight paid to the f.o.b. value of export) was not indicated in the agenda note placed before the Cash Assistance Review Committee. The relative position of air freight assistance admissible till 30th June 1986 and thereafter is given below :

Sl. No.	Description of the product	Air freight subsidy admissible on 30th June 1986	Cash assistance as percentage of *f.o.b.* value from 1st July 1986
1	2	3	4
1.	Finished leather including sole leather (as laid down in ISI standard as enforced by Government).	30 *per cent* of air freight paid limited to 6 *per cent* of the *f.o.b.* value.	3 for exports by air, 5 for exports by air from 29th August 1986.
2.	Footwear (where at least 60 *per cent* of visible outer surface area is of leather).	40 *per cent* of air freight paid limited to 7 *per cent* of *f.o.b.* value.	22 for exports by air and 15 for other exports (Review after one year and import replenishment to be reduced from 20 *per cent* to 12 *per cent* from 1-7-1986).
3.	Footwear components where at least 60 *per cent* of the visible outer surface area is of leather.	—do—	18 for exports by air and 12 for other exports.
4.	Leather garments (where at least 75 *per cent* of the visible outer surface area is of leather).	—do—	—do—
5.	Other leather products including industrial leather gloves (excluding leather washer) where at least 60 *per cent* of the visible outer surface area is of leather.	—do—	—do—
6.	Leather harness and saddlery.	35 *per cent* of air freight paid limited to 6 *per cent* of *f.o.b.* value.	15 for exports by air and 8 for other exports.

In July 1982, the Finance Division of the Ministry had estimated discrimination in air freight as ranging between 2.5 *per cent* and 3 *per cent* of f.o.b. value. The element of air freight disadvantage allowed at 6 or 7 *per cent* of the f.o.b. value on the exports of leather products over the basic rate applicable on exports made by sea in fixing the new rates effective from July 1986 had resulted in adventitious gain to exporters as compared to what they were getting till 30th June 1986.

Examination of a few vouchers in the office of the Joint Chief Controller of Imports and Exports (JCCIE), New Delhi, as tabulated below, revealed that the exporters were getting cash assistance towards air freight at more than two to three times of the air freight subsidy they were getting on similar exports till 30th June 1986. In some cases, the amount paid was even more than the actual freight paid by the exporters which was contrary to the guidelines issued by the Ministry in December 1985.

Date of export	Item exported	*F.o.b.* value (Rs.)	Actual air freight paid (Rs.)	Cash assistance towards air freight paid (Rs.)	Air freight subsidy admissible as on 30-6-1986
1-10-1986	Leather boot uppers	7,46,316	31,284	44,779	12,514
26-9-1986	—do—	6,22,631	41,569	37,358	16,628
26-9-1986	—do—	7,46,390	31,210	44,783	12,484
29-8-1986	Leather shoe uppers	5,60,785	36,215	33,647	14,486
29-8-1986	Leather boot uppers	5,60,748	36,252	33,645	14,501
2-9-1986	—do—	5,60,767	36,233	33,646	14,493
5-9-1986	—do—	5,60,804	36,196	33,648	14,478
14-8-1986	Leather garments	1,84,332	10,068	11,060	4,027
10-7-1986	Leather boot uppers	2,39,538	16,918	14,372	6,767
		47,82,311	2,75,945	2,86,938	1,10,378

(Underlined cases are those where the CCS paid was higher than the air freight actually paid).

A test-check of 29 cases, where CCS was allowed on the export of leather shoe uppers and leather garments in the JCCIE, New Delhi it was seen that on an export of Rs. 1.79 crores of leather products, against the air freight of Rs. 9.29 lakhs paid, the amount of cash assistance paid at 6 *per cent* of f.o.b. value towards meeting discriminatory air freight charges was Rs. 10.73 lakhs. The air freight subsidy that would have been payable, as per orders prevailing on 30th June 1986, had worked out to Rs. 3.72 lakhs only. Thus, even in a small sample representing 0.68 *per cent* of the total quantity exported by air (Rs. 334.16 crores in 1986-87) the adventitious gain was Rs. 8.78 lakhs. The amount, therefore, involved in respect of the total value of exports by air would be substantial.

The matter was referred to the Ministry in August 1987; but their comments had not been received (December 1987).

13. Avoidable expenditure on works in Madras Export Processing Zone

The work on the Madras Export Processing Zone (MEPZ), a multi-product Export Processing Zone, was commenced in September 1983. The site for location of the zone was decided upon having regard to its proximity to the Madras Tombaram Railway line, national highway, etc. Another consideration that influenced the location of the zone at the site was that there was "concentration of Government land for immediate take over and development." The boundary wall for the zone was taken up for construction in November 1984 and completed in July 1985 at a cost of Rs. 41.87 lakhs (up to March 1986). A high voltage line (HVL) meant for 25 KV single phase supply for the sub-urban train service and another high tension power line of the Electricity Board were passing over the MEPZ site for a certain distance. At the time of commencement of construction, the architect engaged by the MEPZ had assured that the over head lines that were passing over the zone would not in any way affect the building that would be coming up under the traction lines. Following the death of a female labourer at the site, consequent on her coming into contact with the over-head power lines a sanction was accorded for shifting the high tension powerlines at a cost of Rs. 12.00 lakhs in September 1985.

In December 1985, the Railways began experiencing difficulty to depute linemen in case of emergency for foot patrolling and also attending to break-downs. Since the Railways had to ensure uninterrupted power supply to avoid causing any dislocation to the commuter service, they found that the arrangement by which they had to obtain passes for entry was not satisfactory and desired free access at all times without any restriction. In view of the tight security enforced by the Custom Department such free access was not possible and, in the circumstances, the Railways represented that the lines should be taken out totally outside the protected zone. After a series of discussions, it was agreed that the over-head lines should be shifted along the line of the compound wall. The estimated cost of the work to be undertaken amounted to Rs. 32 lakhs. This amount was sanctioned by Government in June 1986. It was also decided to realign the compound wall and lay a jeep track for 500 metres at a cost of Rs. 10 lakhs which was deposited by the MEPZ in October 1986 with the executing agency. The MEPZ, however, intimated in 1987, that there was no need to have a separate jeep track as a 'kutcha road' would suffice. By this measure they proposed to save Rs. 5 lakhs and had asked the executing agency to refund Rs. 5 lakhs. The refund of Rs. 5 lakhs was obtained by the MEPZ in September 1987.

From the foregoing, it emerged that there was considerable redundancy of expenditure because of inadequate planning and failure to consult the Railways, before starting the construction work.

The Ministry while accepting the facts, stated in September 1987 that every effort had been made to safeguard the interest of Government and expenditure avoided to the extent possible.

Ministry of Commerce

(Department of Supply)

14. Embezzlement of Government money

A case of embezzlement of Rs. 0.48 lakh was dedected in Audit in February 1987 during test-check of the accounts of the Directorate of Supplies and Disposals, Bombay. The embezzlement took place between February 1985 and February 1987.

As per procedure prescribed by the department, the cashier was required to maintain a separate register, for accountal of cash receipts of sale of tender forms, each entry of which was required to be attested by a gazetted officer. A clerk other than the cashier had been entrusted with the sale of the tender forms. The *modus operandi* followed by the clerk for the embezzlement was not to make entries of money realised by him in the register of cash sale of tender forms in many cases even though cash receipts were issued in respect of these transactions. At the end of the day, the cashier received the sale proceeds from the tender sale clerk with reference to the entries made in the register but without reference to the counterfoils of money receipts and accounted for that amount only in the cash book.

The entries in the register were not being attested by a gazetted officer contrary to the prescribed procedure.

It was also observed that the total of collections on 8th November 1985 and 11th November 1985, as per entries made in the register, worked out to Rs. 664.70 and Rs. 475.00, which had been overwritten as Rs. 464.70 and Rs. 275.00 respectively and entered in the cash book.

If the prescribed procedure had been followed and if there had been reconciliation of the receipt book with the register, the embezzlement could have been avoided.

On the matter being reported to the Director General, Supplies and Disposals in March/February 1987, it was stated (June 1987) that both the tender sale clerk and the cashier were suspended on 26th February 1987 and that the case was under investigation by the Police.

The department, while accepting the above facts, stated (October 1987) that it was reviewing the existing instructions regarding the issue of coupons, receipt of tender forms, the sales, etc. to see if there was any scope for improvement.

Ministry of External Affairs

15. Avoidable expenditure on purchase of Chancery building in Hong Kong

The Office of the Indian High Commission in Hong Kong was housed in a building with a floor area of 3699 sq ft hired at a monthly rent of HK Dollars 25743 (Rs. 0.44 lakh). The lease of this building was due to expire in December 1980. The Mission had sent four proposals for the purchase of office premises for the Chancery as early as February 1980 which included the building located at United Centre where 5122 sq ft floor area was available at the rate of HK $ 2000 per sq ft in the 1st and 4th floor and Belgian House with a floor area of 6128 sq ft at the rate of HK Dollar 1900 per sq ft. While sending the proposals, the Mission intimated that lately there had been considerable increase in rents as well as in property value. The Ministry was reminded by the Mission in March 1980 and April 1980 for expediting the decision in the matter. The Ministry advised the Mission in May 1980 to pursue the proposal for purchase of space in Belgian House. In July 1980, the Mission intimated that the Belgian House was at the initial stage of its construction and the building was likely to be completed by September 1982. The Ministry observed that the minimum space available in the proposals sent by the Mission was in excess of the requirement and that the Ministry would agree to purchase space which should be restricted to the area that was being occupied by the Mission at that time viz., 3700 sq ft. In July 1980, the Mission was advised to discuss the matter not only with the owner of Belgian House but also with other parties as well. The Mission sent 3 other proposals to the Ministry in September 1980 which included United Centre; 5230 sq ft on the 15th floor at the rate HK Dollars 2350 per sq ft and First Commercial Building with 5468 sq ft at the rate of HK Dollars 1656 per sq ft. The Mission suggested immediate purchase of the space in First Commercial Building as the total investment would be much less and asked for definite reply at the most within a week. It was also recommended that a purchase team fully armed with powers to take decision on the spot should be sent to Hong Kong in the last week of September 1980. The team visited Hong Kong from 11th November 1980 and intimated the Ministry by telex that it had located the following four properties :—

Sl. No.	Location of property	Area (sq ft)	Cost per Sq ft	Price in HK Dollars (in lakhs)	Probable date of occupation
1.	First Commercial	5468	1746	95.5	December 1980
2.	Amber Commercial Building.	7100	1497	105.0	February 1981
3.	Admirality Centre	5000	2850	142.5	January 1981
4.	United Centre	6500	2500	162.5	June 1981

The Purchase Committee also stated that the floor area available with the Mission was inadequate and very cramped against the actual entitlement of 7700 sq. ft and recommended the purchase of gross area of 6500 sq ft in the United Centre Building at a cost of approximately HK Dollars 177.5 lakhs (roughly Rs. 3 crores) apart from payment of condominium charges of HK$ 1.56 lakhs *per annum*. In November 1980, the Mission was informed of the approval of the Ministry for purchase of 5000 sq ft of gross floor area in the United Centre Building at a cost of HK $ 130 lakhs (Rs. 2.20 crores). The Mission purchased 5302 sq ft on 16th floor of the same building at the rate of HK $ 2600 per sq ft as the Vendor of the 15th floor was no longer interested in selling the space.

Thus the indecision of the Ministry in assessing the actual requirement of space by the Mission at Hong Kong and the delay in approving the purchase proposal resulted in avoidable expenditure of HK $ 32.13 lakhs (Rs. 54.72 lakhs) being the hike in price in the United Centre Building from HK $ 2000 in February 1980 to HK $ 2600 in November 1980 and consequential increase in brokerage charges.

The Ministry stated in January 1986 that (a) the purchase proposal sent by the Mission in February 1980 was sketchy, as the price of HK $ 2000 per sq ft was not confirmed and the actual space requirement and the floor on which the space was to be taken was not specified.

(b) Mission was suggested to negotiate the purchase of the property in the Belgian House as this was the cheapest as compared to others including the one at United Centre. The Ministry's arguments are not borne out by facts as the Mission in February 1980 itself had given complete information regarding area available, floor, price, expiry of lease of the existing premises and probable date of occupation. The Ministry, however, overlooked the fact that the Belgian House would be ready for occupation only in 1981-82 against the expiry date of the lease of the premises occupied by the Mission. Further, the Ministry was aware of the sanctioned strength and staff requirement in the Mission and the space required could have been calculated by the Ministry with reference to the fixed norms. In May 1980, the Ministry, however, informed the Mission that space measuring only 4000 sq ft should be purchased whereas the visiting team assessed the requirement in November 1980, at 7700 sq ft against which 5302 sq ft was ultimately purchased.

Thus delay in approving the purchase proposal resulted in avoidable expenditure of HK $ 32.13 lakhs (Rs. 54.72 lakhs) in this purchase.

16. Payment of compensation to a landlord by a Mission abroad

In July 1984, a court of law in the United Kingdom ordered the High Commission of India, London (Mission) to pay compensation to a landlord for damaging his property rented by the Mission and occupied by an India based official. An expenditure of £6,001.61 (Rs. 90,324) was accordingly incurred by the Mission (April—May 1985) to satisfy the court's order.

The Mission had hired the above premises in April 1975 for a period of three years to provide residential accommodation to India based officials. Even after expiry of the lease, the Mission continued to hold the premises without renewing the lease and allotted the premises to a new official in December 1978.

In March 1980, the landlord issued to the Mission a 'Notice to Quit' the premises on 30th April 1980. The Mission temporarily settled the matter with the landlord by allowing a 10 per cent increase in rent. In December 1980, the landlord issued summons in the court against the Mission and notified the Mission that some damage had been done to the furniture and fixtures in the house. This time also, the matter was settled by allowing another increase in rent. However a legal notice was issued by the landlord in May 1983 to vacate the premises and pay compensation for the damage. The Mission, however, allowed the official to continue in the premises by obtaining an undertaking from him that he would pay the dilapidation charges, and simultaneously informing the landlord that the question of payment of dilapidation charges would be considered. The landlord suggested certain conditions to settle the case out of court which was not acceptable to the Mission. Thereupon, the landlord filed the case in the court in June 1983.

The official was relieved on 25th July 1983 and the house was finally vacated on 2nd August 1983. In the final hearing of the case on 24th July 1984, the court ordered the Mission to pay compensation to the landlord and his legal costs. The Mission wrote to the Ministry of External Affairs (February 1985) about this case and the Ministry approved (April 1985) the expenditure of £ 5,801.61 and also ordered recovery of this amount from the official. The official made a representation to the Ministry stating among other things that (i) he was never informed about and also was not a party to the litigation; (ii) no inventory was prepared or got signed by him by the Mission; (iii) the lease was never renewed; (iv) at no stage he promised to pay any court charges etc. On the other hand, the Mission stated that the official had been kept informed of the developments of the case right from March 1980 onwards and that had he shifted to another accommodation suggested by the Mission, the court case and subsequent payment of dilapidation/damage could have been avoided or minimised. The Ministry decided in August 1986 that only £ 1,958.61 may be recovered from him on account of actual damage, while the legal costs may be borne by the Mission. The Ministry also directed the Mission to refrain from resorting to legal aid of officials faced with similar predicament in future, without first clearing it with the Ministry.

Instructions governing renting of accommodation, provide that no accommodation should be rented without executing a proper lease deed and that if an official to whom Government accommodation is allotted declines to occupy the same, the rent of the alternative accommodation should be borne by the official himself. In contravention of these instructions, the Mission held the premises without renewing the lease deed for nearly 5 years and continued to pay rent even after the official repeatedly refused to occupy the Government accommodation offered to him. As observed by the Ministry, the Mission provided unnecessary legal aid to the official without prior approval of the Ministry, even though the official agreed to pay dilapidation charges and never required the Mission to go for litigation.

The Ministry while explaining that the Mission did not solicit their approval as it was negotiating for an out of court settlement and had not anticipated that it would be required to defend action in the court, have further stated that they have taken a strong view of the case and instructed the Mission to seek prior approval in all such cases in future. They have further ordered a recovery of £ 2158.61 from the official, being the actual amount paid by the Mission towards the damage to the property. Full recovery of the amount is awaited (December 1987).

17. Loss of revenue due to non-levy of fee

Item 10(1) of Schedule IV of the Passport Rules, 1980 authorised the passport issuing authorities to charge for services rendered under "additional endorsement or other miscellaneous service on ordinary passports." In August 1985, the Ministry decided to bring the Emigration endorsement under the subject matter of item 10(1) and directed all passport issuing authorities in India and abroad to charge a fee of Rs. 10 and 30 per passport with effect from 16th August 1985 for services rendered in India and abroad respectively. The Ministry clarified to all the passport issuing authorities in September 1985 that the fee would be charged at the initial stage of affixing 'Emigration Clearance Required'. ECR or 'Emigration Clearance Not Required' (ECNR) endorsement as also at the subsequent stage of suspension of emigration clearance on all applications received in their offices with effect from 1st October 1985. Thus fee chargeable initially for a passport would be Rs. 50 plus the ECR/ECNR fee of Rs. 10 or Rs. 30 as the case may be.

A test-check of records of 17 Regional Offices out of 21 in India revealed that Emigration endorsement fee was not charged at the initial stage in 6.29 lakhs cases in which such endorsements were made in the passports issued during the period from October 1985 to 15th October 1986. This resulted in loss of revenue to the Government to the extent of Rs. 62.86 lakhs as per details given in the Annexure.

Ministry stated in December 1987 that there has been a loss of revenue to the Government on account of non-levy of fee of Rs. 10 for granting emigration endorsement on passports issued by some of their passport offices. This was due to the fact that their instructions were not properly understood by some of the Passport Officers and some of them reportedly did not receive the letter conveying the instructions. Ministry further stated that according to their instructions, the fee of Rs. 10 was to be charged only in cases where the emigration status of the applicant was to be fixed for the first time. Thus the actual loss of revenue would depend on the total number of entirely fresh passports issued after 1st October 1985 without charging the requisite fee. The actual loss was to be worked out on this account by the Ministry (December 1987).

ANNEXURE

Sl. No.	Name of the RPO	Total Passports issued alongwith period of issue		Total passports issued without charging Rs. 10	Loss of revenue due to short realisation
		Number	Period of Issue		(In rupees)
1.	R.P.O. Madras	71,093	1-10-85 to 24-8-86	71,093	7,10,930
2.	R.P.O. Tiruchy	63,770	1-10-85 to 24-8-86	63,770	6,37,700
3.	R.P.O. Hyderabad	65,087	1-10-85 to 15-10-86	65,087	6,50,870
4.	R.P.O. Calicut	69,080	1-10-85 to 2-10-86	69,080	6,90,800
5.	R.P.O. Cochin	76,820	1-10-85 to 24-8-86	76,820	7,68,200
6.	P.O. Bangalore	80,265	1-10-85 to 20-8-86	65,224	6,52,240
7.	P.O. Lucknow	23,535	1-10-85 to 19-5-86	23,535	2,35,350
8.	P.O. Barelly	22,561	1-10-85 to 18-2-86	22,561	2,25,610
9.	R.P.O. Calcutta	40,818	1-10-85 to 13-10-86	40,478	4,04,780
10.	R.P.O. New Delhi	31,693	1-10-85 to 8-1-86	31,693	3,16,930
11.	R.P.O. Ahmedabad	41,393	1-10-85 to 28-2-86	41,393	4,13,930
12.	R.P.O. Jalandhar	1,276	1-10-85 to 1-12-85	997	9,970
13.	R.P.O. Chandigarh	90,498	1-10-85 to 31-10-85	10,935	1,09,350
14.	R.P.O. Bhopal	10,950	1-10-85 to 30-4-86	9,732	97,320
15.	R.P.O. Jaipur	19,546	1-10-85 to 19-3-86	19,546	1,95,460
16.	P.O. Srinagar	6,061	1-10-85 to 31-7-86	6,061	60,610
17.	P.O. Patna	10,607	1-10-85 to 4-10-86	10,607	1,06,070
	Total	7,25,053		6,28,612	62,86,120

18. Short/Non-accountal of articles of dead stock

A test check of old stock registers with the new stock registers at Indian Ambassador's residence at Washington D.C. revealed shortages/non-accountal of stocks valuing $ 13,491 and Rs. 1,174, in 21 cases. 182 items of sterling silverware were also found short the value of which could not be assessed for want of details in the stock registers.

Shortages of 86 items valuing $ 8598.00 in Chancery, 24 items valuing $ 571.00 at Ambassador's residence and 14 items valuing Rs. 38,591 and $1078.00 at Deputy Chief of Mission's residence (DCM)/ Minister (Political)'s residence are yet to be regularised. It was generally noticed that the stock registers maintained are defective in the following aspects :

(i) The registers were not in the prescribed form.

(ii) Specifications of the items entered had not been given.

(iii) Neither certificate of having correctly carried forward all the balances in the new stock registers had been given nor value of old items had been mentioned.

(iv) Entries had not been authenticated.

The Embassy of India while admitting non-maintenance of appropriate records expressed their inability to reconcile the shortages pointed out by Audit. Reasons for non-maintenance/inadequate maintenance of stock books were also not available with the Embassy.

The Ministry stated (June 1987), "the mission has informed that they had carried out the physical verification of articles of stock in the chancery, embassy residence and other residences and updated the respective stock registers. The mission has confirmed that the stock registers are now being maintained in prescribed form in accordance with the rules and procedures on the subject from 1984 onwards." An examination of stock registers in Audit, however, revealed (November 1987) that the differences pointed out continue to exist; the certificate of physical verification had not been recorded in the register; in a few cases the value of items was not specified and entries were not authenticated.

As regards shortages/unaccounted articles the Ministry stated (June 1987) that the mission's proposal for obtaining financial sanction was under consideration.

Ministry of Health and Family Welfare

19. National Programme for Control of Blindness

19.1 *Introduction*

19.1.1 The Central Council of Health recommended in April 1975, the adoption of a National Policy for evolving a comprehensive plan of action for prevention of blindness. A National Programme for prevention of visual impairment and control of blindness was formulated and launched as a Centrally sponsored scheme in 1976-77 with the following plan of action :—

(i) Intensification of educational efforts on eye health care through mass communication media and extensive education methods;

(ii) Extension of eye care services through mobile units to restore sight and relieve eye ailments by adopting an 'eye Camp' approach;

(iii) Establishment of permanent facilities for eye health care as an integral part of general health services at peripheral, intermediate and central sectors.

19.1.2 In June 1978, the Ministry adopted a uniform definition for the purpose of categorising blindness.

According to the Indian Council of Medical Research, collaborative study conducted in 1972-73, there were about 9 millions blind and 45 millions visually handicapped people in the country based on 1971 Census figures and the criterion of visual acuity of 6/60 or less. The ultimate goal of the programme as defined in the National Health Policy was to achieve reduction in the incidence of blindness from 1.4 *per cent* of population in 1975 to 0.3 *per cent* by 2000 AD. In April 1982, the Working Group on Control of Blindness, however, suggested the goal of reducing incidence of blindness to 0.5 *per cent* by the year 2000 AD.

As per surveys conducted by ICMR, the main cause of blindness were ; cataract (55 *per cent*); trachoma and associated infection (20 *per cent*); small pox (old cases) (3 *per cent*); malnutrition (2 *per cent*); injuries (1.20 *per cent*); glaucoma (0.50 *per cent*) and other (18 *per cent*).

The causes were largely preventable and curable with the presently available knowledge and skills.

19.2 *Scope of Audit*

The audit of the records maintained by the States/ Union Territory Administrations was conducted by Directors of Audit/Accountants General (Audit) of the respective States/Union Territories for the period 1978-79 to 1986-87 as well as those maintained by the Ministry.

19.3 *Organisational set up*

The organisational structure for management of the programme included the following :—

(a) *Central Ophthalmic Cell.*—It functioned under the overall supervision and guidance of Director General of Health Services and was responsible for planning, management of the programme including monitoring and evaluation, liaison with the States/Union Territory Administrations and Co-ordination with national and international agencies.

(b) *State Ophthalmic Cell.*—They were counterpart cells in the States/Union Territory Administrations and were expected to manage budgetary functions, organise implementation of the programme at various functional levels and provide feed-back to the Centre.

(c) *National Committee.*—The Committee with the Union Minister of State for Health and family welfare as its Chairman was a top level body to plan specific actions, suggest co-ordination measures and monitor overall progress of the programme.

(d) *Central Co-ordination Committee.*—The Committee was composed of eminent ophthalmologists, Director General of Health Services, Financial Adviser of the Ministry and officers of other departments concerned with the programme and functions under the Chairmanship of Secretary (Health). It was required to review the implementation of the programme periodically and suggest measures for its uniform and speedy implementation.

Besides, there were State Implementation Committees, District Committees, Primary Health Centre Committees, etc.

19.4 *Highlights*

Important observations noticed in test-check of the records are mentioned below :—

— The Central Government released a total grant of Rs. 3572.93 lakhs during the years 1980-81 to 1986-87 to the States/Union Territories against the allocation of Rs. 3964.75 lakhs. The grants released by the Ministry were not fully utilised by them.

— There were differences in amounts of grants released by the Central Government with those reported to have been received by the State Governments.

· Performance in activities like up-gradation of Primary Health Centres, District Hospitals, Mobile Units and Cataract Operations was below the targets.

— Shortage of staff was reported by the States/Union Territories.

— No proper machinery was evolved at the Centre and at State level to monitor and evaluate the programme from time to time. Even the recommendations of the Government in this regard had not been implemented.

19.5 *Pattern of assistance and action plan*

The Programme was a Centrally sponsored scheme and 100 *per cent* Central assistnce to the States for the development of various services was to be given for the implementation of this programme. The overall responsibility of planning and monitoring the programme was of the Central Government on the advice of the National Level Committee.

The plan of action for the programme was required to be taken as under :—

(a) *Peripheral Sector.*—In order to provide eye care facilities to the people, the Primary Health Centres were to provide institutional base for rendering ophthalmic care. One ophthalmic assistant with necessary equipment was to be provided in each Primary Health Centre. In all 2000 Primary Health Centres were to be equipped by the end of 1984-85. The targets for 1985-86 and 1986-87 were 1000 and 400 respectively.

(b) *Intermediate Sector.*—Intermediate sector covers district hospitals and taluka hospitals which were to have one or two ophthalmic surgeons with other supporting staff and equipment to provide necessary diagnostic and modern treatment facilities. The ophthalmic departments of hospitals would have to advise local authorities on safety measures for visual health of the industrial workers. The programme envisaged development of ophthalmic units in 400 district hospitals by the end of March 1985. These targets as reported by Ministry were achieved. The hospitals were expected to develop the following facilities for ophthalmic care :—

(i) OPD for eye care;

(ii) Indoor facilities including operation theatre for intra and extraocular operations with a provision of 10—15 beds for eye patients;

(iii) Facilities for vision testing;

(iv) Co-ordination of all eye activities in the district like supervision and guidance to Ophthalmic assistants in Primary Health Centres and job training to medical and para medical staff engaged in eye care.

(c) *Central Sector.*—The Central Sector consisted of Medical College, Regional Institutes, State Eye Hospitals and National Eye Institutes. This sector was to be involved in long-term planning, evaluation, development of manpower and operational research in ophthalmology and continuing education programme.

Ophthalmic departments in 106 medical colleges were to be converted into the departments of Community Ophthalmology in a phased manner and they would have to perform such functions as were assigned to them. The identified medical colleges were to provide gradually a minimum of 75 beds to eye patients and 7 faculty members for eye care.

The programme also envisaged development of 10 Regional Institutes. Each Institute was to have 250 beds and 21 faculty members. Each institute was to be provided with equipment worth Rs. 35 lakhs in a phased manner and the institute would perform the following functions :—

(i) Evolve and demonstrate methods of delivery of community ophthalmic care services.

(ii) Co-ordinate eye care activities.

(iii) Provide facilities for teaching and training in community ophthalmology.

(iv) Demonstrate eye bank procedures.

(v) Stimulate resources and provide facilities for the same.

(vi) Develop documentation and reference centre.

19.6 *Financial Outlay*

19.6.1 The Central Government released grants amounting to Rs. 3572.93 lakhs during the years 1980-81 to 1986-87 to 22 States and 9 Union Territories (Andhra Pradesh, Assam, Bihar, Gujarat, Haryana, Himachal Pradesh, Jammu and Kashmir, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Manipur, Meghalaya, Nagaland, Orissa, Punjab, Rajasthan, Sikkim, Tamil Nadu, Tripura, Uttar Pradesh, West Bengal, Arunachal Pradesh, Goa, Daman and Diu, Mizoram, Pondicherry, Andaman and Nicobar Islands, Chandigarh, Dadra and Nagar Haveli, Delhi and Lakshadweep). The yearwise position of allocations and grants released was as under :—

Year	Allocations	Grants released
	(In lakhs of rupees)	
1980-81	332.00	237.96
1981-82	364.00	277.92
1982-83	500.00	487.83
1983-84	668.75	631.94
1984-85	750.00	743.84
1985-86	750.00	616.42
1986-87	600.00	577.02
TOTAL	3,964.75	3,572.93

On test check of records of 9 states (Bihar, Karnataka, Kerala, Himachal Pradesh, Madhya Pradesh, Manipur, Punjab, Rajasthan and Tamil Nadu) and 4 Union Territories (Andaman and Nicobar Islands, Chandigarh, Goa, Daman and Diu and Pondicherry), it was observed as under :—

19.6.2 The Central assistance released for implementation of the Programme to various States/Union Territories was not utilised in full as shown below :—

Sl. No.	Name of States/ Union Territories	Period	Assistance released by Government of India	Actual Expenditure by States	Unutilised balance	Percentage of under utilised balance
1	2	3	4	5	6	7
					(Rupees in lakhs)	
1.	Bihar	1979-80 to 1985-86	196.15	159.17	36.98	19
2.	Karnataka	1981-82 to 1986-87	225.71	218.24	7.47	3
3.	Kerala	1981-82 to 1985-86	78.59	66.44	12.15	15
4.	Himachal Pradesh	1981-82 to 1986-87	59.47	48.82	10.65	18
5.	Madhya Pradesh	1980-81 to 1985-86	312.30	287.25	25.05	8
6.	Manipur	1979-80 to 1986-87	28.02	23.53	4.49	16
7.	Punjab	1980-81 to 1986-87	180.02	77.80	102.22	57
8.	Rajasthan	1980-81 to 1986-87	174.37	117.49	56.88	33
9.	Tamil Nadu	1978-79 to 1986-87	162.50	80.15	82.35	51
10.	Andaman and Nicobar Islands	1982-83 to 1985-86	9.53	5.82	3.71	39
11.	Chandigarh	1978-79 to 1986-87	9.95	1.70	8.25	83
12.	Goa, Daman & Diu	1980-81 to 1986-87	15.94	4.78	11.16	70
13.	Pondicherry	1980-81 to 1986-87	7.59	0.50	7.09	93
	TOTAL		1460.14	1091.69	368.45	25

From the above tabulation, it would be seen that the assistance amounting to Rs. 1,460.14 lakhs released to 13 States and Union Territories during the years 1978-79 to 1986-87 was utilised to the extent of Rs. 1,091.69 lakhs leaving unutilised balance of Rs. 368.45 lakhs. The percentage of unutilised balance with the States/Union Territories ranged from 2 to 93.

In most of the States, non-utilisation of Central assistance was attributed to non-posting of staff.

The overall position of staff required, actually in position and shortage thereof for running the Hospitals/Primary Health Centres/Central mobile units in the respective States/Union Territories is given in the following table :—

S. No.	States/Union Territories	Ophthalmic Surgeons					Ophthalmic Assistants				
		Hospital	Central Mobile Units	Posts required	Men-in-position	Shortage	No. of Hospitals	Primary Health Centres	Posts required	Men-in-position	Shortage
1.	Arunachal Pradesh	1	2	3	1	2	1	5	6	Nil	6
2.	Bihar	—	—	—	—	—	—	118	118	56	62
3.	Gujarat	18	—	36	33	3	18	—	36	33	3
4.	Kerala	—	—	—	—	—	—	100	100	60	40
5.	Madhya Pradesh	—	—	—	—	—	—	319	319	210	109
6.	Maharashtra	—	—	—	—	—	State as a whole	—	197	177	20
7.	Meghalaya	5	—	5	1	4	5	11	16	6	10
8.	Orissa	—	—	—	—	—	—	153	153	103	50
9.	Rajasthan	—	—	—	—	—	State as a whole	—	195	Nil	195
10.	Sikkim	3	—	3	Nil	3	3	3	6	Nil	6
11.	Uttar Pradesh	State as a whole	—	144	Nil	144	State as a whole	—	408	207	201
12.	West Bengal	—	—	—	—	—	—	235	235	147	88
13.	Andaman and Nicobar Islands.	2	—	2	Nil	2	2	—	2	Nil	2
14.	Mizoram	3	2	5	2	3	—	—	—	—	—

In Manipur, the shortfall in expenditure was due to delay in release of Central assistance of Rs. 3.35 lakhs for the year 1986-87 which was received by the Regional Medical College only after April 1987. Also a sum of Rs. 0.37 lakh pertaining to the year 1983-84 remained unutilised (June 1987) due to non-installation of equipment and instruments. Similarly, Pondicherry attributed the shortfall in expenditure due to non-receipt of materials in 1983-84 and non-receipt or less receipt of debit for materials supplied by Government of India during the other years (April 1987).

In Andhra Pradesh, shortfall in expenditure was due to late sanctioning of Mobile Ophthalmic Unit.

In 5 units of Bihar, even the amounts shown as utilised did not represent the actual expenditure on the programme but included also the amounts drawn from the treasury which were kept by the departments, in one or other form. During the years 1982-83 to 1986-87, the total expenditure of Rs. 17.95 lakhs included Rs. 8.46 lakhs drawn from treasury in the form of cash (Rs. 1.40 lakhs), demand drafts (Rs. 3.36 lakhs), deposit at call (Rs. 2.39 lakhs), current-bank account (Rs. 0.83 lakh) and advance (Rs. 0.48 lakh).

There were also differences in the amounts of Central assistance released as per the records of the

Government of India and those maintained by the State Governments as per table given below :—

Sr. No.	Name of States	Years	As per records of Government of India	As per State records	Difference
1	2	3	4	5	6
			(In lakhs of rupees)		
1.	Gujarat	1980-81 to 1986-87	271.19	249.22	(+)21.97
2.	Haryana	1980-81 to 1986-87	65.75	63.76	(+)1.99
3.	Jammu and Kashmir	1980-81 to 1985-86	42.40	40.90	(+)1.50
4.	Kerala	1981-82 to 1985-86	80.54	78.59	(+)1.95
5.	Madhya Pradesh	1980-81 to 1986-87	337.17	339.93	(—)2.76
6.	Meghalaya	1980-81 to 1985-86	19.45	16.40	(+)3.05
7.	Punjab	1980-81 to 1986-87	99.77	93.39	(+)6.38
8.	Rajasthan	1980-81 to 1986-87	140.81	163.21	(—)22.40
9.	Uttar Pradesh	1980-81 to 1986-87	460.73	471.68	(—)10.95

19.7 *Non-achievements of targets*

19.7.1 *Infrastructure.*—The Central assistance to the States/Union Territories was to be utilised for setting up and developing necessary infrastructure like the identification of Primary Health Centres, district hospitals and upgradation of ophthalmic departments of medical colleges and setting up of mobile eye units and ophthalmic assistants training schools.

On test check of records of the States/Union Territories, it was noticed that there were shortfalls in the upgradation of district hospitals, strengthening of Primary Health Centres and district mobile units as per details given below :—

States/Union Territory	Upgradation of district hospitals				Strengthening of Primary Health Centres				Strengthening of district mobile units			
	Target	Achievement	Shortfall	Percentage of Shortfall	Target	Achievement	Shortfall	Percentage of Shortfall	Target	Achievement	Shortfall	Percentage of Shortfall
Andhra Pradesh	—	—	—	—	200	40	160	80	—	—	—	—
Assam	—	—	—	—	199	129	70	35	2	Nil	2	100
Bihar	31	25	6	19	333	118	215	65	7	Nil	7	100
Haryana	12	12	—	—	90	90	—	—	—	—	—	—
Jammu and Kashmir	10	10	—	—	80	53	27	34	2	Nil	2	100
Karnataka	20	19	1	5	320	226	94	29	4	4	Nil	—
Kerala	11	11	—	—	—	—	—	—	—	—	—	—
Madhya Pradesh	—	—	—	—	405	319	86	21	—	—	—	—
Maharashtra	29	29	—	—	511	151	360	70	9	7	2	22
Manipur	—	—	—	—	16	Nil	16	100	—	—	—	—
Meghalaya	5	1	4	80	11	5	6	55	—	—	—	—
Orissa	13	13	—	—	314	153	161	51	—	—	—	—
Punjab	12	11	1	8	128	67	61	48	3	3	—	—
Rajasthan	27	19	8	30	257	171	86	33	—	—	—	—
Tamil Nadu	17	15	2	12	195	95	100	51	4	4	—	—
Uttar Pradesh	56	55	1	2	465	375	90	19	14	6	8	57
Mizoram	3	1	2	67	—	—	—	—	—	—	—	—

The shortfall in the achievements as reported by States was due to various reasons like non-filling up of posts and lack of provision of necessary equipment.

19.7.2 *Performance of Cataract Operation.*—Over 55 *per cent* of the blindness was due to cataract which usually occurred in old age and was curable by surgery. In order to restore the vision of such persons having cataract in their eyes, eye camps were organised through Government and voluntary organisations to perform as many operations as possible. A target for cataract operation was fixed in each State/Union Territory at the rate of 2 per 1000 population, keeping in view the availability of infrastructure. The achievements reported by the Ministry as against the targets laid down and percentage shortfall thereon were as under :—

Year	Targets	Achievements	Shortfall	Percentage shortfall
		(Number in lakhs)		
1982-83	13.03	9.04	3.99	31
1983-84	12.54	10.69	1.85	15
1984-85	12.78	11.34	1.44	11
1985-86	13.84	12.20	1.64	12
1986-87	13.83	11.69	2.14	15

The targets fixed for cataract operation by the States were not achieved due to the following reasons :—

(i) Non-availability of funds to agencies.

(ii) Non-provision of trained staff.

(iii) Non-availability of necessary equipment.

19.7.3 *Untrained Personnel.*—In Uttar Pradesh, 24 departmental candidates sent by Directorate of Medical Health Services (DMHS), Lucknow during 1980-81 were given training for 6 months only against the prescribed period of two years and were appointed as Ophthalmic Assistants.

In Jammu and Kashmir, 12 posts of ophthalmic assistants were manned by persons promoted out of Medical Assistant Cadre who had received only 3 months' on the job training as against the requirement of 2 years.

19.8 *Monitoring and evaluation of progress*

(a) *Central Level.*—The report of Working group on the control of blindness recommended in June 1982, the establishment of a machinery, at the Central level to collect and analyse data and provide support for systematic evaluation of the epidemiological surveys to be carried out. It was proposed that the machinery should be named as Programme Evaluation and Monitoring Agency (PEMA). The PEMA was made responsible to collect and report information on the magnitude of the problem of Blindness all over India and to prepare a national map on blindness and identify high incidence pockets which could receive priority in the National Programme. The PEMA was to collect quantitative data on the activities of all eye health care agencies of Government as well as voluntary agencies all over the Country and to undertake documentation and analysis of data for systematic feed-back. It was also to develop evaluation procedure, undertake studies and give special attention to epidemiological data.

It was desired by the Working Group that the PEMA should be supervised by a Committee of experts consisting of Chief organiser, Dr. Rajendra Prasad, Ophthalmic Centre as Chairman, Deputy Director General from ICMR, representative from the Ministry, representative from Director General of Health Services, Social Scientist, Management Expert and specialists in Community Ophthalmology as members.

Even after 5 years of the recommendations of the Working Group, slow progress was noticed in the matter of establishment of Programme Evaluation and Monitoring Agency. It was observed that formation of a Monitoring and Evaluation Cell of Director General of Health Services (Headquarters) was still being processed (September 1987) and only a fraction of the Monitoring Cell with the posts of Senior Evaluation Officers and Statistical Assistants had been sanctioned. Creation of the remaining posts was still being pursued by the Director General of Health Services.

(b) *State Level.*—As per directions of the Government of India in July 1984, each State was to establish a State Ophthalmic Cell, whose main functions were of monitoring and evaluation of the programme at State Level. Central assistance of Rs. 0.63 lakh (raised to Rs. 1.00 lakh from 1986-87) *per annum* for salaries of staff and a non-recurring assistance of Rs. 1.00 lakh for a vehicle was admissible for meeting expenditure on the cell.

It was, however, seen that Ophthalmic cells were not established in majority of the States. Even where such cells were established, they had not started functioning fully. No system was evolved by such cells to watch the progress of the programme.

In the absence of a proper system of evaluation of the programme, both at Centre and State levels, it could not be assessed whether the programme was being implemented.

19.9 *Other points of interest*

In Orissa, two vehicles provided for eye camps to mobile units were extensively used for other purposes during the period from September 1981 to April 1987.

In Haryana, Rs. 2.75 lakhs were spent in the years 1984-85 to 1986-87 on material and equipment for general side of the Medical College Hospital instead of, for the scheme.

In Assam, Ophthalmic Assistants while under training were entitled to stipend at the rate of Rs. 150 per month per head. Instead of paying stipend to trainees, salary at the rate of Rs. 540.90 per month per trainee had been paid to 38 trainees of first batch from 15th November 1980 to 15th November 1982 and to 5 trainees of the second batch at the rate of Rs. 550 and Rs. 600 p.m. per trainee from July 1981 to September 1981 and October 1981 to June 1983 respectively. This resulted in over-payment of Rs. 4.10 lakhs.

In the same State, financial assistance of Rs. 2.97 lakhs was given to various voluntary organisations at different rates for 5932 intra-ocular operations performed by them in 65 camps. The condition of assistance was that Rs. 60 per operation, limited to a total of Rs. 12,000 in each camp was to be paid provided the work was done entirely by the voluntary organisations. Where the camps were utilizing the Government machinery, the rate of financial assistance was to be brought down to Rs. 40 per operation. Out of the above, an amount of Rs. 2.56 lakhs had been paid for 4991 operations in 60 camps to the voluntary organisations even though these voluntary organisations had only helped in publicity and making arrangements for setting up of camps. The actual operations had not been performed by them but by mobile units run by the Government.

In Andaman and Nicobar Islands, equipment worth Rs. 0.81 lakh purchased during March 1983 and equipment, worth Rs. 0.15 lakh (equipment worth Rs. 0.07 lakh received in October 1983 and equipment worth Rs. 0.08 lakh received in June 1985) remained idle due to non-filling up of the posts of ophthalmologists.

The matter was reported to Ministry in October 1987; the reply had not been received (December 1987).

20. National Tuberculosis Control Programme

20.1 *Introduction*

20.1.1 Tuberculosis (TB) is a disease to which mankind has been exposed for thounsands of years. It causes suffering to individual patients and their families and continues to be a major public health problem in our country. Though tuberculosis can affect any organ of the body, it is only a person suffering from tuberculosis of the lungs who excretes the bacilli in the sputum and is responsible for the spread of infection to others, the mode of infection being air borne through inhalation of the infected sputum droplets.

20.1.2 To control the disease, the National Tuberculosis Control Programme was launched by Government of India in 1962, to bring TB under control with the following operational objectives :—

(i) to vaccinate with BCG a majority of eligible infants in the community,

(ii) to detect TB patients amongst out patients attending health institutions and in community by health workers and treat them effectively by giving priority to sputum positive cases, and

(iii) to undertake these activities in all the health institutions as an integral part of the general health services.

20.1.3 As per the National Sample TB Survey conducted by the Indian Council of Medical Research (ICMR) in the years 1955—58, nearly 1.5 *per cent* of the population was estimated to be suffering from radiologically active TB of the lungs of which about 1/4th or 0.4 *per cent* were sputum positive or infectious. One of the most important findings of the survey was that the prevalent rate of TB was almost the same in the urban and rural areas. About 80 *per cent* of the population is living in nearly 6 lakh villages and it was estimated that every village got at least 2-3 sputum positive TB cases and nearly 4 times the numbers suffering from radiologically active TB disease. Subsequently, limited surveys conducted in different parts of the country in different regions viz., Madnapattae areas (Andhra Pradesh), Tumkar (Karnataka, Bangalore, Chingleput (Tamil Nadu), Delhi and in the Kashmir region revealed that the prevalence rates had remained the same as were found out by the National Sample TB Survey in the year 1955—58. As per 1981 Census, the total population of the country was about 685 millions and nearly 10 million persons were suffering from radiologically active TB of the lungs in the country of which about 2.5 millions are sputum positive or infectious. It was further estimated that about 40 *per cent* of the total population was infected with tubercule bacilli though apparently healthy. The mortality rates were estimated to be about 80 per one lakh population some years back. As per the results of the recent studies conducted by National TB Institute, Bangalore, in their field area, the mortality rates had come down to about 53 per one lakh population.

20.2 *Scope of Audit.*—The implementation of the programme during 1980-81 to 1986-87 was test checked by Audit in the Ministry and in a few districts of 25 States and 3 Union Territories (UTs) by the respective Accountants General. The significant points noticed in Audit are given in the succeeding paragraphs.

20.3 *Organisational set up*

20.3.1 *Establishment of District TB Centres.*—District TB centres were established to organise a community wide district TB programme in association with the existing medical and health institutions. The main aim was to detect as large a number of patients suffering from tuberculosis as possible and to treat them effectively so that the infectious patients were rendered non-infectious and the active and non-infectious cases did not become infectious so that chain of transmission of infection could be interrupted. Out of 434 districts in the country upto the end of September 1987, 370 district TB centres had been equipped with essential equipment and manned by trained staff. These centres were undertaking TB programme in association with general health and medical institutions of the respective State/Union Territory. In addition, there were 312 TB clinics functioning in the country which were mostly located in big towns and cities and had been equipped with either a small screening (Fluroscopy) plant or a small X-ray unit and were looking in after the needs of local population living nearby.

20.3.2 *TB Training and Demonstration Centres.*—

One of the objectives under the National TB Control Programme was to establish a TB Training and Demonstration Centre in each of the major States of the country to provide basic training of para-medical personnel of different categories (TB health visitors, laboratory technicians, etc.) required to man TB clinics in the respective States and to provide re-orientation training of medical personnel including the general practitioners of the States. Seventeen such centres in 16 States/Union Territory one each in Andhra Pradesh, Assam, Gujarat, Jammu and Kashmir, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Orissa, Punjab, Rajasthan, Tamil Nadu, Uttar Pradesh, West Bengal and Delhi and 2 in Bihar had been functioning in the country.

Apart from training, the purpose of these centres was to render necessary guidance, supervision, co-ordination and technical assessment of the programme in the respective States.

20.3.3 *TB Beds.*—A total of 46,142 beds for treatment of patients suffering from tuberculosis were available in 368 district TB centres in the country (September 1987). With the advent of potent anti-TB drugs, majority of TB patients could have been treated on domiciliary basis, and only certain selected group of patients viz. those who were seriously sick or were suffering from some emergencies like Haemoptysis, pheumothorax, etc. or needing surgical treatment or were social destitutes were to be admitted in the TB hospital. Thus, the policy was to utilise the TB beds as adjunct to domiciliary treatment programme.

20.4 *Highlights*

— The matching contribution (50 : 50 sharing basis between the Centre and States) by some States viz. Andhra Pradesh, Arunachal Pradesh, Jammu and Kashmir, Kerala, Meghalaya, Punjab, Rajasthan and Uttar Pradesh was much less than the Central assistance during 1980-81 to 1986-87.

— In the conduction of sputum examination in district TB centres in the respective States/ Union Territories during the years 1983-84 to 1986-87 the achievements of targets were only 49 *per cent.*

— Achievements in the detection of new TB cases in some States/Union Territories fell short of targets by more than 50 *per cent* during 1982-83 to 1986-87.

— District TB centres had not been established in 65 districts in the country up to the end of April 1987.

— A test check revealed that 14 States/Union Territories had vacant posts at the time of Audit as per details given in Annexure III.

— The number of 'Lost' cases was on the increase in some States like Gujarat, Jammu and Kashmir, Kerala, Manipur, Tamil Nadu and Sikkim.

— An evaluation of the programme had not been done by an independent agency not connected with the implementation of the programme.

20.5 *Pattern of assistance*

20.5.1 Assistance by the Central Government to the States/Union Territories was given in kind only. Anti—TB drugs for free treatment of TB patients were being supplied to the TB clinics run by State Governments as a Centrally sponsored scheme on 50 : 50 sharing basis between the Centre and the States. The schemes of supply of anti—TB drugs to the TB clinics run by voluntary bodies and for supply of material equipment and anti—TB drugs to Union Territories, however, continued to be 100 *per cent* Centrally sponsored scheme.

20.5.2 As per agreement entered into by the Government of India with Swedish International Development Agency (SIDA), for a period of 5 years which would expire in June 1989, the SIDA would supply 50 sets of X-ray equipment, laboratory equipment, miniature X-ray film rolls, some limited stock of Rifampicin Pyrazinamide, etc. during the period of agreement. Only 25 sets had been supplied (December 1987).

20.6 *Financial arrangement*

20.6.1 Under the programme against the total allocation of Rs. 4426.50 lakhs, Central assistance to the extent of Rs. 4280.75 lakhs had been provided in kind (equipment, anti—TB drugs, X-ray films, etc.) to 22 States and 9 Union Territories (Andhra Pradesh, Assam, Bihar, Gujarat, Haryana, Himachal Pradesh, Jammu and Kashmir, Karnataka, Kerala, Madhya Pradesh Maharashtra, Manipur, Meghalaya, Nagaland, Orissa, Punjab, Rajasthan, Sikkim, Tamil Nadu, Tripura, Uttar Pradesh, West Bengal, Arunachal Pradesh, Goa, Daman and Diu, Mizoram, Pondicherry, Andaman and Nicobar Islands, Chandigarh, Dadra and Nagar Haveli, Delhi and Lakshadweep during 1980-81 to 1986-87 as per details given below :—

Year	Central assistance to State Governments/ Union Territories (In lakhs of rupees) Allocations	Actuals
1980-81	183.05	189.01
1981-82	203.45	203.95
1982-83	200.00	199.70
1983-84	490.00	469.18
1984-85	1050.00	982.16
1985-86	1100.00	1112.00
1986-87	1200.00	1124.75
Total	4426.50	4280.75

The matching contribution was to be on 50 : 50 sharing basis between Centre and States. The details of assistance released by the Centre in kind and expenditure incurred by the State Governments were as under :—

Sl. No.	Name of State	Year	Assistance from Centre	Actual Expenditure by the States
1	2	3	4	5
			(in kind)	(in cash)
			(In lakhs of rupees)	
1.	Andhra Pradesh	1980-81	6.28	1.10
		1981-82	7.50	2.76
		1982-83	8.00	3.48
		1983-84	10.00	8.91
		1984-85	50.00	41.43
2.	Arunachal Pradesh	1983-84	1.30	0.76
		1985-86	4.05	3.62
		1986-87	5.50	4.47
3.	Himachal Pradesh	1984-85	12.75	5.57
		1985-86	15.00	11.54
		1986-87	14.50	6.33
4.	Kerala	1980-81	4.77	Nil
		1981-82	5.25	Nil
		1982-83	8.46	Nil
		1983-84	16.50	0.19
		1984-85	31.16	7.08
		1985-86	30.00	8.70
		1986-87	31.45	9.45
5.	Meghalaya	1980-81	0.30	Nil
		1981-82	3.71	0.05
		1984-85	1.83	0.30
6.	Orissa	1980-81	3.00	2.56
		1981-82	5.31	Nil
		1983-84	10.00	6.00
		1986-87	32.50	30.50
7.	Punjab	1982-83	8.42	7.78
		1983-84	12.28	6.03
		1984-85	27.75	6.61
		1985-86	40.45	1.51
		1986-87	31.23	29.75
8.	Uttar Pradesh	1983-84	58.80	46.67
		1984-85	136.00	69.68
		1985-86	140.50	94.55
		1986-87	143.00	109.43

From the above table, it is clear that the expenditure incurred by the States was less than the assistance given by the Centre in kind.

20.7 *Physical achievements*

No targets had been laid down prior to 1982-83. Targets were, however, laid for detection of new TB cases from 1982-83 and from 1983-84 both for conduction of sputum examination at Primary Health Centres (PHCs) and detection of new TB cases.

Year-wise targets and achievements for conduction of sputum examination at Primary Health Centres for the Country as a whole were as under :—

Year	Targets	Achievements	Percentage achievement
	(Figures in lakhs)		
1983-84	34.40	12.12	35
1984-85	34.40	17.31	50
1985-86	34.00	20.23	60
1986-87	34.00	22.62	67

(a) *Statement containing percentage of under achievements in sputum examination during* 1983-84 *to* 1986-87 *by the States/Union Territories*

	1983-84			1984-85			1985-86			1986-87		
	50—60	60—80	80—100	50—60	60—80	80—100	50—60	60—80	80—100	50—60	60—80	80—100
No. of States/ Union Territories	2 (Andaman and Nicobar Islands and Gujarat)	6 (Andhra Pradesh Himachal Pradesh Kerala Mizoram Rajasthan and Tamil Nadu)	14 (Arunachal Pradesh Assam Bihar Dadra and Nagar Haveli Delhi Jammu and Kashmir Lakshadweep Manipur Meghalaya Nagaland Orissa Sikkim Tripura and West Bengal)	4 (Andhra Pradesh Gujarat Kerala and Rajasthan)	5 (Assam Dadra & Nagar Haveli Lakshadweep Mizoram and Tamil Nadu)	8 (Bihar Delhi Jammu & Kashmir Manipur Meghalaya Nagaland Tripura and West Bengal)	2 (Andhra Pradesh Dadra and Nagar Haveli)	6 (Assam Delhi Jammu & Kashmir Nagaland Orissa and Tamil Nadu)	4 (Bihar Meghalaya Tripura and West Bengal)	1 (Lakshadweep)	6 (Andhra Pradesh Bihar Jammu and Kashmir Nagaland Orissa and Tamil Nadu)	6 (Assam Delhi Meghalaya Sikkim Tripura and West Bengal)

(b) Detection of new TB cases

The physical targets and achievements in detection of new TB cases during 1982-83 to 1986-87 were as under:—

Year	Targets	Achievements	Percentage achievements
		(Figures in lakhs)	
1982–83	10.00	10.81	108
1983–84	12.50	12.09	97
1984–85	13.75	12.55	91
1985–86	14.00	13.58	97
1986–87	14.50	14.27	98

While the overall performance in detection of new TB cases in the country as a whole had been satisfactory, the percentage of achievements in some of the States/Union Territories had fallen short of targets by more than 50 *per cent* during 1982-83 to 1986-87 as per details given below:—

	1982-83			1983-84			1984-85			1985-86			1986-87		
	50–60	60–80	80–100	50–60	60–80	80–100	50–60	60–80	80–100	50–60	60–80	80–100	50–60	60–80	80–100
No. of States/ Union Territories.	1 (Manipur)	3 (Assam Lakshadweep and Nagaland)	—	3 (Assam Manipur and Sikkim)	—	—	2 (Jammu & Kashmir and Manipur)	2 (Andaman and Nicobar Islands and Assam)	—	3 (Assam Lakshadweep and Manipur)	—	—	1 (Assam)	—	—

The reasons for shortfall had not been investigated at any stage in Assam.

20.8 *Non-establishment of TB centres and deplorable condition of material and equipment*

The district TB centres had not been established in 65 districts of 20 States/Union Territories as per details given in Annexure-I. Of the 370 districts TB centres functioning in the country 100 centres had X-ray units with Odelca cameras which were more than 20 or even 25 years old. A number of these equipment were not functioning properly and considered irrepairable and there were frequent break-downs which disrupted the normal working.

20.9 *Equipment lying idle*

Under the National TB Control Programme, the Government of India provides Central assistance to the States in kind such as X-ray units, Odelca cameras, X-ray films and anti-TB drugs on the basis of 50 *per cent* matching grant to be borne by the States. The State Governments spend their 50 *per cent* share for procurement of additional anti-TB drugs, materials and equipment including vehicles needed to augment the activities and additional staff as needed. However, it was observed that the State Governments were not spending their 50 *per cent* share. As such the X-ray Units and Odelca cameras given by the Government of India, were not being utilised fully. These X-ray units and Odelca cameras were lying idle for various periods either due to shortage of trained staff i.e. X-ray technicians, etc. or were out of order due to some defects or due to non-availability of X-ray films in the district TB centres of the respective States as per Annexure-II.

20.10 *Non-filling up of medical, para-medical staff and others*

20.10.1 Under the provisions made by the State Governments for the implementation of the National TB Control Programme, the State Governments were to appoint medical, para-medical and other staff for the smooth running of the districts TB centres/ primary health centres. However, it was observed that these posts were lying vacant for long periods in some of the States. In the Union Territory of Pondicherry, 2 posts were lying vacant from 1984-85 to 1986-87. In Tamil Nadu 14 posts remained vacant for the period ranging from 3 months to 4½ years as per table given in Annexure-III.

20.10.2 There were shortages of trained personnel of medical and para-medical staff in the districts TB centres/primary health centres. The work was being done by untrained staff. In 14 States, 1635 posts of medical and para-medical staff were being manned by untrained personnel.

20.11 *Low achievement in cure and high percentage in 'Lost' cases of TB patients*

20.11.1 Under the National TB Control Programme, the minimum period of treatment for TB is one year, while the optimum duration of treatment is 1½ years. As per the National Tuberculosis Institute

Manual, if a TB patient on treatment fails to collect drugs within 3 days from the due date, the first action is to write a letter to him on 4th day and this should be followed by second action after 7 days either by house visit or by a letter. If the patient does not come to collect drugs even after the first and second action, he is considered 'Lost'. It was observed that the number of 'Lost' cases was on the increase such as in Tamil Nadu where the number of 'Lost' cases constituted 35 to 97 *per cent* of the total number of patients under treatment in 5 districts during the year 1983—86. In Jammu and Kashmir, 'Lost' cases ranged between 31 *per cent* and 79 *per cent* of the patients under treatment during 1980-81 to 1986-87.

In Kerala, it was found that only 1518 patients were actually receiving treatment in Palghat district TB centre and 7918 in Ernakulam district TB centre upto 1986-87. There were no records to ascertain the 'Lost' cases as well as the patients released after cure or those discontinuing treatment of remaining cases.

In Gujarat, the percentage of patients 'Lost' from treatment to patients put on treatment ranged from 72 (1985-86) to 100 (1982-83), thus defeating the very purpose of the programme.

In Manipur, the percentage of 'Lost' cases was found to be 82 which was very high, whereas the achievement in recovery of patients works out to only 4 *per cent* of the patients put on treatment.

In Sikkim, the percentage of patients 'Lost' from treatment ranged from 15 to 57 during the years 1984-85 to 1986-87.

20.12 *Evaluation of the TB Control Programme*

20.12.1 In para 5.1 of the paper entitled "National TB Control Programme proposals for Seventh Five Year Plan" it had been mentioned that the National TB Institute, Bangalore had also been entrusted with the responsibility of technical monitoring of the programme, obtaining the work reports on quarterly basis from all the districts TB centres of the country. These reports are analysed, compiled, tabulated and all India reports prepared for circulation to the States/Union Territories. Suitable guidance is also given to the concerned TB centres of the country on the basis of the assessment of the work reports of the Institute. However, no evaluation had been done by an independent agency not connected with the implementation of the programme to assess the impact of the scheme on the incidence and control of tuberculosis.

The monitoring of expenditure incurred by State Governments against the Central assistance given to them by the Centre is wanting at the Central level. The Director General Health Service stated that there was no such system in operation.

The matter was reported to Ministry in October 1987; the reply had not been received (December 1987).

ANNEXURE-I

Sl. No.	Name of State/ Union Territory	Name of the District without district TB centre in the State/ Union Territory as on 1st May 1987
1	2	3
1.	Arunachal Pradesh	(*i*) East Kameng (*ii*) Upper Subansiri (*iii*) West Siang (*iv*) Dibang Valley
2.	Assam	(*i*) Goalpara (*ii*) Kakrajhar (*iii*) Barpeta (*iv*) Darrang (*v*) Sibsagar (*vi*) Karimganj
3.	Bihar	(*i*) Nawada (*ii*) Singhbhum (*iii*) Detish East Champaran (*iv*) Saharsa (*v*) Dumka (*vi*) Madhepura (*vii*) Sahebganj (*viii*) Godda (*ix*) Gumla (*x*) Lohardagga
4.	Haryana	(*i*) Sirsa
5.	Himachal Pradesh	(*i*) Solan (*ii*) Hamirpur (*iii*) Lahaul Spiti
6.	Jammu and Kashmir	(*i*) Kupwara (*ii*) Pulwama (*iii*) Budgam (*iv*) Kargil (*v*) Rajouri
7.	Kerala	(*i*) Idukki (*ii*) Pathanamthitta (*iii*) Wynad (*iv*) Kasargode
8.	Maharashtra	(*i*) Godchiroli (*ii*) Osmanabad (*iii*) Sindhudurg
9.	Manipur	(*i*) Ukhrul (*ii*) Senapati (*iii*) Tamenglong (*iv*) Chandel (*v*) Thoubal (*vi*) Bishanpur
10.	Meghalaya	(*i*) West Khasi Hills (*ii*) Jaintia Hills (Jowai) (*iii*) East Care Hills
11.	Mizoram	(*i*) Chhimtuipai

1	2	3
12.	Nagaland	(*i*) Tuensang (*ii*) Phek (*iii*) Wokha (*iv*) Mon (*v*) Zonhebote
13.	Punjab	(*i*) Ludhiana (*ii*) Faridkot
14.	Rajasthan	(*i*) Dholpur
15.	Sikkim	(*i*) North (*ii*) South (*iii*) West
16.	Tamil Nadu	(*i*) Kamarjar (*ii*) Madurai (*iii*) Pasumpon Muthur amalingan
17.	Goa, Daman and Diu	(*i*) Daman (*ii*) Diu
18.	Andaman and Nicobar Islands	(*i*) Nicobar (car Nicobar)
19.	Dadra and Nagar Haveli	(*i*) Dadra and Nagar Haveli
20.	Lakshadweep	(*i*) Lakshadweep
	GRAND TOTAL	65

ANNEXURE—II

Equipment lying idle (X-ray units with Odelca Camera)

Sl. No.	Name of State/ Union Territory/ District TB Centre	Equipment being idle due to			
		Out of order From........to	Non-availability of Technicians From......to	Non-availability of X-Ray Films From......to	Other miscellaneous reasons From......to
1	2	3	4	5	6
1.	*Andhra Pradesh*				
	(*i*) Anantapur	July 1986 to June 1987	—	—	—
	(*ii*) Warangal	—	—	—	May 1984 to March 1987
	(*iii*) Kurnool	$1\frac{1}{2}$ months to 15 months during January 1980 to December 1985	—	—	—
	(*iv*) Visakhapatnam	1978 to 1982	—	—	—
2.	*Himachal Pradesh* Kinnaur	—	--	—	December 1981 to June 1984
3.	*Bihar*				
	(*i*) Muzaffarpur	1971 to April 1987	—	—	—
	(*ii*) Jamshedpur	1977 to April 1987	—	—	—
	(*iii*) Samastipur	May 1982 to April 1987	—	—	—
	(*iv*) Ranchi	July 1983 to April 1987	—	—	—
4.	*Meghalaya* Tura	November 1984 to May 1987	—	—	—
5.	*West Bengal*	July 1984/March 1985 to June 1987	—	—	—
6	*Gujarat*	*Chest X-Ray* Did not work during 1981 worked for 29, 7, 39, 36 and 25 days only during 1980, 1982, 1984, 1985 and 1986.	—	—	—
		Trailor X-Ray Did not work during 1981 and 1982 and worked for 4 days, 22 days and 44 days during 1983, 1985 and 1986 respectively.	—	—	—
7.	*Maharashtra*				
	(*i*) Aurangabad and Nasik	—	—	—	1979 to June 1987
	(*ii*) Nanded, Pune and Thana	—	—	—	1983 to June 1987
8.	*Goa, Daman and Diu*	—	—	—	1963 to July 1984
9.	*Kerala*				
	(*i*) Palghat	—	—	18 months between 1982 and 1985	—
	(*ii*) Ernakulam	—	—	17 months between September 1982 and May 1986	—

S/36 C&AG/88—8

1	2	3	4	5	6
10.	*Rajasthan*				
	Jaipur, Ajmer, Bharatpur, Alwar, Banaswara and Udaipur.	—	—	—	20 *years old* Upto July 1987
	Bikaner	—	—	—	15th November 1980 to July 1987
11.	*Jammu & Kashmir*				
	(*i*) Jammu	—	—	—	1980 to March 1987
	(*ii*) Kathua	—	November 1982 to February 1987	For period ranging between 3 and 7 months	—
	(*iii*) Bishnah P.H. Centre	—	August 1982 to December 1982	—	—
	(*iv*) Parole Primary Health Centre	—	—	—	October 1971 to March 1987
12.	*Uttar Pradesh*	1976 to June 1987	—	—	—
13.	*Andman & Nicobar Islands*	—	October 1980 to March 1984	—	—
14.	*Manipur*				
	(*i*) Imphall	—	—	—	May 1984 to June 1987
	(*ii*) Churchandpur	—	June 1979 to February 1987	June 1979 to February 1987	—
15.	*Madhya Pradesh*				
	(*i*) Gwalior and Raipur.	—	—	During 1979---86 one to six months	—
	(*ii*) Indore	—	—	—	Period ranging between one month and 3 years

ANNEXURE III

Key Posts of Medical and Para-Medical personnel lying vacant

Sl. No.	Name of State/ Union Territory	No. of posts	Period
1	2	3	4
1.	Arunachal Pradesh	10	Upto June 1987
2.	Assam	29	Upto April 1987
3.	Bihar	559	At the end of 1986-87
4.	Gujarat	3	One post from July 1986 to June 1987, one post from April 1984 to March 1986, one post from November 1981 to June 1982
5.	Himachal Pradesh	13	Upto June 1987
6.	Jammu and Kashmir	6	As on 31st March 1987
7.	Karnataka	9	Period not given
8.	Kerala	38	Upto June 1987
9.	Madhya Pradesh	15	Upto March 1987
10.	Tamil Nadu	14	Four posts 5 months to 1 year, five posts 10 months to 4½ years, two posts 1 to 4 years, three posts 3 months to 4 years
11.	Tripura	4	Upto August 1987
12.	Uttar Pradesh	7	One post from May 1975 to June 1987, one post from October 1967 to June 1987, one post from 1965 to June 1987, two posts from 1970 to June 1987, one post from September 1974 to June 1987, one post from March 1962 to June 1987
13.	Pondicherry	2	1984-85 to 1986-87
14.	Andaman & Nicobar Islands	Medical Officer and Key Personnel	Period not given

21. National Leprosy Eradication Programme

21.1 *Introduction*

21.1.1 The National Leprosy Control Programme was launched in 1955 as a Centrally Aided Scheme. It was converted into a Centrally Sponsored Scheme in 1969-70. The Working Group constituted in July 1981 to evolve a strategy for eradication of leprosy from the country by 2000 A.D., recommended in February 1982 that the programme may be made time bound programme with the specific goal to arrest disease activity in all leprosy cases by the turn of the century; the programme was redesignated as National Leprosy Eradication Programme (NLEP) in 1983.

21.1.2 There are nearly 4 million (1985) leprosy patients. The main services in the prevention of leprosy include, (i) case detection by individual contact and mass surveys, (ii) registration of cases for treatment, (iii) provision of continuous treatment with dapsone to all cases, as close to their homes as possible, (iv) introduction of multi-drugtherapy (MDT) and, (v) health education on leprosy.

21.2 *Scope of Audit.*—The implementation of the programme during 1980-81 to 1986-87 was test checked by Audit with reference to the records of the Director General of Health Services (DGHS) and in a few districts of 22 States and 6 Union Territories by the respective Accountants General.

21.3 *Organisational set up.*—At the Central level, the National Leprosy Eradication Commission (NLEC) functions as the policy making body for the guidance and surveillance of the programme. The National Leprosy Eradication Board (NLEB) implements the plan and policies as laid down by the NLEC. An officer of the rank of Deputy Director General of Health Services (DDGHS) functions as Director of the programme basically responsible for planning, programming, organisation and implementation as per policy decision of NLEC and under the direction of NLEB.

At the State Level, Additional/Joint/Deputy Director of Health Services acts as State Leprosy Officer.

At the peripheral level two types of units are in operation (i) the districts in areas of high endemicity with prevalence of 5 or more per thousand are provided with Leprosy Control Units (LCU) at the rate of one per every 4 to 5 lakh population and (ii) the districts in areas of moderate endemicity with prevalence of less than 5 per thousand are provided with Survey, Education and Treatment (SET) Centres.

21.4 *Highlights*

— Five States/Union Territories had diverted Rs. 37.20 lakhs for purposes other than implementation of the leprosy eradication programme till the end of 1985-87.

— Against the targeted coverage of 90 *per cent* of the endemic population by the end of the Sixth Five Year Plan, the coverage was only 64.20 *per cent*.

— 14 States/Union Territories in case detection, 16 in treatment and 18 in discharge activities had not achieved their respective cumulative targets upto 1986-87.

— Shortfall of more than 20 *per cent* of the sanctioned strength was reported in categories of Medical Officers, Non-Medical Supervisors, Laboratory Technicians, Physiotherapy Technicians and Health Educators.

— While considerable shortage of the required medicines was noticed in some States there was excess procurement of medicines in some other States.

21.5 *Financial Performance.*—The NLEP was converted into a Centrally Sponsored Scheme in 1969-70 with cent per cent assistance to State Governments except during 1979-80 and 1980-81 when the financial responsibility was shared with States on 50 : 50 basis. State Governments are assisted both in cash and kind (drugs, equipments, etc.). Total expenditure incurred on implementation of the NLEP from 1955-56 to 1986-87 was Rs. 10,489.82 lakhs. The following table indicates yearwise details of budget estimates/allocations and expenditure incurred on its implementation from 1980-81 to 1986-87.

Year	Budget estimates/allocations			Expenditure		
	Cash	Kind	Total	Cash	Kind	Total
					(Rupees in lakhs)	
1980–81	172.71	174.85	347.56	132.24	117.56	249.80
1981–82	592.75	203.15	795.90	408.82	132.32	541.14
1982–83	795.67	203.83	999.50	504.84	505.79	1010.63
1983–84	764.56	328.96	1093.52	575.41	332.95	908.36
1984–85	989.32	498.23	1487.55	793.82	478.75	1272.57
1985–86	918.72	468.83	1387.55	919.69	467.13	1386.82
1986–87	963.00	434.50	1397.50	1093.00	434.50	1527.50
Total	5196.73	2312.35	7509.08	4427.82	2469.00	6896.82

21.5.1 Some State Governments/Union Territories were not able to utilise the entire Central assistance given to them during the year, thereby, leaving cumulative unspent balances from year to year. The unspent balances upto 1986-87 worked out to Rs. 26.96 lakhs in respect of Arunachal Pradesh, Himachal Pradesh, Manipur, Mizoram, Punjab and Chandigarh. The State Governments ought to have surrendered these balances to the Government in case it was not possible for them to utilise them fully.

21.5.2 In Haryana, Rs. 1.16 lakhs drawn at the end of the financial year on 31st March 1987 were deposited in Savings Bank Account in April 1987 and wrongly shown as expenditure during 1986-87.

In Jammu and Kashmir, against Central assistance of the value of Rs. 6.53 lakhs given in kind during the years 1980-81 to 1985-86, only Rs. 3.34 lakh had been exhibited in the accounts leaving a balance of Rs. 3.19 lakhs which had not been accounted for in the books.

21.5.3 The requirements of the general hospitals in respect of drugs, linen, equipments, etc. were partially met by diversion of funds provided exclusively for NLEP; such diversion of funds during 1981-82 to 1986-87 was Rs. 29.88 lakhs in 4 States —Meghalaya (Rs. 14.49 lakhs); Karnataka (Rs. 11.34 lakhs); Himachal Pradesh (Rs. 3.55 lakhs); and Arunachal Pradesh (Rs. 0.50 lakh).

21.5.4 In 6 districts of Himachal Pradesh, Rs. 7.32 lakhs were spent during 1981-82 to 1986-87 on pay and allowances of staff not deployed for implementation of the NLEP.

21.5.5 In disregard of the approved pattern, Rs. 2.24 lakhs were spent on equipment, furniture, etc. for a 20 bedded Temporary Hospitalisation Ward at Umdan (Shillong district) as against admissible amount of Rs. 0.26 lakh during the year 1986-87.

21.5.6 In Uttar Pradesh, during 1985-86 (the first year of the 7th Plan period) Central assistance of Rs. 175.48 lakhs was diverted for the running of units established in Sixth Plan period in contravention of the instructions issued (October 1985) to the effect that Government of India would not allow any assistance to the units created during the Sixth Plan period, to be financed by NLEP funds of the Seventh Plan period.

21.6 *Objective Performance.*—The two key activities under NLEP are identification of new cases and providing them with treatment. The detection activities are carried out throughout the year by means of house to house visits and surveys in the schools. On the basis of the estimated number of cases, each State is given an annual target of case detection and treatment coverage. The Sixth Five Year Plan had envisaged covering of entire endemic population (685.20 millions) of the country to the extent of 90 *per cent* by 1985 and 100 *per cent* by 1990. However, the total population covered upto the end of 1985 was 439.9 millions representing 64.2 *per cent* of the total endemic population (685.20 millions) of the country as per 1981 census.

21.6.1 The overall achievements against targets during 1980-81 to 1986-87 were as given in the table below :—

Activity	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86	1986-87
						(Number in lakhs)	
(a) No. of cases detected							
(i) Targets	3.86	4.08	4.73	4.78	4.91	3.82	4.20
(ii) Achievements	3.01	3.68	5.17	4.96	4.91	4.91	5.06
(iii) Percentage achievements	78.00	90.00	109.30	103.76	100.00	128.53	120.48
(b) No. of cases treated							
(i) Targets	3.86	4.08	4.73	4.78	4.91	3.82	4.20
(ii) Achievements	2.90	3.47	4.86	4.71	4.78	4.73	4.88
(iii) Percentage achievements	75.13	85.05	102.75	98.53	97.35	123.82	116.20
(c) No. of cases discharged							
(i) Targets	2.47	2.20	3.53	3.26	3.42	3.74	4.30
(ii) Achievements	1.82	2.59	2.66	2.84	3.19	4.46	5.05
(iii) Percentage achievements	73.7	117.72	75.35	87.12	93.27	119.25	117.44

21.6.2 It would be seen from the above table that during 7 years ending 1986-87, the total number of cases detected was 31.70 lakhs as against the target of 30.38 lakhs. The Report of the Second Independent Evaluation of NLEP, 1987 had emphasised that parameters employed to devise targets needed re-examination so as to make them more realistic.

The Ministry stated (November 1987) that annual targets of new case detection and treatment were based on the prevalence rates in the States and the likely occurrence of leprosy cases in a year.

21.6.3 During test check, it was noticed that many States/Union Territories could not achieve the cumulative targets of 5 years during 1982-83 to 1986-87 in detection of cases, in treatment and in discharge activities as indicated below :—

(i) Fourteen States/Union Territories (Assam, Gujarat, Himachal Pradesh, Karnataka, Meghalaya, Nagaland, Rajasthan, Sikkim, Uttar Pradesh, West Bengal, Chandigarh, Lakshadweep, Mizoram and Pondicherry) in detection.

(ii) Sixteen States/Union Territories (Gujarat, Himachal Pradesh, Karnataka, Kerala, Meghalaya, Nagaland, Rajasthan, Sikkim, Tripura, Uttar Pradesh, West Bengal, Chandigarh, Dadra and Nagar Haveli, Lakshadweep, Mizoram and Pondicherry) in treatment.

(iii) Eighteen States/Union Territories (Bihar, Haryana, Himachal Pradesh, Jammu and Kashmir, Karnataka, Kerala, Meghalaya, Nagaland, Orissa, Rajasthan, Uttar Pradesh, West Bengal, Andaman and Nicobar Islands, Arunachal Pradesh, Chandigarh, Dadra and Nagar Haveli, Lakshadweep and Mizoram) in discharge activities.

(a) Eight States/Union Territories (Himachal Pradesh, Meghalaya, Nagaland, Sikkim, West Bengal, Chandigarh, Lakshadweep and Mizoram) had reported more than 20 *per cent* cumulative shortfall in detection during 5 years ending 1986-87.

(b) Ten States/Union Territories (Himachal Pradesh, Meghalaya, Nagaland, Sikkim, Tripura, West Bengal, Chandigarh, Dadra and Nagar Haveli, Lakshadweep and Mizoram) had reported more than 20 *per cent* cumulative shortfall in treatment during 5 years ending 1986-87.

(c) The percentage shortfall in discharge cases ranged between 2.48 (Bihar) and 93.00 (Nagaland) and Chandigarh, Dadra and Nagar Haveli not reporting even a single case of discharge; 12 States/Union Territories (Haryana, Himachal Pradesh, Jammu and Kashmir, Kerala, Meghalaya, Nagaland, Orissa, Rajasthan, Uttar Pradesh, West Bengal, Andaman and Nicobar Islands and Mizoram) had reported more than 20 *per cent* cumulative shortfall during 5 years ending 1986-87.

(d) All the detected cases were not being brought under treatment as shown in Annexure.

(e) (i) The number of patients discharged after treatment shown by the State of Bihar also included patients migrating elsewhere or wrongly diagnosed; the percentage of such patients included in discharge cases was 60 during the period 1982—87.

(ii) In the State of Punjab, not a single patient had been cured, all the cases shown as discharged were those patients who had either died or migrated elsewhere.

(f) In all the districts of Manipur except Churachandpur district, the incidence of disease was on increase at the end of March 1986 when compared with prevalence rate at the end of September 1984. The percentage increase of prevalence rate was 54.01.

21.7 *Physical Performance*.—The main infrastructural facilities required under NLEP were setting up of Leprosy Control Units (LCU) in areas of high endemicity having prevalence rate of 5 per 1000 population, Survey Education and Treatment (SET) Centres in areas of moderate endemicity at the rate of one per 20—25 thousand population and Urban Leprosy Centres (ULC) at the rate of one per 30,000 to 70,000 population. SET Centres and ULCs were to function under the Medical Officer-in-charge of the dispensary/hospital to which they were to be attached. A 20 bedded Temporary Hospitalisation Ward (THW) was to be provided to serve those in need of special care. A few institutions were to be developed with facilities for reconstructive surgery. Separate Institutions (Leprosy Training Centres) were to cater to the need of trained man-power required for the programme. Engagement of several voluntary organisations for taking up antileprosy work through provisions of grants-in-aid was also contemplated in the programme.

The performance in the field of setting up of main infrastructural facilities was as under :—

Facilities	1985-86			1986-87		
	Targets	Achievements	Shortfall	Targets	Achievements	Shortfall
				(Number)		
1.— Leprosy Control Units/Modified Control Units	147	69	78	131	132	Nil
2.— Survey, Education & Treatment Centres	28	42	14	64	262	Nil
3.— Urban Leprosy Units	45	46	—	190	112	78
4.— Temporary Hospitalisation Wards	Nil	Nil	—	26	16	10
*5.— Reconstructive Surgery Units	Nil	Nil	Nil	Nil	Nil	Nil
*6.— Leprosy Training Centres	Nil	Nil	Nil	Nil	Nil	Nil
7.— District Leprosy Units	55	49	6	4	5	Nil
8.— Maintenance of Voluntary Lepsory Beds	1500	Nil	—	100	Nil	—
9.— Sample Survey-cum-Assessment Units	7	4	3	17	11	6
10.— Regional Leprosy Training & Referal Institutes	1	Nil	—	Nil	Nil	—
11.— Leprosy Rehabilitation-cum-Promotion Units	Nil	Nil	—	1	1	Nil

*.—No targets for Reconstructive Surgery Units and Leprosy Training Centres were allotted during 1985-86 and 1986-87.

21.7.1 *Leprosy Control Unit (LCU)*.—(i) While in Jammu and Kashmir 2 LCUs were set up at Handwara and Kulgam having disease incidence of 0.2 per thousand population contrary to the prescribed norms, in Chandel district of Manipur having a prevalence rate of 7.08 per thousand at the end of 1985-86, no LCU had been set up as required under norms.

(ii) Two LCUs/Leprosy Supervisory Units sanctioned in September 1984 in Kinnaur district of Himachal Pradesh had not been set up so far (May 1987).

21.7.2 *Survey Education and Treatment Centre (SET Centre)*.—(i) Against the target of 10 SET Centres, not even a single centre was established during the Fifth Plan period in Arunachal Pradesh; during the Sixth Plan period, the State established 5 centres against the target of 9 and in the first 2 years of the Seventh Five Year Plan period not even a single centre had been established against the target of 9 centres, the shortfall in setting up of centres was 69 *per cent* upto 1986-87.

(ii) In West Bengal, while State Government had reported 140 Centres operating in 2 districts of Midnapur and Jalpaiguri, test check revealed that 19 centres were not set up at all and 20 centres had become non-functional from April 1983 due to non-availability of Para-Medical Workers; in the district of Midnapur there was delay of about 1 year to 7 years in setting up of 31 centres during 1980-81 to 1986-87.

21.7.3 *Temporary Hospitalisation Ward (THW)*.—(i) While 8 THWs approved for construction in the States of Arunachal Pradesh and Rajasthan during 1975-76 to 1986-87 had not been constructed uptill 1987, 26 THWs in 8 States/Union Territories (Andhra Pradesh, Jammu and Kashmir, Manipur, Punjab, Rajasthan, Tamil Nadu, West Bengal and Pondicherry) completed/inaugurated during September 1977 to January 1987 were lying unused for want of staff, basic facilities, approach roads, etc., or were not put to the intended use.

(ii) In 9 of the THWs of Andhra Pradesh, the bed occupancy rate ranged between 2 and 12 during 1979-80 to 1986-87 against a total capacity of 20 beds for each THW, due to non-supply of diet and qualified staff.

21.7.4 *Reconstructive Surgery Unit (RSU)*.—(i) Eight RSUs sanctioned during 1975 to 1982 in 3 States (Kerala, Madhya Pradesh and West Bengal) had not been established till August 1987.

(ii) While in Tamil Nadu, there were only 4 trained surgeons for 9 RSUs, in Maharashtra, 5 RSUs sanctioned during April 1976 to February 1979 were not functioning for want of trained surgeons. In Assam, the services of a trained surgeon appointed in October 1986 were not being used for the intended purposes as the construction of RSUs sanctioned in February 1984 had not been completed (July 1987). Two RSUs of Gujarat equipped with surgical instruments costing Rs. 0.35 lakh were not fully operative for want of a regular trained surgeon; no reconstructive surgery had been performed after 1983 and February 1986 in the two RSUs.

21.7.5 *District Leprosy Units (DLU)* —(i) Against 3 District Leprosy Units (DLUs) sanctioned during 1984-85 to 1985-86, not even a single DLU was established in Manipur.

(ii) Four districts (Trivandrum, Quilon, Allepey and Kozhikode of Kerala) having less than 8 per thousand prevalence rate were provided with DLUs, Malappuram district of the State having a prevalence rate of 8 per thousand was not provided with DLU.

21.7.6 *Leprosy Rehabilitation Promotion Unit (LRPU)*.—For rehabilitation of leprosy patients requiring correction of their physical deformities, recoupment of the mental health and their placement in an earning occupation adaptable to their deformed and anaesthetic limbs, the Central Government in February 1984 decided to set up a Leprosy Rehabilitation Promotion Unit (LRPU) costing Rs. 14 lakhs each in the States of Kerala and West Bengal, no such LRPU had, however, been set up so far.

21.8 *Manpower and training*

21.8.1 The overall position of trained and untrained staff sanctioned, in position and percentage shortfall thereof as on 31st December 1986 was as under :—

Category of staff	Sanctioned strength	Number in position		Total	Overall shortage	Percentage shortfall
		Trained	Untrained			
(*i*) Medical Officers	1,169	652	252	904	265	23
(*ii*) Non-Medical Supervisors	3,363	1,450	1,124	2,574	789	23
(*iii*) Para-Medical Workers/Assistants	16,757	13,201	863	14,064	2,693	16
(*iv*) Laboratory Technicians	827	462	55	517	310	37
(*v*) Physiotherapy Technicians	539	277	17	294	245	45
(*vi*) Health Educators	326	117	102	219	107	33

21.8.2 For the development of its own manpower, 45 Leprosy Training Centres (LTCs) were set up in 12 States (Andhra Pradesh, Assam, Bihar, Gujarat, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Tamil Nadu, Orissa, Uttar Pradesh and West Bengal) under NLEP to conduct courses for all categories of personnel; in addition, tailor made courses were also designed to meet special programme needs such as training of manpower for Multi-Drug Treatment (MDT). A test check of LTCs in some of the States showed that training capacity of these LTCs was not being utilised to the maximum.

In Andhra Pradesh, no training courses were held for Para Medical Workers (PMWs) in 5 of the LTCs during the past 4 years.

In 6 LTCs of Bihar, Karnataka and Orissa, the percentage utilization of training capacity was only 31, 16 and 46 respectively during 1980-81 to 1986-87.

21.9 *Multi-Drug Treatment* (*MDT*)

21.9.1 Since dapsone monotherapy regimen was considered to be a prolonged treatment adversely affecting case holding and there was evidence of development of resistance, the Government of India on recommendations of the WHO Study Group on chemotherapy of leprosy launched in 1982 a programme of combined therapeutic regimen (MDT) with the financial assistance of Swedish International Development Agency (SIDA) and United Nations International Children's Emergency Fund (UNICEF). During the Sixth Plan period, 10 districts (Amravati, Baroda, Deoghar, Ganjam, North Arcot, Purulia, Srikakulam, Varanasi, Vizianagram and Wardha) having prevalence rate over 10/1000 population were brought under this regimen; it was envisaged to bring 66 more such districts within regimen during the Seventh Plan period. The total number of districts brought under this regimen was 48 upto June 1987.

21.9.2 The MDT is implemented in 4 phases, namely; Mobilisation phase-positioning of all staff and provision of physical infrastructure in accordance with norms, Planning and Preparatory phase-Sample-Survey by the epidemiological assessment team independent of the District Leprosy Officer to be repeated at yearly intervals, Intensive phase—MDT to be carried out upto 3 years as per schedule with supportive activity relevant to the prevention and control of leprosy and Maintenance phase-to continue for 5 years involving fresh efforts to detect and treat the newly developed immigrant cases of this disease.

A MDT project was started in Purulia district of West Bengal from February 1982 without any preparatory work. At the start of the project, 35 out of 129 sanctioned posts of staff were lying vacant and out of estimated number of 46,250 cases, 16,600 cases remained undetected. 44,286 patients were registered under intensive phase, 13,632 patients were administered MDT and 15,771 Paucibacillary (PB) patients were given dapsone monotherapy while 14,883 patients were left without any treatment. In the maintenance phase, out of 19,228 registered patients at the end of March 1987, 10,418 patients were brought under MDT while 8810 patients were not given any treatment following dis-continuance of dapsone monotherapy in the district from January 1986.

21.9.3 In Jammu and Kashmir, the treatment of patients under MDT was started without ascertaining disease classification by skin smear test and discontinued without ensuring that smear negativity had been achieved; in some of the units, drug was not administered under clinical supervision but it was issued to patients in bulk for consumption at home; in Bhillawar Centre, the drug remained out of stock for a period ranging from 4 months to 22 months. In Karnataka (Chamarajangar), only 26 out of 104 MDT patients continued to remain under this regimen during the second and subsequent years; examination of smears at regular intervals was not done.

In Kerala, while 3 hyper-endemic districts (Palghat, Trichur and Malappuram were left out, another district (Alleppey) with low endemicity was brought under MDT in January 1986. In Durg district of Madhya Pradesh, approved for MDT with the assistance of Danish International Development Agency (DANIDA) during 1986-87, it was noticed that the district was not brought under MDT (June 1987) despite receipt of 5 vehicles, 5 typewriters, 4 microscopes, 5 sound and visual communicators with requisite medicines during November 1986 to May 1987 mainly due to inadequacy of staff and lack of interest in work.

In Varanasi district of Uttar Pradesh, out of 30,174 patients identified for MDT upto May 1987 only 23,999 patients had taken regular treatment of which 9,446 patients completed treatment.

21.9.4 For implementation of MDT in 7 districts of Maharashtra, the 7 societies were given grants-in-aid of Rs. 60 lakhs during 1986-87, whereas, the amount claimed by them was only Rs. 36.10 lakhs resulting in excess payment of Rs. 23.90 lakhs.

The Ministry stated (November 1987) that grants-in-aid based on the anticipated expenditure for about 6 months towards MDT Rs. 60 lakhs were released as ad hoc advance to 7 new district societies; subsequent release of funds would be based on the actual expenditure.

21.10 *Purchase and distribution of Anti-Lepromatic Drugs.*—As a result of test check of records of various State Governments in Audit, the following points were noticed :—

(i) *Andhra Pradesh.*—In Leprosy Control Units (LCUs) of two districts (Warangal and Mahabubabad), there was a shortage of 14.77 lakh dapsone tablets during 1986-87.

(ii) *Arunachal Pradesh.*—The procurement of medicines was far in excess of the actual distribution; the procurement of dapsone tablets was 27.16 lakhs as against distribution of 3.22 lakh tablets during 1983-84 to 1986-87.

(iii) *Madhya Pradesh.*—In Raipur district, 0.11 lakh time barred prothanamide tablets were lying since November 1985 due to non-starting of Multi-Drug Treatment (MDT) in this region.

(iv) *Orissa.*—In Berhampur District Leprosy Unit (DLU), against 7.85 lakh Refampicine capsules procured, only 4.84 lakh capsules were distributed during 1983-84 to 1986-87 thereby leaving a balance of 3.31 lakh capsules undistributed as on 31st March 1987. The procurement was thus on a very high side.

(v) *Rajasthan.*—In the State, the procurement of medicines was far less than the requirement; the shortage ranged between 13.40 *per cent* and 85.20 *per cent* (dapsone tablets), 49.60 *per cent* and 99.10 *per cent* (refampicine capsules) and 89.40 *per cent* and 99.50 *per cent* (clofazimine capsules) during 1982-83 to 1986-87.

(vi) *Uttar Pradesh.*—The supply of drugs was far less than the requirement. As on 31st March 1987, the State Government was in short supply of 726.78 lakh dapsone tablets, 38.70 lakh clofazimine and 16.87 lakh refampicine capsules.

(vii) *West Bengal.*—Medicines costing Rs. 8.39 lakhs had become time-barred at Bagbazar (Calcutta) Depot.

21.11 *Health Education.*—Under NLEP, health education was to be augmented to remove social stigma and ostracism associated with the disease so as to enable early detection, prevention of dislocation of patients from their families, help in regularity of their treatment and their rehabilitation by gainful occupations in society. Pamphlets, posters, booklets, cards, slides and short films were to be produced and distributed and publicity of leprosy eradication work was to be undertaken.

As a result of test check of the records of various States, the following points were noticed :—

(i) *Arunachal Pradesh.*—Health education materials worth Rs. 1.32 lakhs were purchased during the year 1984-85 to 1986-87 but health education activities could not be fully implemented due to non-filling up of sanctioned posts of one Senior Health Educator and one Health Educator since March 1984.

(ii) *Bihar.*—No health educator was posted at 7 Leprosy Control Units (Govindpuri, Gulzaribagh, Hazaribagh, Muzaffarpur, Palamau, Patna and Ranchi) and 4 District Leprosy Offices (Hazaribagh, Muzaffarpur, Palamau and Singhbhum) in the State due to which the health education programme was not effectively implemented.

(iii) *Gujarat.*—The percentage shortfall of various health education activities vis-a-vis the targets allotted ranged from 13 *per cent* (1985-86) to 88 *per cent* (1981-82) in film show, 18 *per cent* (1983-84) to 77 *per cent*, (1981-82) in slide shows and 30 *per cent* (1986-87) to 93 *per cent* (1981-82) in the case of exhibition due to non-availability of slides, film projectors and vacancies of para-medical workers.

(iv) *Himachal Pradesh.*—In the State, not even a single health education film was displayed upto June 1987 due to non-availability of projector and technical staff.

(v) *Maharashtra.*—In 15 out of 30 districts, no film shows were arranged at the peripheral centres due to non-availability of projector during 1985-86. During 1984-85 to 1986-87 though the funds to the extent of Rs. 10.60 lakhs provided for this purpose were incurred in full on other activities, no use of T.V. and radio was made as against Government of India guidelines to incur 25 *per cent* of total provision on these media.

(vi) *Manipur.*—Out of Rs. 3.80 lakhs released by the Government of India (in 1985-86 : Rs. 3.40 lakhs and 1986-87 : Rs. 0.40 lakh) for health education activities, only Rs. 1.67 lakhs were spent during these two years. Thus more than 50 *per cent* of the funds provided for health education were surrendered due to non-receipt of sanction for the purchase of equipment, etc.

(vii) *Rajasthan.*—During 1980-81 to 1986-87, Rs. 1.78 lakhs were allotted for various items of health education by the Government of India, of which only Rs. 0.78 lakh was incurred on health education activities and more than 50 *per cent* of the funds provided for this purpose were surrendered.

(viii) *West Bengal.*—During 1980-81 to 1986-87 there was heavy shortfall in film shows in the State; Rs. 3.69 lakhs out of Rs. 8.00 lakhs could not be utilised between 1984-85 and more than 50 *per cent* of the funds pro-delay in sanctioning of funds by the State Government.

21.12 *Monitoring and Evaluation*

21.12.1 In Andhra Pradesh, the Sample Survey-cum-Assessment Unit (SSAU) charged with monitoring of the programme in districts had conducted 112, 189, 144 and 119 days sample surveys against the annual targets of 240 days *per annum* during 1983 to 1986.

In Haryana, no SSAU had been set up upto 1986-87.

In Maharashtra, one SSAU was established in 1981-82 for covering all 30 districts in the State without assigning any specific targets for the unit for covering these districts; during 1986-87, the unit covered 7 districts and as a result of its visits of 9 centres in 3 districts, the unit noticed that 53 leprosy treatment cards were incomplete, in 113 cases bacteriological examination was not conducted and there were 3 cases of wrong diagnosis of patients.

State level Leprosy Advisory Committee had not been constituted so far (September 1987) in the State of Rajasthan.

There was no monitoring cell in Arunachal Pradesh, in West Bengal too, no monitoring cell was established even though Rs. 2.50 lakhs were provided by the Central Government in 1984-85 for this purpose; the SLO had not held any meeting of the leprosy workers during 1980-81 to 1986-87 except one in September 1984.

21.12.2 For the first time since the launching of the Programme, NLEP was independently evaluated in 1986 followed by another evaluation in 1987. The main points reiterated in 1987 Report were :—

(i) case detection and discharge after treatment should be improved.

(ii) data collection and reporting on relapse, reactions and dapsone refractory cases should receive much greater importance. The performance assessment should be backed up by complete and meaningful feed back;

(iii) trained staff should be posted, the availability of trained manpower should be augmented by utilising training capacity to its optimum and stopping of trained personnel working under NLEP at least for a period of 5 years;

(iv) vacancies in large number existed against sanctioned posts for all staff categories in many of the States. These need to be filled up at the earliest;

(v) the laboratory services needed strengthening by providing trained staff and equipments of standard quality in sufficient number;

(vi) to strengthen rehabilitation of the handicapped, the reconstructive surgery units should be made fully operational and supported where necessary by the NLEP;

(vii) in view of the favourable impact discernible in the MDT districts, its expansion to other areas should be continued after due prior preparation;

(viii) the impact of health education as evinced by greater disease awareness and increased self reporting within the community must be further augmented; and

(ix) the existing Sample Survey-cum-Assessment Units (SSAU) may be increased and new SSAU provided where necessary.

ANNEXURE

Position relating to number of cases detected, under treatment, etc.

State/Union Territory	Year	Number of cases detected	Number of cases brought under treatment	Percentage shortfall
1. Assam	1982-83	2311	2273	2
	1983-84	1951	1930	1
2. Bihar	1982-83	60017	50102	17
	1983-84	51617	43853	7
	1984-85	51317	47233	8
3. Himachal Pradesh	1984-85	188	178	5
4. Karnataka	1982-83	17333	16934	2
5. Kerala	1982-83	15232	10595	30
	1983-84	16724	15456	8
	1984-85	17031	14746	13
	1985-86	8298	7127	14
	1986-87	9385	8064	14
6. Orissa	1983-84	38298	37688	2
	1984-85	40032	39022	3
	1985-86	31114	30813	1
	1986-87	31239	30662	2
7. Rajasthan	1982-83	3103	2941	5
	1983-84	2550	2360	7
	1984-85	2398	2294	4
	1985-86	1647	1535	7
	1986-87	2002	1894	5
8. Tamil Nadu	1982-83	67152	57380	15
	1983-84	54951	44334	19
	1984-85	61240	51595	16
	1985-86	66971	56812	15
	1986-87	63381	54385	14
9. Tripura	1982-83	521	504	3
10. Uttar Pradesh	1982-83	54002	53683	1
	1983-84	51035	50644	1
	1985-86	57328	56886	1
	1986-87	55634	52687	5
11. West Bengal	1982-83	22707	17352	24
	1983-84	38836	29956	23
	1984-85	30854	23504	24
	1985-86	15861	13992	12
	1986-87	36181	34372	5
12. Andaman Nicobar Islands	1986-87	115	112	3
13. Dadra and Nagar Haveli	1983-84	117	23	70
14. Pondicherry	1982-83	2035	1747	14
	1983-84	1969	1754	11
	1984-85	2003	1806	10
	1985-86	1518	1397	8
	1986-87	1414	1299	8

22. Overpayment in purchase of proprietary drugs

Medical Stores Depot, Karnal is purchasing proprietary drugs from a number of suppliers/firms. In the proforma prescribed for approval of price of proprietary drugs, the supplying firms were required to mention their rates for Medical Stores Depots as well as the maximum retail price and the percentage of discount offered thereon. The Depot had thus the option to purchase proprietary drugs either at the price offerred to it or at the maximum retail price less discount.

A test-check of proforma relating to the purchases made by the Medical Stores Depot, Karnal during 1985-86 and 1986-87 revealed that the Depot had placed supply orders for purchase of medicines with 11 firms at their rates quoted for Depots although the net rates arrived at after deduction of the element of discount from the maximum retail price were much less. This resulted in over payment of Rs. 1.74 lakhs to these firms.

The matter was reported to Ministry in September 1987; the reply had not been received (December 1987).

23. Loss due to expiry of life of medicines

During September 1978 to October 1979, the Medical Store Depot, Calcutta (MSD) received in five consignments 24,13,000 vials of proceine penicilline 4 lakh units (having shelf life of two years from the date of manufacture) from a Government of India Undertaking.

Out of 12,13,979 vials received in third and fourth consignments, 5,77,844 vials (cost : Rs. 4.11 lakhs) could not be disposed of by the MSD before the expiry of the life of the medicine. These were lying in stock even in October 1987 resulting in loss to Government.

The medicines having date of manufacture in November 1978 and December 1978 were procured through the Director General of Supplies and Disposals (DGSD). When the medicines reached the MSD in March 1979 after inspection by the Director General Health Services (DGHS) in January 1979 and February 1979 it was found that the medicines were not labelled by the manufacturer as per the specifications in the accepted tender. Another two months were taken by the supplier's Calcutta office to do the labelling. In September 1981, the Ministry of Health and Family Welfare requested the Ministry of Supply to persuade the supplier to replace the time-expired medicines. In July 1980, the supplier refused to take back the medicines as these were accepted by DGHS after inspection. Although the matter was pointed out in Audit in 1982, the cost of the life-expired medicines had not been recovered (November 1987). No action was also taken by competent authority to write off the loss.

The case was reported to the Government of India in May 1987; reply had not been received (November 1987).

24. Non-installation of X-ray plant

One set of X-ray plant costing Rs. 5.69 lakhs was purchased in October 1985 by the Central Government Health Scheme (CGHS), Allahabad from a Bombay firm without selecting the site for its installation and without making provision of funds for three phase electricity connection necessary to run it. Although the power requirement of three phase electricity connection was made known to the department by the Directorate General of Supplies and Disposals, New Delhi in September 1985, the CGHS, Allahabad approached the Director General of Health Services, New Delhi only in December 1986 for allotment of funds of Rs. 4 lakhs for this purpose, which was still awaited (November 1987). Meanwhile, the guarantee/warranty period expired in December 1986 and the plant has not been installed (November 1987). This resulted in locking up of funds of Rs. 5.69 lakhs for over two years.

A radiologist was posted for the X-ray plant in October 1986 and pay and allowances amounting to Rs. 0.49 lakh had been paid to him (till October 1987). Besides Rs. 4.85 lakhs had to be paid from November 1985 to October 1987 to private clinics/hospitals as X-ray charges of CGHS beneficiaries.

The matter was reported to the Ministry in July 1987; reply had not been received (January 1988).

Ministry of Home Affairs

25. Modernisation of State Police Forces

25.1 *Introduction*

25.1.1 The Government of India introduced a non-plan scheme—Modernisation of State Police Forces in 1969 for a period of 10 years. The Scheme envisaged improvement of police effeciency by providing the police forces with improved equipment, vehicles, facilities for communication, latest technology for crime detection, etc. Assistance amounting to Rs. 50.84 crores was provided to 22 States for meeting the expenditure of a non-recurring nature for the period 1969-70 to 1978-79.

25.1.2 Based on the report of a Study Group and the National Police Commission in 1976 and 1979 respectively, the Scheme was revived for another period of 10 years as a Non-Plan Scheme from 1980-81 to 1989-90.

25.1.3 The revived Scheme retained the basic frame work of the earlier scheme but specified the relative priority of the admissible items as follows :—

(i) Wireless equipment, capital expenditure on line-communication including teleprinter services, wireless items for use in cities and elsewhere ; objective being each police station be fitted with wireless set ;

(ii) It would be the endeavour to supply each police station with a jeep ;

(iii) Equipment for training institutions ;

(iv) Equipment for Forensic Science laboratories and for other scientific aids to investigation and for Finger Print Bureau ;

(v) Equipment for examination of questioned documents ;

(vi) Construction of buildings for State Forensic Laboratories up to a ceiling of Rs. 20 lakhs for each State; and

(vii) Data processing machines for crime records, statistics and accounts.

25.1.4 The Scheme was also given an area based approach by identifying problem areas and utilising Central assistance on upgrading the police administration of such identified problem areas.

25.2 *Scope of Audit.*—The records of 21 States (Andhra Pradesh, Assam, Bihar, Gujarat, Himachal Pradesh, Haryana, Jammu and Kashmir, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Manipur, Meghalaya, Nagaland, Orissa, Punjab, Rajasthan, Tamil Nadu, Tripura, Uttar Pradesh and West Bengal) for the period 1980-81 to 1986-87 were test checked by Audit and the points noticed are given in the succeeding paragraphs.

25.3 *Organisational Set up.*—The Scheme was being implemented in the States by the Director General/Inspector General of Police of respective States.

25.4 *Pattern of Assistance.*—Till 1973-74, the pattern of Central assistance was 25 *per cent* grants-in-aid and 75 *per cent* loan. On the recommendation of the Sixth Finance Commission, the pattern was changed to 50 *per cent* grants-in-aid and 50 *per cent* loan repayable over 25 years, from 1974-75 onwards.

25.5 *Highlights.*—The main points noticed are given below :—

— Out of Rs. 5944.97 lakhs released during 1980-81 to 1986-87 by the Ministry, Rs. 5484.03 lakhs only were utilised by the various State Governments.

— Five State Governments (Jammu and Kashmir, Karnataka, Punjab, Rajasthan and Uttar Pradesh) had not contributed towards the Scheme.

— Thirteen State Governments had not maintained separate accounts as envisaged in the Scheme.

— No State Governments except Maharashtra and Gujarat had identified problem/sensitive areas to formulate the projects for upgrading the police administration in those areas.

— Out of 21 States, the Perspective Plans of 7 States were approved by the Ministry but the grant or expenditure was not in conformity with the approved plan.

— Physical targets were not fixed by the State Governments.

— Rs. 168.42 lakhs were spent on items not covered under the Scheme.

— Rs. 178.41 lakhs were diverted to other heads.

— Eight State Governments had drawn Rs. 331.95 lakhs on Abstract contigent bills to avoid lapse of grant and adjusted it in subsequent years' purchases.

— Expenditure of Rs. 83.41 lakhs was reported as inflated by Assam, Gujarat and Haryana Governments.

— Equipment costing Rs. 383.80 lakhs were lying idle in various States.

— None of the State Governments except Madhya Pradesh could achieve 100 *per cent* coverage of police stations by providing wireless or telecommunication system.

— The shortfall in mobility coverage at police station level in 15 States ranged from 3 to 100 *per cent*. A sum of Rs. 106.12 lakhs was spent by 3 State Governments on hiring private vehicles during 1980—87.

— Mostly the State Governments had not started the Regional Police Motor Workshops as envisaged in the Scheme.

— Regional Forensic Science Laboratories (RFSL) were not established in most of the States.

— The existing Regional Forensic Science Laboratories (RFSL) were not strengthened with modern sophisticated equipment and skilled staff.

— The utilisation of the computers for the purpose of investigation of crime records in States ranged from 20 to 73 *per cent*.

— The implementation of the Scheme by the State Governments was to be reviewed by the Ministry through periodical visits by a Central team. The Central team had not visited all the States during 1980—87. Most of the States visited could not implement the recommendations of the Central team due to paucity of funds.

25.6 Financial assistance

25.6.1 The State-wise details of grants released and expenditure incurred during 1980-81 to 1986-87 thereagainst were as under :—

Sl. No.	Name of State	Central assistance required to be released according to the pattern of assistance laid down	Central assistance released (50 per cent grants and 50 percent loans)	Excess (+)/ Shortfall (—)	Expenditure incurred thereagainst	Unspent balance of Central assistance lying with the States	Expenditure out of States' own resources
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
				(Rupees in lakhs)			
1.	Andhra Pradesh	446.32	361.10	(—)85.22	274.53	86.57	224.78
2.	Assam	356.37	316.46	(—)39.91	302.64	13.82	85.79
3.	Bihar	445.55	263.22	(—)182.33	196.33	66.29	119.00
4.	Gujarat	354.27	277.77	(—)76.50	199.94	77.83	N.A.
5.	Himachal Pradesh	130.13	110.90	(—)19.23	110.43	0.47	25.66
6.	Haryana	190.33	175.81	(—)14.52	123.23 (a)	52.58	238.09 (a)
7.	Jammu and Kashmir	191.52	163.18	(—)28.34	144.63	18.55	Nil
8.	Karnataka	294.21	250.53	(—)43.68	226.59	23.94	Nil
9.	Kerala	329.56	280.88	(—)48.68	280.88	Nil	223.67
10.	Madhya Pradesh	556.92	457.87	(—)99.05	450.47	7.40	650.56
11.	Maharashtra	526.96	373.85	(—)153.11	373.85	Nil	737.13
12.	Manipur	70.56	65.18	(—)5.38	50.01	15.17	111.39
13.	Meghalaya	79.17	73.13	(—)6.04	73.13	Nil	102.76
14.	Nagaland	75.46	56.21	(—)19.25	56.21	Nil	1.92
15.	Orissa	328.72	291.91	(—)36.81	246.54 (a)	45.37	123.45 (a)
16.	Punjab	261.66	496.13	(+)234.47	441.46	54.67	Nil
17.	Rajasthan	492.66	402.29	(—)90.37	393.01	9.28	Nil
18.	Sikkim	29.40	26.12	(—)3.28	N.A. (b)	26.12	N.A. (b)
19.	Tamil Nadu	525.98	466.87	(—)59.11	459.68	7.19	343.91
20.	Tripura	87.92	81.22	(—)6.70	81.81	(—)0.59 (c)	79.32
21.	Uttar Pradesh	728.42	565.53	(—)162.89	609.25	(—)43.72 (c)	Nil
22.	West Bengal	497.91	388.81	(—)109.10	388.81	Nil	500.91
	TOTAL	7000.00	5944.97	(—)1055.03	5484.03	(+)505.25 (—)44.31	3658.34

(*a*) Figures upto 1985-86 only. For 1986-87 the figures were not made available.

(*b*) Figures were not made available.

(*c*) Minus balances were due to excess expenditure met from previous balances prior to 1980.

25.6.2 *Provision of Funds.*—Against the total provision of Rs. 100 crores for 10 years (Rs. 10 crores to be released annually), the Ministry released Rs. 59.45 crores for the period 1980-81 to 1986-87 which constitutes 85 *per cent* of the expected total outlay of Rs. 70 crores for the same period. The unspent balances amounting to Rs. 165.84 lakhs lying with 10 States (Bihar : Rs. 5.78 lakhs; Gujarat : Rs. 20.21 lakhs; Madhya Pradesh : Rs. 26.68 lakhs; Manipur : Rs. 15.95 lakhs ; Meghalaya : Rs. 2.28 lakhs; Orissa; Rs. 8.04 lakhs, Punjab : Rs. 28.68 lakhs, Tamil Nadu: Rs. 15.65 lakhs; Tripura : Rs. 0.85 lakh and Uttar Pradesh : Rs. 43.72 lakhs) as on 31st March 1979 were utiilsed after 1st April 1980. Neither the Ministry's approval for revalidation of these balances was made available nor were these balances considered as included in 2nd phase of the Scheme. As per table given above, a total sum of Rs. 505.25 lakhs was still lying unutilised at the end of March 1987 with 15 State Governments (Andhra Pradesh, Assam, Bihar, Gujarat, Haryana, Himachal Pradesh, Jammu and Kashmir, Karnataka, Madhya Pradesh, Manipur, Orissa, Punjab, Rajasthan, Sikkim and Tamil Nadu). The Ministry stated (December 1987) that no separate register of the amount revalidated to the State Governments was maintained and that the same would be maintained while revalidating the amount under the Scheme to State Governments from the next year i.e. 1988-89.

Under the provision of the Scheme, the State Governments were to make budget provision for the expenditure proposed to be incurred on the Scheme during the year. As per conditions, the release of Central assistance for second and subsequent years was to be based on the receipt of departmental figures of expenditure actually incurred during the preceding year and audited certificate from the State Accountants General. It was seen that the Ministry released the Central assistance on the basis of departmental expenditure figures/estimates and further revalidated the unspent balance of the previous year in the subsequent years without proper justification. The funds were mostly released by the Ministry during the last quarter of the financial year and drawn by the States on Abstract Contingent Bills from which expenditure was incurred in subsequent years.

The Ministry stated (December 1987) that the second instalment of the amount to be released during 1987-88 would not be released to the State Governments until they furnished the audited statements of accounts for the previous years.

25.6.3 *Repayment of loans.*—According to the Scheme, 50 *per cent* Central assistance given to the State Governments was in the form of loan repayable in 25 equal annual instalments together with the interest thereon. The Scheme provided for 1/4 *per cent* rebate on repayment in time and penal interest for delay in repayment.

All the State Governments except Jammu and Kashmir and Tripura, were regularly repaying the instalments of loan and the interest accrued thereon. Consequent upon the recommendations of Seventh and Eighth Finance Commissions regarding relief to State Governments, the outstanding balances in respect of loans sanctioned upto 1983-84 had been consolidated and recoveries thereagainst were henceforth to be watched by Controller of Accounts, Ministry of Finance, Department of Economic Affairs.

25.6.4 *States' contribution.*—Under the Scheme the State Government was to provide for expenditure on the Scheme from its own resources as a pre-requisite for receipt of Central assistance as the functioning of State Police machinery is basically their responsibility. It was, however, seen that some States did not contribute towards the Scheme during the period 1980-81 to 1986-87 (Jammu and Kashmir, Karnataka, Punjab, Rajasthan and Uttar Pradesh).

25.6.5 *Proforma Accounts.*—Under the provisions of the Scheme, the expenditure incurred was to be booked under a separate Non-plan head. Where the expenditure could not be kept separate from normal expenditure, a suitable proforma outside the regular account was to be devised with the help of State Accountants General and was to be maintained monthly. Such proforma accounts were to be made available for examination and certification by Accountants General. It was seen that in the case of 13 State Governments (Andhra Pradesh, Assam, Gujarat, Haryana, Kerala, Madhya Pradesh, Maharashtra, Manipur, Meghalaya, Nagaland, Orissa, Tripura and West Bengal) separate accounts were not maintained.

The Ministry stated (August 1987) that the State Governments had now maintained separate accounts for the Scheme by making a separate budget provision for the Scheme.

25.7 *Planning*

25.7.1 *Identification of areas/projects.*—At the time of extending the Scheme, the Government proposed to initiate an area/project approach by identifying problem areas and formulating projects for upgrading the police administration in those areas. The Ministry had no information as to whether any exercise for identification of such areas was carried out by the States and whether the State Governments had given priority to such areas in formulating their plans although this condition was included in the sanctions issued from time to time. It was found that no such area/project was identified by the State Governments except Maharashtra and Gujarat.

25.7.2 *Perspective Plans.*—As per the Scheme, the physical targets were to be fixed by every State in the form of a plan of objective of Perspective Plans for 10 years and submitted to the Central Government for approval. The Perspective Plans submitted by the State Governments were generally got revised and were to be re-submitted to the Government of India for approval. It was seen that out of 22 States, Perspective Plans of only 7 States (Andhra Pradesh : December 1984, Himachal Pradesh : December 1984; Kerala : February 1985, Maharashtra : October 1984, Orissa: May 1985, Tripura : November 1984 and West Bengal : July 1983) were approved by the Ministry. Assam had not submitted the revised plan after August 1981 till date (July 1987). Government of Bihar submitted the plan only in March 1984 and grants for the State for the year 1981-82 and 1982-83 had also not been released. The Scheme was introduced in 1981-82 by Government of Nagaland. The revised plans in respect of Bihar (1986—90), Haryana (1986—90), Jammu and Kashmir (1985—90), Karnataka (1987-90), Manipur (November 1985) and Tamil Nadu (January 1987) were yet to be approved by the Ministry.

25.7.3 *Physical targets and achievements.*—It was seen that the States had not laid down any physical targets on common pattern and taken up modernisation of old and obsolete weapons, technical and general training, etc. in their Perspective Plans. The Ministry had also not given any directive in this regard. The details of financial targets laid down and achievements by 20 States during 1980-81 to 1986-87 are given in the table below :—

Sl. No.	Name of State	Wireless sets	Jeeps/ Vehicles workshop TR/VIP Security	Forensic Science Laboratory/ Questioned Documents	Training Institutions	Finger Print Bureau/ CID/ HPD	Construction of building (Rs. 20 lakhs for each state)	Data Processing Machine/ Computer	Other items	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
					(Rupees in lakhs)					
1.	Andhra Pradesh	119.99 (79.42)	246.14 (245.98)	31.03 (6.12)	—	20.40 (4.27)	—	—	—	417.56 (335.79)
2.	Assam	117.42 (77.40)	229.98 (201.07)	120.00 (20.65)	53.80 (13.48)	0.02 (—)	—	— (8.17)	—	521.22 (320.77)
3.	Bihar	43.26 (36.64)	252.15 (95.20)	31.23 (12.72)	46.90 (34.45)	3.36 (0.60)	15.00 (—)	68.63 (17.32)	—	460.53 (196.93)
4.	Gujarat	39.85 (64.46)	248.26 (73.95)	67.50 (36.91)	12.97 (0.76)	19.00 (2.54)	20.00 (13.12)	20.00 (8.30)	10.15 (—)	437.73 (199.94)
5.	Himachal Pradesh	72.76 (72.76)	116.12 (86.75)	17.14 (14.02)	20.00 (—)	— (—)	20.00 (—)	1.00 (1.00)	—	247.02 (174.53)
6.	Haryana	182.97 (145.74)	61.00 (188.61)	73.95 (42.32)	21.76 (9.10)	38.49 (16.78)	—	21.12 (—)	—	399.29 (402.55)
7.	Jammu & Kashmir	— (16.78)	— (124.55)	—	— (1.36)	— (1.94)	—	—	—	— (144.63)
8.	Karnataka	510.25 (50.77)	1440.63 (188.56)	95.10 (0.96)	8.28 (3.10)	— (0.04)	10.00 (7.50)	63.57 (14.74)	— —	2127.83 (265.67)
9.	Kerala	65.80 (43.50)	544.60 (463.53)	38.57 (9.01)	2.10 (0.48)	12.60 (0.17)	—	9.80 (2.10)	—	673.47 (518.79)
10.	Madhya Pradesh	198.05 (131.46)	292.25 (239.76)	41.95 (46.72)	2.00 (4.51)	— —	— —	5.42 (28.02)	—	539.67 (450.47)
11.	Maharashtra	334.10 (201.32)	697.94 (741.01)	260.54 (97.91)	2.28 (—)	34.60 (1.77)	—	— (9.38)	30.10 (59.59)	1359.56 (1110.98)
12.	Manipur	98.61 (5.41)	221.47 (18.57)	— (—)	10.18 (0.79)	— (—)	10.57 (3.22)	— (—)	— (—)	340.83 (27.99)
13.	Meghalaya					Not available				
14.	Nagaland	44.00 (25.94)	11.62 (26.84)	8.45 (4.12)	—	—	—	—	—	64.07 (56.90)
15.	Orissa	49.25 (81.73)	151.11 (160.97)	4.01 (10.71)	7.10 (12.72)	4.43 (11.94)	—	41.97 (49.52)	—	257.87 (327.59)
16.	Punjab	181.07 (202.65)	274.19 (325.29)	4.50 (4.50)	—	—	20.00 (—)	70.23 (70.23)	—	549.99 (602.67)
17.	Rajasthan	145.08 (117.68)	296.41 (220.07)	57.39 (24.20)	18.00 (9.04)	7.94 (12.18)	—	10.07 (9.84)	—	534.89 (393.01)
18.	Tamil Nadu	12.80 (549.60)	132.86 (128.90)	20.00 (47.41)	6.00 (—)	35.05 (31.22)	40.83 (33.11)	4.00 (13.35)	— —	651.54 (803.59)
19.	Tripura	49.96 (44.18)	195.57 (110.28)	10.00 (—)	2.78 (2.98)	1.00 (0.75)	— —	1.83 (2.94)	— —	261.14 (161.13)
20.	Uttar Pradesh	341.36 (285.80)	187.70 (201.72)	75.34 (66.11)	14.18 (7.46)	—	—	59.54 (59.41)	— —	678.12 (620.50)
21.	West Bengal	139.29 (107.14)	377.81 (307.19)	72.42 (23.95)	12.25 (4.32)	79.66 (15.80)	—	31.30 (6.44)	—	712.73 (464.84)

NOTE : Figures in brackets are the achievements.

25.8 *Deviations from the Scheme.*—The Scheme contemplated only non-recurring expenditure of a capital nature on specific items. It was noticed that funds amounting to Rs. 168.42 lakhs had been spent on items such as replacement of vans and inter-com systems, payment of salaries, purchase of library books, watches, furniture, chemicals and other contingent items not covered under the Scheme during 1980-81 to 1986-87 in 15 States (Assam : Rs. 16.80 lakhs, Bihar : Rs. 32.08 lakhs, Himachal Pradesh : Rs. 20.63 lakhs, Haryana : Rs. 10.74 lakhs, Jammu and Kashmir : Rs. 2.46 lakhs, Karnataka : Rs. 5.56 lakhs, Madhya Pradesh : Rs. 6.58 lakhs, Maharashtra : Rs. 6.00 lakhs, Manipur : Rs. 3.87 lakhs, Meghalaya : Rs. 0.69 lakh, Nagaland : Rs. 13.99 lakhs, Orissa : Rs. 6.24 lakhs, Rajasthan : Rs. 2.24 lakhs, Tripura : Rs. 32.19 lakhs and Uttar Pradesh : Rs. 8.35 lakhs).

The Ministry did not recover or adjust the irregular expenditure from the grants released in the subsequent years.

25.8.1 *Diversion of Funds.*—A scrutiny of records by Audit also revealed that the State Governments diverted a total sum of Rs. 178.41 lakhs during 1980-81 to 1986-87 from one head to another without approval of the Government of India. The details are given in the table below :—

Sl. No.	Name of State	Amount	Sanctioned scheme	Diverted to
(1)	(2)	(3)	(4)	(5)
		(Rupees in lakhs)		
1.	Andhra Pradesh	5.40	Rs. 5.89 lakhs for acquiring guide master and building for Repeater Stations.	Purchase and erection of three self-supporting towers.
		4.70	Rs. 6.95 lakhs sanctioned for building for Repeater Station and aerial towers.	Purchase of two towers.
2.	Bihar	3.53	Rs. 10.25 lakhs for procurement of wireless equipment.	Purchase of vehicles in Wireless Wing.
		6.72	—do—	Advance to Bihar Police Construction Corporation.
		2.36	Procurement of Data Processing Machine.	Purchase of air-conditions and voltage stabilizer and transformer.
3.	Gujarat	61.71	Purchase of wireless sets.	Spent on purchase of Wireless for Flood Control Scheme in Saurashtra.
4.	Maharashtra	8.60	Purchase of wireless equipment during 1977-78.	Procurement of other ancillary equipment.
5.	Manipur	10.08	Purchase of jeeps, training aids, scientific equipment and construction of FSL.	Purchased 5 Nos. of 1½ tonner Tata trucks.
		11.63	Civil jeeps.	Construction of Repeater stations for wireless, 5 Nos. 1 tonnes vehicles, wireless equipment, X-ray machine, etc.
6.	Nagaland	1.50	Wireless equipment.	Purchase of internal PBX including installation charges.
		2.07	Equipment	Purchase of Electro-copier, Film and Printing Paper, Plaster of Paris and Finger Print Powder, Steel Cabinet, Refrigerator and Wooden Table, Chemicals, Film Rolls and Paper, Films for show, Chemicals, stores etc.
7.	Punjab	60.11	Wireless equipment, training equipment, equipment for Forensic Science Laboratory and computerisation.	Purchase of jeeps.

25.8.2 *Outstanding advance payments to suppliers/firms.*—In 8 States (Andhra Pradesh : Rs. 16.73 lakhs, Bihar : Rs. 16.00 lakhs, Madhya Pradesh : Rs. 7.60 lakhs, Orissa : Rs. 11.81 lakhs, Rajasthan : Rs. 6.41 lakhs, Tamil Nadu : Rs. 14.91 lakhs and Uttar Pradesh : Rs. 54.45 lakhs) advances for Rs. 127.91 lakhs paid to different suppliers/firms during the period 1982-83 to 1986-87 were pending adjustment.

25.8.3 *Abstract contingent bills to avoid lapse of grant.*—Eight States (Andhra Pradesh : Rs. 24.89 lakhs, Assam: Rs. 93.51 lakhs, Maharashtra : Rs. 11.08 lakhs, Manipur : Rs. 4.86 lakhs, Orissa : Rs. 186.36 lakhs, Rajasthan : Rs. 6.00 lakhs, Tamil Nadu : Rs. 3.75 lakhs and Tripura : Rs. 1.50 lakhs) drew Rs. 331.95 lakhs through Abstract contingent bills at the close of each financial year to avoid lapse of grant and utilised in the subsequent years.

25.8.4 *Avoidable expenditure.*—A scrutiny of records by Audit revealed that 9 State Governments incurred an avoidable expenditure as mentioned below :—

In Himachal Pradesh, full advance payments against proforma invoices were made to a firm by the department in respect of all vehicles purchased during March 1986 and March 1987 without adhering to the provisions of the rate contract which resulted in irregular and excess payment of Rs. 2 lakhs as the firm arbitrarily imposed a condition to charge the price prevailing at the time of delivery.

In Karnataka, a sum of Rs. 2.42 lakhs paid as salary to 11 Scientific Assistants recruited from the District Scientific Aid Units during the period from December 1978 to September 1981 proved to be infructuous as no work was done by them for want of essential equipment in the Forensic Science Laboratory unit.

In Madhya Pradesh, an advance of Rs. 6.90 lakhs was made to Bharat Electronics Limited on 28th March 1978 without obtaining the proof of despatch of the equipment. The equipment was received after 4 years in October 1982 at a revised cost of Rs. 12.19 lakhs resulting in additional payment of Rs. 4.29 lakhs.

In Meghalaya, orders placed with the firms did not specify the period of supply and penalty provisions for delay in supply etc. which resulted in an avoidable expenditure of Rs. 11.51 lakhs during 1983-84 to 1986-87.

In Meghalaya, 64 High Frequency sets costing Rs. 8.03 lakhs and 178 Very High Frequency sets costing Rs. 17.40 lakhs were purchased in excess of requirement during 1980-81 to 1986-87.

In Orissa, 56 Very High Frequency (VHF) sets purchased in 1981 were lying idle for repairs from 1982. Avoidable expenditure of Rs. 0.52 lakh was incurred on repair of these items in 1985 as they were sent for repair after expiry of warranty period. Very High Frequency (VHF) sets purchased by Punjab Wireless (PUNWIRE), Chandigarh was lowest. 61 similar sets purchased from Rajasthan Communication Limited (RCL), Jaipur in March 1984 and 146 sets from M/s. WEBEL Tele Communication Limited, Calcutta in August 1984 and June 1985 were purchased without bringing to the notice of Purchase Committee. Computed with the rate of PUNWIRE, the extra expenditure involved was Rs. 2.09 lakhs

In Punjab, though 20 teleprinter machines were purchased in 1981-82 to replace teleprinter machines hired from Posts and Telegraphs Department at a cost of Rs. 3.35 lakhs but the same were not distributed till May 1984. This resulted in avoidable expenditure of Rs. 2.66 lakhs on hiring of teleprinter machines from Posts and Telegraphs Department.

In Tamil Nadu, the Department incurred an avoidable expenditure of Rs. 0.92 lakh *per annum* on rental for using Posts and Telegraphs network due to delay in commissioning of Multi-access Radio Telephone System (MART) on account of late procurement of subsidiary equipment. An avoidable expenditure of Rs. 2.53 lakhs was incurred due to escalation in the cost of the two equipment (metal detectors) from Rs. 0.86 lakh to Rs. 3.39 lakhs due to delay in according the sanction.

In Tripura, an extra expenditure of Rs. 1.27 lakhs was incurred on account of delay of 10 months in processing the purchase proposal for vehicles.

25.8.5 *Inflated figures of expenditure.*—In 4 cases, the extra expenditure of Rs. 83.41 lakhs was reported to Government of India by 3 State Governments as per details given below :—

(a) Director of Communication, Police, Government of Assam reported an expenditure of Rs. 28.45 lakhs instead of Rs. 3.08 lakhs actually incurred during 1980-81 to 1981-82. Similarly, Director of Forensic Science Laboratory reported an expenditure of Rs. 5.13 lakhs during 1981-82 instead of Rs. 0.13 lakh actually incurred. The total excess expenditure reported comes to Rs. 30.37 lakhs.

(b) In Haryana, the Police Training College, Madhuban had purchased training equipment costing Rs. 1.21 lakhs during 1981-82 but the same was shown as Rs. 2.00 lakhs in the expenditure statement sent to the Government of India.

(c) In Haryana, during 1983-84, the Department purchased wireless equipment costing Rs. 17.12 lakhs whereas the cost was shown as Rs. 29.37 lakhs in the expenditure statement sent to the Government of India.

(d) In Gujarat, against the expenditure of Rs. 193.57 lakhs reported (March 1986) to Government of India for the years 1980-81 to 1985-86, the amount actually spent against Central assistance worked out to Rs. 153.57 lakhs (July 1987).

25.8.6 *Idle equipments.*—Equipment worth Rs. 383.80 lakhs were lying idle due to non-availabilty of requisite sanction, shortage of staff and space, providing of separate electric line and acquiring of specified apparatus, etc. in 17 States, Andhra Pradesh (Rs. 30.15 lakhs), Assam (Rs. 2.86 lakhs), Bihar (Rs. 12.27 lakhs), Gujarat (Rs. 0.64 lakh), Himachal Pradesh (Rs. 2.98 lakhs), Haryana (Rs. 6.98 lakhs), Karnataka (Rs. 3.55 lakhs), Madhya Pradesh (Rs. 74.96 lakhs), Maharashtra (Rs. 60.77 lakhs), Meghalaya (Rs. 0.51 lakh), Orissa (Rs. 9.89 lakhs), Punjab (Rs. 10.49 lakhs), Rajasthan (Rs. 3.84 lakhs), Tamil Nadu (Rs. 136.24 lakhs), Tripura (Rs. 5.96 lakhs), Uttar Pradesh (Rs. 6.13 lakhs) and West Bengal (Rs. 15.58 lakhs).

25.9 *Implementation of Scheme Components*

25.9.1 *Police Telecommunication/Wireless System.*—The outlay on wireless communication was made with the targets of providing 100 *per cent* Thana level communication as well as 100 *per cent* communication in cities having a population of 1 lakh and above. Emphasis was thus laid on provision of wireless sets to each police station, which was proposed to be linked with a State Control Room through wireless or telecommunication system. According to National Police Commission, only 5899 police stations out of 8160, were provided with Very High Frequency communication facilities till 1978-79. The latest position of police telecommunication system was not available with the Ministry. None of the State Governments except Madhya Pradesh could achieve 100 *per cent* coverage till September 1987 even after a lapse of 7 years of the inception of the Scheme and utilisation of 70 to 80 *per cent* of Central assistance.

In Madhya Pradesh, teleprinter circuit link was established between Bhopal and 10 of the 45 District Headquarters.

All District Headquarters in Tamil Nadu had been linked with Madras by Control Room at Range Office (DIG) and 1046 police stations were linked with their respective District Headquarters till December 1986.

Andhra Pradesh Government could not provide Very High Frequancy communication coverage to 29 out of 277 police stations in the districts test checked. Eleven out of 13 Repeater stations sanctioned could not start functioning due to non-availability of space/building though towers of 5 stations were constructed and further Rs. 16.75 lakhs were deposited with Andhra Pradesh Police Housing Corporation towards construction of buildings for Repeater stations.

Karnataka provided Very High Frequency (VHF) coverage to 652 (97 *per cent*) out of 670 police stations. Out of 304 check posts, 35 (11.5 *per cent*) were not provided with wireless sets. Against the total beat police strength of 27444 at the end of December 1985, the number of wireless sets available was 1648.

In Kerala out of 368 police stations 319 stations (87 *per cent*) were provided with Very High Frequency coverage. Out of 25 police stations of Quilon District, 1 police station opened prior to 1960 and 3 police stations opened in 1972, 1973 and 1980 were to be provided with wireless sets.

In Bihar, 164 wireless sets purchased at a cost of Rs. 14.50 lakhs prior to 1980-81 were-lying out of order (March 1987). Out of 80 wireless sets purchased during 1980-81, 67 sets were only installed and 13 had been kept in reserve for emergency purposes.

In Gujarat, against the target of 300 wireless sets, only 21 sets costing Rs. 2.75 lakhs were purchased. Eight control rooms with modern air-conditioned facilities at a cost of Rs. 6 lakhs for hyper-sensitive and sensitive places were to be provided only but 4 such control rooms costing Rs. 2.78 lakhs were equipped so far.

In Haryana, out of 142 Police stations and 157 check posts in the State, wireless sets were not provided to 9 police stations (0.6 *per cent*) and 103 check posts (66 *per cent*). Six Haryana Armed Police Battalions, however, had no wireless coverage. Out of 328 police vans, only 192 (59 *per cent*) were fitted with wireless sets. No Multi-channel Communication system had been provided so far. Out of 512 walkie-talkie sets, 153 sets purchased prior to 1980-81 at a cost of Rs. 15.50 lakhs were out of order and awaiting condemnation. The department attributed (March 1987) inadequate level of communication system as due to shortage of technically trained manpower.

In Maharashtra, out of 25 sets of Signal Generators valuing Rs. 4.18 lakhs procurred in March and June 1982, only 14 were put to actual use during March 1982 to January 1987.

In Manipur, against the requirement of 95 wireless sets to be fitted to the vehicles of Police Officers, only 61 sets were fitted up to 1986-87.

In Meghalaya, out of 257 High Frequency (HF) and 317 Very High Frequency (VHF) sets, only 128 High Frequency (HF) (50 *per cent*) and 205 Very High Frequency (VHF) (65 *per cent*) were in working condition as on March 1987. Out of 296 (64 HF and 232 VHF) sets purchased during 1980-87, 181 (84 HF and 97 VHF) (61 *per cent*) sets were distributed to different police stations, outposts/beat posts. The department could not account for 44 High Frequency (HF) (17 *per cent*) and 108 Very High Frequency (VHF) (34 *per cent*) sets amounting to Rs. 5.52 lakhs and Rs. 10.44 lakhs respectively out of total quantity purchased.

In Nagaland, against provision of Rs. 44 lakhs provided for purchase of wireless equipment up to 1986-87, Rs. 25.94 lakhs (including the undischarged liability of Rs. 1.86 lakhs) were spent. There were only 202 serviceable wireless sets against 270 wireless telecommunication stations in the State in April 1987.

In Orissa, 27 Police stations had no telecommunication facilities. No cryptographic machine was provided in any police station though 16 out of 17 police districts were provided with teleprinter links.

In Punjab, 27 out of 68 police stations test checked, advance/standby/additional wireless set for controlling patrol parties were not provided. In 46 out of 68 police stations wireless sets fitted on motor cycles were not working. Besides, 224 wireless sets meant for Punjab Armed Police battalions were not provided to them. Static wireless stations were also not working due to inadequate staff even though the State was declared as a disturbed area.

Under the programme, total 70 VHF sets and 3 automatic repeaters were to be installed at selected places at a cost of Rs. 6.73 lakhs in Tripura. It was noticed that 60 wireless stations (2 police station level, 24 outpost level and 34 at Battalion camp level) were not provided with wireless staff (June 1987) though 64 VHF sets costing Rs. 4.08 lakhs (one each for 56 stations and two each for other 4) were installed up to March 1987.

In Uttar Pradesh, wireless sets costing Rs. 71.81 lakhs obtained for 'Anti Dacoity Operation (Rs. 54.46 lakhs) in 10 dacoity prone districts and Motor cycles patrolling (Rs. 17.35 lakhs) in 20 cities, were received between March 1983 and December 1984 in a defective condition and were reported to be under repairs/test (June 1987). Out of 63 Traffic Radars costing Rs. 18.90 lakhs procured between 1981-82 and 1983-84, 12 were not put to use and 36 used on an average, once in a month. Information regarding the remaining 15 radars were not available. Out of 204 police stations in 7 districts, only 130 were provided with telephone connections.

Though some equipment such as Radio Towers (20), Teleprinter Machine (70) and Typewriter for Teleprinter Training (20) costing Rs. 21.70 lakhs was targeted to be procured, the West Bengal Government did not purchase the same. Further, 342 equipment *viz.*, Walkie Talkies, power output motor and 6 KVA Diesel generators were purchased at cost of Rs. 25.22 lakhs against estimated cost of Rs. 18.47 lakhs.

25.9.2 *Mobility.*—Based on the recommendation of National Police Commission, the Scheme contemplated supplying one jeep to each police station in the States. The Ministry had no consolidated information as to the latest position of police mobility in the States.

A scrutiny of records of State Governments revealed that the position of mobility in 15 States was not satisfactory and the shortfall was from 3 to 100 *per cent* as per table given below :—

Sl. No.	Name of State	Total Police Stations	Number of Police Stations to which the vehicles supplied	Number of Police Stations to which vehicles not supplied	Percentage Shortfall
1.	Anadhra Pradesh	432*	30	402	93
2.	Bihar	333**	172	161	48
3.	Gujarat	419	406	13	3
4.	Himachal Pradesh	72	46	26	36
5.	Haryana	142	123	19	13
6.	Jammu and Kashmir	106	77	29	27
	Police Post	116	—	116	100
7.	Karnataka	670	56	614	92
8.	Madhya Pradesh	1006	224	782	78
9.	Maharashtra	784	744	40	5
10.	Manipur	46	26	20	43
11.	Meghalaya	71	42	29	40
12.	Nagaland	34	24	10	29
13.	Orissa	407	170	237	58
14.	Rajasthan	576	313	263	46
15.	Uttar Pradesh	1339	1261	78	6

*Only for 8 districts of the State.

**Only for 11 districts out of 39 districts.

The data regarding vehicles purchased by various State Governments during 1980—87 was as follows :—

Sl. No.	Name of State	Total vehicles purchased	Amount (Rs. in lakhs)	Remarks
1	2	3	4	5
1.	Andhra Pradesh	281	238.43	76 jeeps out of 91 vehicles costing Rs. 86.32 lakhs were from State components.
2.	Assam	270	N.A.	Out of 88 jeep-purchased during the period 1980-87, not a single jeep was allotted to any police station. Out of 57 cars, 9 had been allotted to the officers in replacement of their old cars and the remaining were allotted to Superintendents of Police of different districts.

1 2	3	4	5
3. Haryana	2	1.64	
4. Karnataka	242	N.A.	Allotted to Police
5. Madhya Pradesh	242	239.76	Headquarters (26) Special Armed Forces Battalion (42), Armed Police Training Central (1) and District Superintendent of Police (173) instead of various Police Stations.
6. Manipur	56	N.A.	No vehicles were provided to 16 districts.
7. Meghalaya	235	N.A.	68.5 *per cent* budget expenditure and 129 excess purchase of vehicle.
8. Nagaland	19	26.22	Against the requirement of 19 jeeps 9 jeeps costing Rs. 11.86 lakhs were procured and not allotted to police stations in 1986-87.
9. Orissa	112	94.97	
10. Punjab	943	335.18	
11. Tripura	115	109.02	
12. Uttar Pradesh	327	52.20	205 motor cycles were provided to 16 cities and 122 were given to those cities which did not form part of the Scheme.
13. West Bengal	375	303.38	Commissioner of Police, Calcutta (140) and Director General and Inspector General of Police, West Bengal (235).

In Himachal Pradesh, 33 vehicles were deployed in offices other than the police stations in contravention of the Scheme.

In Kerala, 3 new jeeps were not provided to police stations of Quilon District against the instructions of Director General of Police and the same were allotted to 2 circle inspectors and 1 sub-inspector by Superintendent of Police, Quilon.

In Maharashtra, 62 vehicles allotted to police stations had not reached the police stations for which they were meant as they were retained in the District Office for use of officers.

In Nagaland, against provision of Rs. 11.62 lakhs for purchase of vehicles upto 1986-87, the expenditure incurred was Rs. 26.22 lakhs (excess expenditure 125 *per cent*).

In Orissa, Armed Police units were supplied with vehicles at the rate of one per 36 men instead of one for 25 persons as per norms.

In Punjab, out of 21 patrol cars supplied to Ludhiana, Jalandhar, Patiala and Amritsar, 14 were converted into staff cars and for the remaining 7 cars neither any work book was maintained nor required trained staff deployed. Sixteen Motor cycles costing Rs. 2.61 lakhs supplied to Assistant Inspector General (Traffic) in May 1985 for patrolling were not put on road so far due to prevailing law and order condition in the State. Out of 26 Maruti Jeeps supplied to Amritsar district, 8 were off the road after covering only 4000 to 12000 Kms.

In Uttar Pradesh, patrol parties were not formed to visit narrow roads and lanes of the sensitive areas but motor cycles purchased for this purpose were given to Sub-Inspectors attached with the Control Room/Police Station by name.

25.9.2 (i) *Expenditure on Hired Vehicles.*—It was also observed that the State Governments had incurred a large amount on hired transport vehicles out of the grants in contravention of the terms and conditions of Central assistance which was meant for non-recurring expenditure only.

In Karnataka, an amount of Rs. 151.96 lakhs was spent by police department during 1980—87 for hiring public/private transport in 6 districts test checked. Expenditure on hiring went up from Rs. 0.57 lakh in 1980-81 to Rs. 51.38 lakhs in 1986-87 despite the increase in number of vehicles in the State from 1055 in December 1979 to 2267 at the end of December 1986. Similarly, though only 8.33 *per cent* vehicles were off the road ending March 1987, heavy expenditure of Rs. 26.56 lakhs was incurred on hired/private/public transport by Mysore district during 1986-87 due to non utilisation of available fleet to the optimum level.

In Meghalaya, 235 vehicles were purchased upto March 1987 against the proposed requirement of 142 vehicles under perspective plan (1980—90) resulting in excess purchase of 93 vehicles. Out of 235 vehicles, 101 vehicles were not distributed to police stations/check posts but retained in the administrative offices of the Police Department. In spite of having a number of vehicles, the department had incurred an expenditure of Rs. 9.68 lakhs towards hiring of private vehicles during 1980—87 in East Khasi hills district.

In West Bengal, 169 vehicles (June 1987) were retained on hire at an approximate annual hire charges of Rs. 45.06 lakhs.

25.9.3 *Establishment of Central Police Workshops.*—The National Police Commission had recommended the setting up of separate Police Motor Workshops at least at the range level for expeditious handling of all repair work for police vehicles in each range. A test check of records by Audit revealed the following :—

In Andhra Pradesh, a Regional Workshop at Mangalagiri was sanctioned in March 1981 at an estimated cost of Rs. 10.14 lahks. An expenditure of Rs. 25.85 lakhs (Rs. 7.55 lakhs for purchase of equipment and Rs. 18.30 lakhs on staff) was incurred till March 1987. The expenditure incurred remained unfruitful as the site for establishing the workshop was yet to be selected (June 1987). Similarly, 12 out of 13 District Maintenance Units established for undertaking repairs at district level during 1980-81 to 1985-86 at a cost of Rs. 21.80 lakhs were mostly not functioning for want of staff or shed/building. In three selected districts, avoidable expenditure of Rs. 7.96 lakhs was incurred on repair of vehicles.

In Himachal Pradesh, out of Rs. 5.00 lakhs proposed to be spent on establishment of motor workshop, only Rs. 1.19 lakhs had been incurred up to March 1987.

In Karnataka, the repairs and maintenance facilities available for police vehicles were far less than the norms prescribed by the Government of India and the department was depending largely on private garages for the repairs of vehicles. According to information collected from 8 districts, expenditure amounting to Rs. 26.55 lakhs was incurred on repairs got done at private workshops during the period 1980-81 to 1986-87.

In Kerala, Rs. 40 lakhs was intended for the establishment of 3 motor workshops at Trivendrum, Ernakulam and Malappuram. No expenditure was, however, incurred for the establishment of motor workshops till July 1987, though one workshop was stated to have been started at Malappuram.

In Madhya Pradesh, 5 hydraulic lifts costing Rs. 1.04 lakhs were purchased in 1981 for supply to the Motor Transport Workshops at Raipur, Indore, Gwalior, Rewa and Jabalpur. These had not been installed upto July 1987 as the supplier had demanded (January 1985) Rs. 3,500 per lift extra for installation. No further action was taken by the police headquarters and the lifts remained uninstalled.

In Nagaland, a sum of Rs. 1.73 lakhs was to be spent during 1983—85 for procurement of workshop tools; no expenditure was incurred till 1986-87.

In Tamil Nadu, establishment of a Regional Transport Workshop at Tiruchirapalli at a total estimated cost of Rs. 30.25 lakhs was sanctioned in August 1981. The project was to be implemented in phases during 1982-83 to 1984-85. The equipment and vehicles purchased during 1982-83 were not put to use due to non-completion of workshop (March 1987). A total expenditure of Rs. 21.44 lakhs had been incurred till March 1987.

In Tripura, a sum of Rs. 0.50 lakh was provided under the Scheme during the period 1986-87 for purchasing equipment for Central Vehicle Workshop but only Rs. 0.17 lakh was utilised. Thus, the workshop remained inadequately equipped (August 1987).

25.9.4 (i) *Forensic Science Laboratories.*—Under the Scheme for modernisation, the Government proposed to strengthen the existing Regional Forensic Science Laboratories (RFSL) in the States by providing modern sophisticated equipment for opening separate divisions, one for Toxicology and another for Serology each under a qualified Assistant Director, but the Ministry had no information whether the State Governments had arranged to establish such Forensic Science Laboratories (FSL) in their States. The scrutiny of records revealed that such laboratories were not established in most of the States despits their proposals and procurement of modern sophisticated equipment.

In Andhra Pradesh, equipment and vehicles costing Rs. 11.09 lakhs for RFSL at Tirupati and 3 Mini-Forensic Science Laboratories (MFSL) purchased in August 1983 were not put to use for want of staff.

In Gujarat, mobile laboratories at Ahmedabad and Junagarh worked without a finger print expert from December 1981 onwards Scientific assistants were posted in November 1986 to the investigation vans supplied to Bhavnagar and Gandhinagar districts in October 1985. Finger prints experts were not posted although an extra expenditure of Rs. 0.33 lakh was incurred due to visit of the Staff of investigation van of Rajkot to Junagarh district.

In Himachal Pradesh, excess expenditure of Rs. 13.20 lakhs was incurred on scientific equipment though no FSL was established (July 1987). An amount of Rs. 3.66 lakhs in 9 districts was spent on chemical examination outside the State.

In Karnataka, no funds were provided upto 1983-84 for modernising the laboratory. Out of Rs. 8.38 lakhs provided during 1984-85, Rs. 0.72 lakh was spent.

In Kerala, Rs. 52.00 lakhs was earmarked for modern and sophisticated scientific equipment for a FSL in the State but none of the specified equipment was purchased. Instead another equipment project in a Comparson Projector costing Rs. 7.05 lakhs was purchased in January 1984. The existing FSL had inadequate staff as observed by the Central Team in 1982 and requisite staff had not been recruited till July 1987 resulting in accumulation of cases. Thirteen mobile laboratories fully equipped with modern equipment were established by purchasing 13 standard vans and distributed to police stations in 1973 with a view to improving the quality of services rendered by Forensic Science Laboratory (FSL) Rs. 8.32 lakhs (Rs. 0.64 lakh by each laboratory excluding the value of general equipment supplied by the crime branch) was spent over it. But the vans could not be utilised for the purpose for which they were intended as no scientific assistants were posted to the mobile laboratories inspite of recommendation of the Central team in 1976 and 1982. Equipment from 2 vans were removed in January 1981 and

August 1986 and the vehicles condemned in May 1987. While the percentage of utilisation of 9 vans out of 13, ranged from 3 to 54 the information regarding 4 vans was not available.

In Madhya Pradesh, equipment worth Rs. 5.19 lakhs purchased during 1982-83 to 1984-85 for Serological Wing of FSL could not be utilised till May 1987 for want of technical staff and accommodation for its installation.

In Meghalaya, though a projection of Rs. 18.25 lakhs was made in the Perspective Plan for establishing a Mobile Forensic Science Laboratory (MFSL), the proposal did not materialise till January 1987. In January 1987, a full-time Director was appointed on a hired office of laboratory on a monthly rent of Rs. 2750 and purchases of equipment were made for Rs. 4.68 lakhs at the end of March 1987. Due to non-sanction of 36 technical posts by the Government, the laboratory could not be started till July 1987.

In Nagaland, against the provision of Rs. 8.45 lakhs for equipment for Finger Print Bureau (FPB) and Forensic Science Laboratory (FSL) from 1982-83 to 1986-87, an expenditure of Rs. 4.12 lakhs (49 *per cent*) was incurred. The imported equipment were procured without consulting the Bureau of Police Research and Development. Three crime vans costing Rs. 3.39 lakhs procured in 1977-78 and provided to FSL, Dimapur, Superintendent of Police, Kohima and Mokakchung were not staffed by technical/scientific personnel and the scope of their effective use was limited (1981—86). The Mini-Forensic Science Laboratory (MFSL) also could not be of much use due to lack of requisite technical personnel.

In Punjab, a Forensic Science Laboratory (FSL) comprising of 8 divisions started functioning at Chandigarh with a skeleton staff in 1980. Expenditure of Rs. 7.79 lakhs only against budgeted allotment of Rs. 37.76 lakhs (1982—87) was incurred during 1982—84.

In Rajasthan, miniature laboratories at district/region level were not established (June 1987). The Department stated that it had no equipment or adequate staff.

In Tamil Nadu, out of Rs. 47.41 lakhs spent on purchase of equipment for FSL during 1980—86, equipment for 5 RFSL accounted for only Rs. 0.66 lakh (1.4 *per cent*). The State Government stated in June 1987 that 4 RFSL were functioning in rented buildings. They lacked basic infrastructure facilities and sophisticated equipment would be purchased when they move to their own buildings, proposals for construction of which had not yet been initiated. For Regional Laboratory at Madurai, which started functioning in its own building from September 1985, action to purchase equipment for the laboratory had not been initiated till March 1987.

In Uttar Pradesh, exenditure amounting to Rs. 62.82 lakhs was incurred on two schemes, viz. (i) establishment of field units in 45 districts, and (ii) Modernisation and Development of FSL at Agra and Lucknow. The two schemes could not, however, take off. Out of Rs. 62.82 lakhs, Rs. 47.28 lakhs were advanced to State Trading Corporation for import of equipment Rs. 9.41 lakhs to UPTRON for wireless sets and only Rs. 6.13 lakhs were spent against actual receipt of equipment. Equipment procured could not be used due to shortage of space/non-availability of skilled staff. In some cases, only the accessories had been purchased and not the main equipment. A fullfledged FSL was proposed to be set up at Varanasi at a cost of Rs. 126.65 lakhs in 1982 but the land had not been acquired till June 1987. The mobile van costing Rs. 1.28 lakhs purchased for Varanasi in 1986-87 was, however, attached with FSL at Lucknow.

In West Bengal, out of Rs. 42.29 lakhs spent by Director, FSL between 1969-70 and 1986-87 for procurement of scientific equipment, equipment worth Rs. 11.22 lakhs could not be utilised for pursuing the trails of criminal cases for want of installation of equipment and other reasons such as due to non-attendance of Indian Agent for the imported items, repair of equipment and arrangement for constant room temperature.

There was an overall shortage of skilled staff in the laboratories of some State Governments which was required to be filled up immediately such as Maharashtra (30 posts at the end of 1986), Kerala (28 posts), Bihar (45 posts) and Gujarat (52 posts). As a result, the number of cases to be finalised accumulated year to year and the period of finalisation also increased from 3 to 12 months. A large number of cases were pending in 6 States—Gujarat : 6763 (at the end of 1986-87); Karnataka : 22435 (1984—87); Kerala : 733 (1983—86); Madhya Pradesh : 10130 (1980—86); Maharashtra : 32017 (1980—86) and Uttar Pradesh : 9974 (at the end of March 1987).

In Madhya Pradesh, 18475 cases were sent outside the State during 1980—87 for which Rs. 15.13 lakhs was paid as testing charges to CFSL, Calcutta.

25.9.4 (ii) *Construction of Building for Forensic Science Laboratory.*—Some State Governments utilised the funds for the construction of Forensic Science Laboratory (FSL) Buildings but they were yet to be completed.

In Himachal Pradesh, against the provision of Rs. 40 lakhs in the 10 years Perspective Plan for the construction of FSL and PTS buildings, no expenditure has been incurred on the construction of FSL building (March 1987).

In Karnataka, construction of FSL buildings at a cost of Rs. 29.50 lakhs was sanctioned during February 1983. The work was entrusted to a contractor in 1983-84 for Rs. 25.27 lakhs. The stipulated dates of start and completion were 1st March 1984 and 30th November 1986 respectively. The contract was, however, rescinded in May 1987 and an estimated loss of Rs. 1.16 lakhs was to be recovered from the contractor. Another agency was yet to be fixed for execution of balance of work (June 1987).

In Manipur, Rs. 6.50 lakhs was sanctioned by Government in August 1983 for acquisition of 26.32 acres of land for construction of building for FSL. The work was, however, taken up only in December 1986 (estimated cost : Rs. 35 lakhs).

In Meghalya, an advance of Rs. 10.00 lakhs was paid to Meghalaya Government Construction Corporation in January 1986 for construction of FSL building (estimated cost : Rs. 11.55 lakhs) without stipulating the date of completion of the building. A second advance of Rs. 4.40 lakhs was also made to the same agency for 2nd phase of construction in May 1987, when only 2 *per cent* of the total amount sanctioned was incurred and the construction of the 1st phase was at the rock bottom level even after lapse of one year of assignment of work to the agency.

In Tamil Nadu, the Government sanctioned Rs. 10 lakhs (Central assistance : Rs. 6.67 lakhs and State funds : Rs. 3.33 lakhs) in February 1986 for construction of a building at Madras. The work commenced in January 1987 and an expenditure of Rs. 5.89 lakhs only was incurred during 1986-87 and a part of Central assistance of Rs. 0.78 lakh remained unutilised (March 1987). The building was not ready even at the end of 1986-87 due to belated sanction and delay in completion of formalities. The assistance, thus, remained unutilised for 1985-86 and 1986-87 (December 1986).

In Tripura, Rs. 17.70 lakhs (Rs. 10.00 lakhs for building and Rs. 7.70 lakhs for equipment) was provided in the Perspective Plan during 1985—87 towards construction of Forensic Science Laboratory building and purchase of equipment. There was no progress in construction of building in spite of the fact that the Government of India asked the State Government in May 1984 to take urgent steps for completion of laboratory.

25.9.5 *Police Training.*—The study Group set up to review the Scheme (1976) recommended greater emphasis on police training and an outlay of Rs. 8 crores on construction of buildings for this purpose though it is basically for the State Governments to provide necessary facilities for the Training Institutions run by them.

In Gujarat, against the outlay of Rs. 12.97 lakhs (Rs. 4.50 lakhs for expansion of libraries and purchase of 35 MM projectors; Rs. 6 lakhs for purchase of vehicles and equipment for Traffic Institute at Ahmedabad and Rs. 1.75 lakhs for installation of cooking gas at Vadodra), an expenditure of Rs. 0.76 lakh only was incurred on purchase of equipment. Action on the recommendation of Central team for improvement of training was yet to be taken.

In Himachal Pradesh, no police Training School was established so far in spite of being pointed out by the Government of India while approving the Perspective Plan. The State was dependent on training centres situated outside the State and had incurred Rs. 9.97 lakhs (excluding TA/DA) during 1980-81 to 1986-87 for training its police personnel at Police Training College, Phillaur (Punjab) and Madhuban (Haryana).

None of training schools in Karnataka (6 in the State) had conducted the refresher courses and other courses like orientation, promotional and specialist courses. Equipment like Film Projectors (cost : Rs. 0.79 lakh), Photographic equipment (cost : Rs. 0.54 lakh) and Laboratory equipment (cost : Rs. 0.25 lakh) were handled by persons like electricians, readers and instructors since 1978 as Line Operator and Photographer were not available.

In Kerala, no training equipment except 3 projectors and 1 Colour TV set was purchased. Specific proposals for the construction of building for training, though called for in August 1985, were not sent till date to the Ministry.

In Maharashtra, equipment valued at Rs. 8.40 lakhs was purchased in July 1985 and February 1986 for use as training aids. This equipment was deployed for installation at places other than training institutions and not utilised for training.

Similarly, out of a provision of Rs. 8.98 lakhs for purchase of transport vehicle and other equipment during 1984-86 for training purposes, no expenditure was incurred till June 1987. Forty *per cent* posts of training instructors during 1981—86 remained vacant. Social Scientist and 2 Social Science Instructors posts created in May 1981 were not filled in till May 1987 and no training on the subject was imparted so far. A detecting training school for investigating staff was started in Nasik in May 1981 with an intake capacity of 100 trainees for six weeks' course. Only 1677 trainees were trained during 1981—86. The School was shifted to Regional Police Training School at Akola from May 1986 but the staff and other infrastructures were yet to be shifted (July 1987).

In Meghalaya, Police Training School was started in April 1977 for imparting training to various cadres of police personnel. Only 782 (16 *per cent*) of the total strength of police personnel received basic training in 12 years whereas the expenditure on maintenance of the school worked out to Rs. 67.80 lakhs.

In Punjab, none of the 13 Senior Police Officers, who had participated in various Computer related training programmes since 1981, were ever posted in the Computer Centre.

In Rajasthan, a provision of Rs. 18 lakhs was made for all the 7 institutions. It was noticed that the entire expenditure of Rs. 9.04 lakhs during the period 1981-82 to 1984-85 and 1986-87 was incurred on Rajasthan Police Academy alone. A test check of record for Police Training Schools (Jodhpur), Khorwara, (Udaipur), and Rajasthan police Training Centre (Jodhpur) revealed that necessary training equipment were not made available to these institutions.

In Uttar Pradesh, equipment costing Rs. 5.94 lakhs was acquired for establishment of a Mini Forensic Science Laboratories at the Police Training Colleges II and I, Moradabad during 1981-82 and 1985-86 respectively. No Scientific Officer/technical hand was posted to the Colleges as a result the purpose for which laboratories were established was not fulfilled.

In West Bengal, a proposal to set up a Telecom Training Centre having adequate staff and accommodation for providing training to technical personnel had not been finalised by Government (July 1987).

25.9.6. (i) *Finger Print Bureau.*—In Gujarat, only 4 single Digit Finger Print Bureau were established upto 1986-87 against the target of 22. No expenditure was incurred for purchase of equipment against the plan provision of Rs. 2.20 lakhs.

In Karnataka, out of total allotment of Rs. 250.52 lakhs towards the Scheme for 1980—87, an amount of Rs. 9400 only was earmarked during 1983-84, out of which only Rs. 3,575 was incurred on purchase of equipment for Finger Print Bureau situated in Bangalore with 9 single digit units at important district Headquarters. The Bureau is headed by a Superintendent of Police and not by a Finger Print Expert. The Central team in its visit to the State observed that semi-automatic computerisation of Finger Print was not implemented by the State Government. The receipt of finger prints from districts were on the decline every year and had come down from an annual receipt of 5565 in 1971 to 1909 in 1985. Again out of 1.27 lakhs—search slips received during 1980—87 only 0.15 lakh slips were traced (12 *per cent*).

25.9.6 (*ii*) *Photo Equipment.*—In Madhya Pradesh, a Colour processing unit costing Rs. 8.96 lakhs received in May 1984 could not be installed till July 1985 due to delays in construction and air-conditioning of the room for the unit. The equipment stopped functioning in November 1985 after running for only 3 months.

25.9.7 *Modernisation of Crime Records—Computerisation.*—Computerisation of crime records in States was taken up during Phase I of the Scheme for Modernisation of State Police Forces. Nine Computers had been allotted to the States of Andhra Pradesh, Gujarat, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Rajasthan, Tamil Nadu and West Bengal. The Study Group at the close of Phase I took a view that it was necessary to provide one Computer to each of the States. These computers were to be used for crime investigation work, pages print information system, traffic management, police research and forward planning, etc.

In Andhra Pradesh, the supporting system (costing Rs. 6.00 lakhs) against which an advance of Rs. 5.00 lakhs was paid during 1985 was purchased. The firm did not supply the full equipment as per the agreement till June 1987. The equipment so far received was not according to the specified design and was not put to use for want of balance equipment.

In Gujarat, out of 9 systems, only 3 systems were developed during 1981—85 due to delay in sanctioning staff. Against 18 Punch Operators, only 4 worked from April 1980 to March 1987. An expenditure of Rs. 4.76 lakhs was incurred for getting 36.62 lakhs input forms punched through private agencies. Computer was not put to optimum use.

In Kerala, out of 17 police districts, only 10 districts were connected to the Computer. Out of 0.51 lakh registered criminals, codification of finger prints of 0.27 lakh criminals (53 *per cent*) was not done (July 1987).

In Madhya Pradesh, action for updating crime records and ensuring timely receipt of finger print record slips from districts, was not taken. The DIG (Computer) attributed the delay due to lack of interest among the staff in computerisation.

In Maharashtra, a TDC-316 Computer acquired during 1975—78 at a cost of Rs. 65.43 lakhs could not be put into operation as the programme drawn up by the Electronics Corporation of India Limited and tested in March/April 1983, was rejected by the Computer and taken back by the Electronics Corporation of India Limited for revision. The programme was revised in June 1983 and COBOL Computer, Visual display unit and a dot Metri Printer for visual display unit were installed at a cost of Rs. 123.42 lakhs. Teleprinter link had been established only between Computer Centre and the 6 Range Headquarters and Pune city on time sharing basis with the Police Communication System till July 1987. The captive dedicated multi-channel micro wave communication system or VHF communication facilities for facsimile transmission of photographs, finger prints, etc, were yet to be established (July 1987). The punching machine was not purchased till March 1987 and the Centre was still dependent on outside agencies for punching and paid them a sum of Rs. 9.48 lakhs from July 1983 to March 1987.

In Orissa, the computer costing Rs. 41.97 lakhs purchased in October 1985 and commissioned in January 1986 stopped functioning after 8½ months in October 1986 due to interruption of power supply. The computer was re-installed in January 1987 after incurring expenditure of Rs. 13.51 lakhs on its repairs, etc. The system was reportedly (February 1987) working in all respects except for the multi-job processing and LTU connections.

In Punjab, the computer centre was functioning only in one shift and 2nd shift was started from 2nd July, 1987 instead of the required 3 shifts. This resulted in loss of 7800 computer hours based on 20 working days a month during February 1985 to March 1987. This was stated to be due to non-availability of uninterrupted power supply and non-installation of generator. The generating set purchased at the cost of Rs. 2.30 lakhs in June 1982 had not been installed.

In Utttar Pradesh, out of 57 districts, only 39 were linked on teleprinter line with Lucknow Teleprinter

Terminal. The Lucknow computer centre was, however, not linked till the end of June 1987 with Lucknow Teleprinter Terminal.

In West Bengal, the police authorities could not make use of computer services due to deficiencies in the system and dearth of technical personnel.

Information regarding functioning of computer centre in other States was not available. In case of Haryana, no computer had been installed so far. In Bihar, a computer worth Rs. 10.77 lakhs procured in 1984-85 was yet to be installed (June 1987). Code Book and input forms printed at a cost of Rs. 3.06 lakhs were lying unused.

Some shortcomings in processing data system in the States were also noticed.

In Madhya Pradesh, the Electronic Data Processing (EDP) expert was not appointed (July 1987) and the work was being done departmentally. The Department had also not so far (July 1987) prepared any plan for training of Police Officers in programming. Annual targets for processing of crime and finger print records were never fixed.

In Orissa, Data Device Entry Machine costing Rs. 0.56 lakh was purchased in December 1983 from Hindustan Computers Limited. Though an expenditure of Rs. 0.07 lakh was incurred as annual maintenance charges for two years after the guarantee period of one year, the machine could not be installed as the dust proof and air-conditioned building for the computer was under construction (August 1987).

Nine States were provided with computers at a cost of Rs. 796.50 lakhs during 1980—87. The percentage of utilisation in Andhra Pradesh was (20), Kerala (33), Maharashtra (40 to 73), Orissa (52), Punjab (33) and Uttar Pradesh (30). The Ministry agreed (February 1987) to replace the existing computers with modern computers and communication links at the State and National level for which it made a provision of Rs. 690 lakhs for 1987-88 for 10 States and Rs. 370 lakhs for 1988-89 for 8 States respectively.

25.10 *Monitoring and Evaluation.*—The implementation of the Scheme by the State Governments was to be reviewed by Central team by making periodical visits to all States. The Scheme also provided for release of Central assistance during the second and subsequent years only after the receipt of departmental figures of expenditure actually incurred during the preceding years by the States. The same procedure was to be applied for succeeding years except that by the third year, certified audited figures of expenditure actually incurred by the State Government were required for regulating further release of Central assistance. It was seen that funds were being released to the States on the basis of annual allocation and expenditure figures furnished by the States whereas the funds were required to be released on the basis of audited statement of accounts.

The Ministry had not maintained any register/record regarding the visits of Central teams and their recommendations except in 3 cases (Bihar, Jammu and Kashmir and Karnataka) during July, August and October 1986 respectively. However, it was seen that the Central teams visited only once in Madhya Pradesh, Maharashtra, Haryana, Orissa and Punjab (1981), Tamil Nadu, Kerala, Gujarat & Rajasthan (1982), Jammu and Kashmir and Bihar (1986), twice in Andhra Pradesh (1981 and 1986), and thrice in West Bengal (1981 to 1987) and Karnataka (1981 to 1986). The Central team did not visit Assam, Himachal Pradesh, Uttar Pradesh, Meghalaya, Nagaland and Tripura. The recommendations of the Central team were not implemented by most of the State Governments due to paucity of funds or other reasons. Therefore, the purpose of visit by the Central team regarding the implementation of the Scheme by the States, was defeated. A test check of records by Audit revealed the following :—

In Karnataka, the recommendations of the creation of posts of drivers, conduct of refresher courses for Constables and filling up of the post of Director, Forensic Science Laboratory (FSL) by a Scientist instead of police officer were yet to be implemented.

In Jammu and Kashmir, the Central team suggested in October 1986, the establishment of a Forensic Science Laboratory and the need for acquiring training aids and equiment which were not implemented till 1986.

In Bihar, the Central team's suggestions regarding creation of the post of Superintendent of Police and Additional Superintendent of Police (Wireless) and 100 posts of technicians in the rank of Assistant Sub-Inspector and Sub-Inspector for proper maintenance and upkeep of wireless sets and Beat Patrol communication in selected areas, etc. and made during August 1986 after visiting the State were also not implemented by the State Government.

In Kerala, the Central team had also recommended for posting of adequate staff during its visit in 1982. The inadequacy of staff had resulted in accumulation of arrears in the disposal of cases in Forensic Science Laboratory and crime investigation remained handicapped in spite of acquisition of modern equipment.

In Madhya Pradesh, the Central team had recommended (July 1981) the need for reviewing the transport requirement of the Forensic Science Laboratory and for taking action for provision of vehicles to it. However, the required action had not been taken (July 1987).

In Tamil Nadu, the Central team, which reviewed the progress in July 1982 observed that a Scheme should be formulated to provide training facilities to technicians. The department submitted a proposal in September 1982 for setting up of technical training wing at a cost of Rs. 4.41 lakhs. The orders of the State Government were yet to be issued (March 1987).

In Haryana, the Central team, which visited the State in September 1981, made recommendations for setting up of a Police Motor Workshop, an academic facility to teach social service and to provide incentive to attract competent youth to take up police assignment, to fill up vacancies in Forensic Science Laboratory, to provide communication system to Armed Police battalions and to provide more scenes of crime vehicles. While the State Government rejected straightaway (October 1985), the recommendations to set up the Police Motor Workshop, the other recommendations had also not been implemented.

The Ministry never pursued the implementation of the suggestion made by the Central team experts with the State Governments.

In the absence of any instructions from the Ministry, most of the State Governments also did not create monitoring cells to evaluate the Scheme periodically. In Orissa, a special cell had been formed in July 1982 at Headquarters-Cuttack for planning and monitoring the Scheme but no evaluation report was submitted to Government of India. In Punjab, a monitoring cell was set up in 1985 but no specific report/returns were prescribed for monitoring the progress. The department did not furnish the details of meeting, if any, held by the monitoring cell.

The Ministry, however, stated in August 1987 that they were not aware whether appropriate monitoring and evaluation arrangements were made by all the State Governments pertaining to this Scheme.

25.11. *Other Points of Interest.*—A scrutiny of records by Audit revealed the following :—

In Haryana, Central assistance amounting to Rs. 34.51 lakhs was obtained during 1980—84 on the basis of statement of expenditure but there were neither any purchase documents nor entries in the Cash Book/Contingency Register/Stock Register in support of the purchases.

In Karnataka, the Crime Intelligence Bureau at Bangalore was keeping data on inter-district and inter-state crime and criminal records and working in parallel with the computer centre doing the same job. The Central team's suggestion in July 1986 to place one terminal from Computer Centre, Bangalore in the Crime Intelligence Bureau at Bangalore to help in supplementing their efforts, had not been implemented (July 1987).

In Maharashtra 72 light van chassis Model FC-260-D and 19 numbers of Model FC-360-D were purchased directly from the manufacturers during February 1979 to March 1982 at a total cost of Rs. 47.97 lakhs. Fourteen more FC-26-D chassis were ordered in October 1979 through the Director General, Supplies and Disposal. Most of the units reported about frequent break down due to manufacturing defects from 1981 onwards. The question of rectification of defects was taken up with the manufacturers only after July 1984, after the warranty period had expired. It was observed during test check of accounts that the expenditure incurred on repair of 5 vehicles in 3 units at Kolhapur, Pune and Sholapur in the first 5 years amounted to Rs. 3.67 lakhs which exceeded the cost of vehicles.

In Orissa, Government had drawn Rs. 6.96 lakhs during 1978-79 for purchase of 64 numbers of Very High Frequency (VHF) trans receivers. These were, however, not purchased and the amount was deposited into Treasury (January 1980) under the head-State Receipt.

Though thrust of modernisation was induction of latest technological and scientific developments, the State is maintaining a pigeon squad at annual maintenance cost of Rs. 6.05 lakhs on the ground of its utility at the time of natural calamities.

26. Dandakaranya Project

26.1 *Introduction.*—The Dandakaranya Project was set up in 1958 with the twin objects of resettlement of displaced persons from erstwhile East Pakistan and integrated development of the area. Operational area of the project was divided into four Zones—Umerkote and Malkangiri (including Potteru area) Zones in Koraput district of Orissa State and Paralkote and Kondagaon Zones in Baster district of Madhya Pradesh. Government approved a preliminary project report in November 1959 which envisaged resettlement of 7,000 agriculturist and 5,000 non-agriculturist families by the end of March 1961 at a cost of Rs. 6,000 per family. For the period beyond March 1961, no further project report was prepared but expenditure was incurred on year to year basis. Till March 1986, 35,075 agriculturist and 1,598 non-agriculturist displaced families were resettled. Winding up of the project was started (July 1985) and the assets and institutions of three Zones (Umerkote in Orissa and Paralkote and Kondagaon Zones in Madhya Pradesh, except the Hospitals) were transferred (upto October 1987) to the respective State Governments. Winding up in Malkangiri Zone and transfer of hospitals in the other Zones is in progress (October 1987).

26.2 *Scope of Audit.*—The review covers the points noticed in test check of the departmental records of the project conducted by Audit during February to April 1986.

26.3 *Organisational set up.*—The Government of India constituted in September 1958, a central authority known as Dandakaranya Development Authority, composing of a Chairman, the Chief Administrator of the Project, the Chief Secretariats of the Governments of Madhya Pradesh, Orissa and West Bengal or their nominees and representatives of the Ministry of Finance and Administrative Ministry, for the effective and expeditious execution of the scheme to resettle displaced persons and for integrated development of the area. The Chief Administrator of the Project is the Chief Executive Officer of the Authority who is assisted by a Deputy Chief Administrator at the Project level and by Zonal Administrators (one for each Zone) at the Zonal levels. The Authority met 90 times upto April 1986.

26.4 *Highlights*

— Further development of Dandakaranya area in terms of perspective plan was not pursued by the Project with the Governments of Orissa and Madhya Pradesh,

— Over investment due to families resettled but deserted and not returned was Rs. 23.41 crores,

— Delay in movement of families to rehabilitation sites resulting in payment of doles of Rs. 3.08 lakhs,

— Land reclaimed at a cost of Rs. 36.27 lakhs were not put into any use,

— 411 pairs of bullocks/buffaloes (procurement cost Rs. 3.39 lakhs) died during purchase and distribution operation due to mis-management in transit camps,

— Land was allotted at 3 acres per family assuming the land to get parennial irrigation but completion of the irrigation Project was not ensured,

— The irrigation potential of the completed projects was not utilised,

— Three Minor Irrigation Schemes started without acquisition of land were abandoned after spending Rs. 12.38 lakhs,

— Pattas conferring ownership of land were not issue in 82 *per cent* cases,

— The operations under tribal resettlement lacked coordination resulting in non-utilisation of reclaimed land (cost of reclamation Rs. 52.28 lakhs).

26.5 *Allotment of Funds and expenditure.*—The allotment of funds and expenditure incurred upto 1985-86 were as under :—

Period	Allotment: For execution of Project	Allotment: For loans to displaced persons	Expenditure: For execution of project	Expenditure: For loans to displaced persons
	(In Crores of rupees)			
1958 to 1961	16.20	1.50	7.23	0.05
1961 to 1966	28.61	1.42	16.37	1.76
1966 to 1969	13.68	0.85	8.94	1.11
1969 to 1974	22.71	1.49	18.63	1.77
1974 to 1979	59.83	2.99	57.55	1.97
1979 to 1984	85.90	3.29	83.68	3.26
1984 to 1986	34.05	1.15	30.18	1.15
	260.98	12.69	222.58	11.07

The total expenditure of Rs. 233.65 crores which after deducting receipts and recoveries worked out to Rs. 229.21 crores (till March 1986) was on general development (Rs. 65.53 crores), tribal welfare (Rs. 49.92 crores), resettlement of displaced persons (Rs. 75.17 crores), relief (Rs. 9.71 crores) and residual value of assets (Rs. 28.88 crores). The expenditure included value of fixed assets created by reclamation of land (1.79 lakh acres) at Rs. 6.17 crores, irrigation works (Dams, Minor Irrigation Schemes and tanks) at Rs. 89.56 crores, houses (25,189 numbers in 428 villages) at Rs. 14.86 crores, roads (2024.10 KMs) at Rs. 10.75 crores and other buildings at Rs. 8.83 crores working out to Rs. 130.17 crores.

26.6 *Perspective Plan.*—Mention was made in paragraph 34 of the Report of the Comptroller and Auditor General of India for the year 1977-78. Union Government (Civil) on certain aspects of the Project; particularly non-finalisation of the master plan clearly spelling out the objective and estimated capital outlay. The Ministry of Supply and Rehabilitation stated (January 1979) that the Town and Country Planning Organisation prepared and submitted the perspective plan of the Danda-Karanya region to the Planning Commission in August 1975. The Task force of the Planning Commission considered (October 1975) the perspective plan and decided that a small working group consisting of representatives of the Planning Commission, Central Ministries and State Governments concerned should go into the question of development of the region. The Ministry of Home Affairs, Department of Internal Security (Rehabilitation Division) stated in November 1986 that the working group, after consideration of the matter, recommended in February 1979 that the work of implementation of the perspective plan should be entrusted to the Dandakaranya Development Authority (DDA). Taking into consideration that the resettlement work was at the last legs and also that the operational area of the DDA was only a small portion of the Dandakaranya area as contemplated in the perspective plan, the Department of Rehabilitation then held that implementation of the perspective Plan could better be entrusted to the Governments of Orissa and Madhya Pradesh for respective areas. The question of implementation of the plan was discussed in the Department of Rehabilitation in March 1981 wherein the representatives from Planning Commission, Ministry of Finance and Ministry of Home Affairs were present and it was *inter alia* agreed that future development of Dandakaranya area in terms of the perspective plan should be done by the Governments of Orissa and Madhya Pradesh in their respective areas. No action was taken at the Project level to stress the State Authorities to implement the perspective plan.

26.7 *Over-invesmtent due to families resettled but deserted and not returned.*—Against 36,673 displaced families resettled upto March 1986, 25,253 families were in position as on 31st March 1986. The remaining 11,420 families had deserted and not returned. Computed with reference to Rs. 75.17 crores spent on resettlement of displaced persons, the per capita cost of rehabilitation worked out to Rs. 20,499 per family and the over-investment due to the 11,420 families deserted but not returned amounted to Rs. 23.41 crores.

26.8 *Delay in movement of families to rehabilitation sites.*—Each displaced agricultural family, according to pattern of rehabilitation in force was to be moved to rehabilitation sites as early as possible before onset of monsoons for commencement of agriculture operations. The extent of land actually reclaimed from year to year was such that during 1977 to 1981, 1935 more agriculturist families awaiting resettlement in Karmishibirs could have been resettled. The Ministry of Home Affairs Department of Internal Security (Rehabilitation Division) stated in November 1986 that the families were inducted in accordance with programme contents of a particular year. It is, however, seen that 80 families move in 1978, 170 families in 1980 and 26 families in 1981 (totalling 276 families) could have been inducted even according to the targets fixed in the programme content. Expenditure on payment of doles to 276 families in Karmishibirs due to non-allotment of land worked out to Rs. 3.08 lakhs at Rs. 93 per family per month.

26.9 *Reclaimed land not put into use.*—Out of 1.79 lakh acres of reclaimed land, 1.14 lakh acres were allotted in 25,253 families, 0.35 lakh acres dereleased to the State Government towards 25 *per cent* tribal quota, 0.26 lakh acres were used for roads, buildings, etc. and 0.03 lakh acres (reclamation cost Rs. 36.27 lakhs at Rs. 800 per acre) were not utilised (upto March 1986) due to the area not fit for agriculture 0.02 lakh acres, reclaimed area under encroachment by others 0.01 lakh acres and area kept for further use 0.02 lakh acres.

26.10 *Purchase of bullocks.*—In June 1978, Government approved "Renewed Rehabilitation Assistance" (RRA) for displaced families who deserted the rehabilitation sites from January 1978 and returned to the villages before 31st August 1979 and also those indigent families who disposed of their belongings in preparation for deserting but did not desert. The Scheme envisaged a loan of Rs. 750 to each such family for purchase of a pair of bullock. In September 1978, the Government sanctioned procurement of bullocks at an expenditure not exceeding Rs. 900 per pair for supply to the families. The bullocks were to be distributed to the concerned families immediately after their procurement. Project authorities sanctioned between May 1978 and December 1979, Rs. 143.32 lakhs for purchase of 17,540 pairs against estimate (December 1978) of requirement of 14,200 pairs (9,000 deserted returnees, 3,000 indigent and 2,200 new families). As per records of Zonal Offices, 15,054.5 pairs of bullocks at Rs. 115.24 lakhs were purchased between October 1978 and May 1980. Test-check by Audit showed that out of 15,054.5 pairs of bullocks purchased, 4,792 pairs were substandard (3151.5 pairs were of milk/two teeth and 1640.5 pairs were of 8 teeth/full mouth as against bullocks having 4 teeth to 6 teeth considered normally fit for use in cultivation). The test-check further showed that out of 5,340 pairs purchased in Paralkote Zone between October 1978 and June 1979, of which 2,634 pairs (value : Rs. 19.12 lakhs) were substandard, 366 pairs purchased for Rs. 2.81 lakhs died (42 pairs in transit, 251 pairs in Pakhanjore Cattle Transit Centre and 73 pairs while on transfer to Malkangiri Zone and distribution therein). According to the Committee appointed by the Authority in March 1981, the total deaths during 1978-79 and 1979-80 were 411 pairs (procurement cost Rs. 3.39 lakhs). In addition, the loss due to auction sale of 181 animals not fit for supply was Rs. 0.45 lakh. Main reasons for the loss were severe exhaustion due to long marching, exposure to severe heat and then to heavy rains and congestion in the cattle transit centres and absence of technical staff in adequate number to cope with the situation. The Veterinary Officer-in-charge of the Cattle Transit Centre was compulsorily retired (June 1984) as a measure of penalty. But the question whether it was appropriate to have gone for such bulk purchase without adequate provision for transport, upsleep and final disposal had not been investigated (July 1986). The loss was awaiting write off by Government (October 1987).

26.11 *Allotment of land.*—The norm for allotment of land was 7 acres per family upto 1971 after which the quantum was 5 acres without intigation facility, 4 acres with protective irrigation and 3 acres with parennial irrigation. In Potteru area of Malkangiri Zone, 15,587 acres were allotted to 4,933 families (upto March 1986) at 3 acres per family (excluding 0.16 acre for homestead plot) assuming the land to be covered by parennial irrigation. Land covered in Rabi cultivation was, however, 775 hectares (1,938 acres) in 1985 and 816 hectares (2,040 acres) in 1986 in the entire Malkangiri Zone. The Potteru Irrigation Scheme taken up by the State Government of Orissa in 1975 with funds provided by the Central Government was still under construction (October 1987) and is likely to be completed in 1989-90.

26.12 *Irrigation.*—Of the lands allotted (1.14 lakh acres) to settlers the land receiving irrigation was 0.22 lakh acres of which land covered in Rabi cultivation was only 0.03 lakh acre (2.0 *per cent*) in 1985 and 1986. Till March 1986, Rs. 89.56 crores were spent on three reservoir irrigation projects, viz., (i) Bhaskal Dam, (ii) Paralkote Dam, (iii) Satiguda Dam and 62 Minor Irrigation Schemes.

26.12.1 *Bhaskal Dam.*—The Dam was completed in June 1968 at a total cost of Rs. 1.35 crores and transferred to Government of Orissa in June 1973 for operation and maintenance. Only 675 acres of settler's land were irrigated against the estimated irrigation of 1,115 acres of settler's land out of the cultivable command area of 13,750 acres. The shortfall was attributed by the Project authorities (November 1986) to non-excavation of the canals to designed level and non-execution of required numbers of outlets. In February 1985, Government of India sanctioned Rs. 1 crore as grants-in-aid to the State Government for taking up incomplete works of the Dam so that water for irrigation could reach the tail-end; the report of completion was yet to be received (October 1987).

26.12.2 *Paralkote Dam.*—The works was completed in March 1981 at a total cost of Rs. 5.46 crores and transferred to the Government of Madhya Pradesh in January 1986 for operation and maintenance. The Dam was to provide irrigation to 36,446 acres anually. In August 1981 as a result of high floods which occurred in Kotri river, distribution system of right main canal was damaged and only 22,500 acres could be irrigated. In settler's portion only 4,341 acres were irrigated as against the estimated irrigation of 7,287 acres. The deficiencies were yet to be ractified. The project authorities stated in August 1985 that according to the Report of Joint Inspection by State Government and Dandakaranya project officers, the deficiencies have been quantified at Rs. 1.95 crores.

26.12.3 *Satiguda Dam.*—The work was taken up in October 1962 and completed in 1985 at a total cost of Rs. 13.12 crores against revised estimate of Rs. 13.05 crores (September 1983). According to project authorities actual irrigation potential created upto December 1985 is 13,597 hectares (33,933 acres). Only 966 hectares (2415 acres) of settler's land were, however, irrigated in 1985 as against the estimated irrigation of 4,000 acres. The shortfall was attributed by the project authorities (June 1985) non-cooperation of tribal cultivators. While discussing on a scheme for development of command area in the ayacut of Satiguda Dam and Potteru Irrigation Scheme in the 89th Meeting of Dandakaranya Development Authority of 26th June 1985, the Chief Secretary, Government of Orissa, however, viewed that without land shaping and land levelling etc., it would not be possible to fully utilise the irrigational potential created by these Projects.

(i) Two syphons (estimated cost Rs. 1.44 lakhs and Rs. 1.40 lakhs) at RD 6.72 KM and 11.201 KM of left Main Canal of Satiguda Dam completed in January 1980 at Rs. 1.04 lakhs and Rs. 1.03 lakhs through petty agencies by spitting the estimates and without obtaining sanction of higher authority were dismantled in 1984 at a cost of Rs. 0.09 lakh and Rs. 0.12 lakh as they were badly leaking due to defective design and construction (as observed by the Superintending Engineer in January 1981 and December 1983) and in their place two drainage syphons were constructed in November 1984 and April 1985 at a cost of Rs. 6.60 lakhs and Rs. 4.54 lakhs respectively. Responsibility for the damage of the Syphons in response to the observation of Dandakaranya Development Authority in its 89th meeting held on 26th June, 1985 was set to be fixed (June 1986). The Ministry stated in November 1986 that the matter was referred to Central Vigilance Commission.

(ii) Of the spares purchased for payhaul (nine) and Leyland (eight) dupers during 1974 to 1979, tyres (40), tubes (62), flaps (73), valuing Rs. 3.50 lakhs became surplus after completion of the Dam (1981), and were declared surplus by Government in April 1983. Efforts for disposal through Director General of Supplies and Disposals having failed they were held in stock (October 1987) pending disposal by auction.

(iii) A wagon load (56.8 tonnes) of 18 mm M.S. rods for which Rs. 2.48 lakhs were paid through a bank on despatch documents (August 1981) were not received so far (October 1987) as the Railways intimated (November 1983) that the consignment was involved in fraudulant diversion and delivery on forged receipts. The claim lodged in October 1981 was yet to be be settled (January 1988).

26.12.4 *Minor Irrigation Schemes.*—By the end of March 1986, sixty-two Minor Irrigation Schemes were taken up of which 56 were completed at a cost of Rs. 1.65 crores creating irrigation potential of 14,522 acres against which 8,016 acres were only brought under Kharif (1985). In March 1980, the project authorities took up construction of three Minor Irrigation Schemes one each at PV-36, PV-103 and PV-133, at estimated cost of Rs. 0.83 crores (as per revised estimate, April 1981) before the land was released by the State Government to provide irrigation to 3,250 acres in Paralkote Zone. The work was to be estimated in three to four working seasons. As till March 1985, only 12.34 hectares of land were released by the State Government 145 hectares requisitioned by the project in June 1983 for implementation of the Schemes, further work was stopped since April 1985. The expenditure booked upto December 1985 in stripping, cut off trench, puddle filling rock toe and fitter blanket was Rs. 12.38 lakhs, which has not been fruitful so far (May 1987).

26.13 *Village houses and village tanks.*—In accordance with the scheme of rehabilitation each family moved to rehabilitation sites is to be provided with a house and each village is to be provided with a village water tank. As on 31st March, 1986, 25,253 families were in position in 428 villages but only 25,006 families had been provided with village houses, 183 houses were under construction and 64 houses were not taken up. Against 428 village tanks to be constructed, 331 were completed upto March 1986.

Records of Malkangiri Zone showed that in 50 villages (9 in non-Potteru and 41 in Potteru area) village tanks were not provided mainly due to non-availability of land and in seven villages tanks taken up during 1977-78 to 1980-81 on which expenditure of Rs. 3.73 lakhs was incurred were not completed. Against 428 head-water tanks to be provided at one for each village, 360 tanks were completed upto March 1986. It was further noticed that tanks were not provided in 3 villages in non-Potteru area and 55 villages in Potteru area and four tanks taken up in January 1983 on which Rs. 1.03 lakhs spent were not completed (October 1987).

26.14 *Non-issue of Pattas.*—Mention was made in sub-paragraph 3.3 of Paragraph 34 of the Report of the Comptroller and Auditor General of India for the year 1977-78 Union Government (Civil) about the non-conferring of owner ship right in respect of lands allotted to the displaced families. According to the project authorities (April 1986) 4,632 families were given pattas as against 25,253 allotted with lands. Zone-wise break-up is given below :—

Zone	No. of D.P. families settled	No. of families given pattas	No. of families yet to be granted pattas
Paralkote	7,817	—*	7,817
Kondagaon	885	263	622
Umerkote	4,478	4,369	109
Malkangiri	12,073	—	12,073
	25,253	4,632	20,621

*Temporary pattas were given to 7,795 families.

In Malkangiri Zone, the survey operations started in December 1984 (for which Rs. 1.50 crores were sanctioned by Government in August 1984 as grants-in-aid to the Government of Orissa for completion in five years) were in progress (October 1987).

26.15 *Loans to displaced families.*—Under rehabilitation assistance agriculturist and non-agriculturist families were given loans (Rs. 10.86 crores upto December 1985) which included long terms loans for housing (Rs. 4.27 crores), agriculture loans (Rs. 4.80 crores), loans to small traders (Rs. 0.44 crores) and others (Rs. 1.35 crores). In November 1977, Government decided to recover housing loan at half the cost of the house (presently Rs. 4,775 in Madhya Pradesh area and Rs. 4,720 in Orissa) or Rs. 1,500 whichever was more and to recover all other loans in full, the period of repayment being seven years with three years moratorium for principal and interest which was rescheduled in August 1981 for recovery in 10 to 15 annual equal instalments with moratorium of three years ranging from 18th August 1981. It was noticed in Audit (January 1986) that demand notices indicating the amounts of principal and interest payable by the loanees were not issued. The Ministry of Home Affairs (Rehabilitation Division) decided in March 1987 to write off loans amounting to Rs. 9.15 crores granted to displaced persons upto March 1984 and outstanding as on 1st April 1985 alongwith interest and penal interest. Write off in the case of individual loan was in progress (October 1987).

26.16 *Resettlement of Tribal families.*—(i) Twenty-five *per cent* of the land reclaimed by the project is de-released for settlement of local tribals by the respective State Governments. Against 38,765 acres due to be released (25 *per cent* of 1,55,058 acres reclaimed in areas other than potteru Resettlement area) in Madhya Pradesh (15,102 acres) and Orissa (23,663 acres) the project released up to February 1986, 36,163 acres in Madhya Pradesh (12,350 acres) and Orissa (23,813 acres) leaving a back log of 2,602 acres.

Government agreed to reclaim 12,000 acres in the potteru Resettlement area for settlement of tribals. Against this commitment, 7,209 acres were de-released upto February 1986. The balance of 7,395 acres (2,602 against 26 *per cent* quota plus 4,791 against Potteru Resettlement) was not de-released as there was no demand from State Government. 819 acres of land reclaimed in Potteru Resettlement area at a cost of Rs. 6.55 lakhs towards tribal quota remained unused (February 1986). Out of Rs. 22.13 lakhs advanced by the project to the Rehabilitation Officer, Malkangiri, for reclamation of land towards tribal quota, Rs. 19.38 lakhs were spent by the Rehabilitation Officer in reclaiming 1,998 acres and the balance Rs. 2.75 lakhs were awaiting recovery (July 1987).

(ii) The project took up resettlement of 6,772 tribal families upto February 1986 in Madhya Pradesh (1,603 families) and Orissa (5,169 families). Of these, resettlement of 300 families in Madhya Pradesh was done by the project by incurring direct expenditure and in other cases the resettlement was undertaken through the respective State Governments. In the former case, even though the 300 families were inducted into the villages in 1976, houses for 264 families were completed and those for two families were under construction upto August 1986 at Rs. 4.51 lakhs against the estimated cost Rs. 2.66 lakhs (at Rs. 1,000 each) and bunding of land was done in respect of the lands of 16 families only. By July 1987, 28 of the 300 families deserted the rehabilitation sites and 8 families expired.

(iii) For settlement of the remaining 1,303 families in Madhya Pradesh, Collector, Bastar, was advanced Rs. 40.56 lakhs between 1963 and 1978 of which Rs. 17.38 lakhs were reported as utilised and Rs. 7.28 lakhs refunded upto February 1986. Utilisation of the balance Rs. 15.90 lakhs was awaited (October 1987).

(iv) Of the 5,169 families to be resettled in Orissa, 2,582 families were resettled up to 1976-77 for whom Rs. 50.63 lakhs were reimbursed to the State Government upto February 1986 against Rs. 66.64 lakhs required to be spent according to norms. For the period from 1977-78 onwards, 2,587 families were to be resettled, against which 526 families (including 451 partially resettled families) were resettled upto July 1987. Of 23,813 acres of reclaimed land de-released to the Government (Orissa), 8447 acres (cost of reclamation Rs. 52.28 lakhs) were remaining unutilised. The project authorities stated (August 1986) that resettlement of tribal families was the responsibility of the State Government and the project had no comments.

Ministry of Human Resource Development
(Department of Culture)

27. Loss due to non-realisation of entry fee

The Department of Tourism started in March 1965, two daily light and sound shows (Son-et-Lumiere one in Hindi and the other in English) in the archaeological area of the Red Fort, Delhi for promoting tourism. After formation of the India Tourism Development Corporation (ITDC), the Department of Tourism transferred light and sound shows programme to ITDC in April 1967. No formal agreement for transfer was, however, executed between the Department of Tourism, the ITDC and the Archaeological Survey of India (ASI).

As per Archaeological Works Code, an entry fee fixed from time to time was chargeable from every adult visitor seeking admission to the archaeological area of Delhi Fort (Red Fort) except for Fridays on which it is open to public. In December 1969, the entrance fee per adult visitor was raised from 20 paise to 50 paise. A committee headed by Lt. Governor, Delhi was constituted by the Ministry of Education to examine matters relating to the use of protected monuments. The Committee in its meeting held on 28th May 1968 decided that the normal gate-money should be paid to the Archaeological Survey of India by the Department of Tourism or Tourism Development Corporation as the case may be. On receipt of request from the Archaeological Survey of India, the Department of Tourism asked the ITDC in August 1968 to deposit the amount of gate-money with effect from 1st July 1968. The ITDC requested the ASI in September 1968 to exempt it from the payment of gate-money. This was, however, rejected by ASI in October 1969. Neither the ASI subsequently requested the ITDC to make the payment nor the ITDC deposited the dues on their own which had resulted in non-realisation of Rs. 13.89 lakhs for the period from April 1967 to March 1987. The recovery for the subsequent period is also due from the ITDC.

The ASI stated (June 1987) that since the two Departments were involved, no formal agreement was executed for regulating the proposed arrangements nor the question of sharing the revenue with the Department of Tourism was considered. With the formation of the ITDC, the management of the show was wholly transferred to it by the Department of Tourism without consulting the ASI in the matter. The ASI also stated (June 1987) that the question of sharing the revenue being collected by the ITDC was being taken up with them.

The ASI further stated (October 1987) that it was spending huge amount for the maintenance and upkeep of the monuments and the matter had therefore, been taken up with the ITDC to share a part of the revenue earned by them from the show.

28. Festival of India

28.1 *Introduction.*—The Festival of India was held in France from 7th June 1985 to 12th June 1986 and in USA from 13th June 1985 to 8th November 1986. This was organised by the Department of Culture of the Ministry of Human Resource Development in collaboration with the Ministry of External Affairs, Information and Broadcasting, Science and Technology, Commerce and Tourism and Civil Aviation. The Handicraft and Handloom Export Corporation also participated in the Festivals.

28.2 *Scope of Audit.*—The Festivals were intended to promote greater awareness of India's rich cultural heritage amongst the Americans and the French with a view to achieving better goodwill and understanding. The Festivals were also expected to act as a catalyst for encouraging greater investment and collaboration in the fields of technology, commerce and industry while stimulating the growth of tourism within the country.

The review on Festival of India was taken up by Audit from May 1987 to July 1987.

28.3 *Organisational set up.*—The Festival of India Cell headed by a Director-General of the rank of Additional Secretary served as the Administrative Wing within the Department of Culture. The Festival of India set up an Advisory Committee to deal with the various events proposed by it. A number of sub-committees viz., Performing Arts Committee, Films Committee, Exhibition Committee and Seminars and Publications Committee were constituted for individual events and for implementation of each programme.

28.4 *Highlights*

— In contravention of rules governing Personal ledger Account, adjustment of 'on-account' advances was not watched through subsidiary registers.

— Brochures at a cost of Rs. 45.12 lakhs were printed without inviting quotations. No stock/distribution account was maintained.

— 6050 copies of the book titled 'India' was purchased at a cost of Rs. 7.44 lakhs. No sale account was maintained.

— Grants amounting to Rs. 196.92 lakhs were released to various agencies out of budget grants. The audited statements of account and utilisation certificates had not been received as yet.

— The Festival of India was not aware whether any insurance claim had been preferred by the National Museum in regard to the insured art objects which had been lost/damaged.

— Stock registers were not maintained in the required form and physical verification of stock was not conducted.

— No proper records of assets acquired had been maintained.

28.5 *Financial arrangements*

28.5.1 *Government Funds.*—The budget provision for these Festivals as provided by the Department of Culture totalled Rs. 516.45 lakhs. The break-up for 1984-85 was Rs. 85 lakhs, 1985-86 (Rs. 306.45 lakhs) and 1986-87 (Rs. 125 lakhs).

28.5.2 *Non-Government Funds.*—Apart from the Government Funds provided in the budget estimates, funds were also collected from other sources, mainly private business houses and credited to the 'Personal

Ledger Account' specially opened for this purpose for the Festival of India and maintained by the Pay and Accounts Officer (Culture). Upto March 1987, an amount of Rs. 203.32 lakhs had been received in this account.

28.6 *Expenditure.*—The total expenditure incurred on these Festivals upto 31st March 1987 was not available with the Festival of India Cell (December 1987). However, upto 31st March 1986, the total expenditure amounted to Rs. 1074.91 lakhs as per details indicated below :—

Name of Ministry/Department	Amount
	(In lakhs of rupees)
Department of Culture	735.08
Handicrafts and Handloom Export Corporation	77.14
Ministry of Information and Broadcasting	137.52
Ministry of Commerce—Crafts Museum	0.17
Ministry of Science and Technology	125.00
Total	1074.91

This also included expenditure from Personal Ledger Account.

While the total foreign exchange requirement had been worked out to Rs. 328.40 lakhs, as detailed below, the expenditure actually sanctioned and incurred in foreign exchange was not available with the Festival of India Cell (September 1987) :—

	Amount
	(Rupees in lakhs)
Department of Culture	248.00
Ministry of Information and Broadcasting	30.00
Ministry of Science and Technology	30.40
Ministry of Commerce	20.00
Total	328.40

28.7 *Personal Ledger Accounts*

28.7.1 *Payment for unauthorised purposes.*—Rule 12 of the Rules of the 'Personal Ledger Account' for the Festival of India provides that only 'on account' advances can be made out of this 'Account' to certain specialised agencies for approved schemes/projects. The details of expenditure out of the 'Personal Ledger Account' were, however, not made available to Audit. A test check of the available records revealed that payment of Rs. 58.95 lakhs on account of pay and allowances of the staff in the absence of Government sanction to create posts, honorarium to staff, printing of brochures, etc. had been made out of this account though not permissible under the rules governing it.

The Festival of India stated in January 1988 that the procedure laid down in Rule 12 of the Personal Ledger Account was followed. The records, however, showed that the expenditure of Rs. 58.95 lakhs had been incurred by the Festival of India directly and no 'on-account' advances had been made to any specialised agency as required under rule 12 of the Personal Ledger Account.

28.7.2 *Adjustment of 'on account' advance.*—Rule 12 of the 'Personal Ledger Account' requires that the agencies which are given 'on account advances' should maintain separate scheme/project-wise accounts and render the same to the Festival of India Cell. The adjustment of those accounts was to be watched through a subsidiary register to be maintained by the Cell. However, no subsidiary register had been maintained. The 'on account advances' of the following agencies were outstanding :—

	Amount
	(In lakhs of rupees)
Handloom and Handicrafts Export Corporation	81.02
Architectural Research Cell	6.00
Indian Council of Cultural Relations	2.00

While no comments were offered by the Festival of India regarding non-maintenance of subsidiary register, it was stated that some of the agencies had rendered the accounts while with others the matter was being pursued.

28.8 *Printing of Brochures.*—The Festival of India printed brochures for distribution during the Festival in USA and France at a cost of Rs. 45.12 lakhs from 6 parties. No tenders or quotations were called for. No stock account had been maintained about the number of brochures actually printed and distributed.

The Festival of India further stated that the printing job was got executed on extremely short notice and it was not possible to call for quotations and that brochure were distributed through embassy in USA and France as well as the Festival of India and it was not possible to keep detailed account of distribution.

28.9 *Publication*

28.9.1 *Publication of Newsletter.*—A newsletter was published to disseminate information about events of the Festival of India in India. An expenditure of Rs. 0.73 lakh was incurred on it during the period from February 1986 to November 1986. No tenders/quotations were invited for the Publication of newsletter and no stock entries were made.

28.9.2 *Publication of book 'India'.*—A Book 'Performing Arts in India' was decided to be published in September 1984. The book as finally published was named 'India'.

The following irregularities were noticed in connection with the publication of the book.

(i) No tenders/quotations were called for printing the book.

(ii) No formal agreement was entered into with the firm stipulating detailed terms and conditions. However, the firm had agreed to print 20,000 copies each of the English and French Version and Festival of India was to purchase 3000 copies of each version. The Festival of India Cell purchased 6050 copies of the two versions at a cost of Rs. 7.44 lakhs.

(iii) The books purchased were not entered in the Stock Register nor was a sale account maintained.

(iv) The Festival of India was not aware whether the firm actually printed 20,000 copies of each version and how many copies of each version had been sold by the firm to outside customers.

(v) The firm had agreed that arrangements for distribution and promotion of these books in India, France and USA would be made by them. Services of Air India were, however, requisitioned by the Festival of India for free freight of these books to these countries.

28.10 *Production of TV Film on India.*—A production unit of USA wished to produce a one hour TV Film on India. The Festival of India agreed on the condition that it would not finance the film and would merely extend hospitality to the production unit. The following irregularities were noticed in connection with the production of this film :

(i) Neither the approval of the Festival of India Committee was obtained nor was a formal agreement entered into.

(ii) The specific amount of expenditure incurred was not available.

(iii) An amount of Rs. 1.45 lakhs was paid to the producer of the film out of Personal Ledger Account apart from the expenditure incurred on hospitality.

(iv) The producer of the film was expected to give one copy each of the film to the Tourism Department and Doordarshan. The Festival of India Cell was not aware whether this had been done.

28.11 *Expenditure incurred by Indian Embassy in Washington and Paris.*—The Festival of India Cell had released a sum of Rs. 130 lakhs (Rs. 106 lakhs to Indian Embassy in Washington and Rs. 24 lakhs to Indian Embassy in Paris) from 1984-85 to 1986-87 for contingency expenditure, publicity and performing arts as per details given below :—

Year	Contingencies		Publicity		Performing Arts		Total
	Washington	Paris	Washington	Paris	Washington	Paris	
	(Rupees in lakhs)						
1984-85	7.00	2.00	20.00	2.00	Nil	Nil	31.00
1985-86	5.00	3.00	40.00	15.00	12.00	Nil	75.00
1986-87	2.00	1.00	10.00	Nil	10.00	1.00	24.00
	14.00	6.00	70.00	17.00	22.00	1.00	130.00

The Festival of India Cell could not furnish the details of expenditure actually incurred by these Embassies, upto March 1987. From the records made available, however, expenditure incurred by the Embassies was seen to be as under :—

(i) Expenditure incurred by Indian Embassy in Washington upto March 1986.

	Amount
	(In lakhs of rupees)
Contingencies	3.95
Publicity	19.30
Performing arts	6.10
Visiting delegations	26.25
Counsul, Festival of India, New York	7.30
Attache, Festival of India, Washington	3.33
Total	66.23

(ii) Expenditure incurred by Indian Embassy in Paris upto July 1985.

	Amount
	(In lakhs of rupees)
Contingencies	0.23
Publicity	1.65
Purchase of assets	1.02
Payment to Handicrafts and Handloom Export Corporation.	1.88
Payment of Cash allowance, entertainment, international travel of officials, etc.	16.80
Total	21.58

From the above, it is seen that out of total expenditure of Rs. 66.23 lakhs incurred upto March 1986 by Embassy of India in Washington, Rs. 26.25 lakhs (40 *per cent*) was incurred on visiting delegations and Rs. 10.63 lakhs (16 *per cent*), on pay and allowances.

In Paris, out of total expenditure of Rs. 21.58 lakhs incurred up to July 1985, Rs. 16.80 lakhs (0.78 *per cent*) was incurred on payment of cash allowance in terms of travel of officials, etc.

The Festival of India stated (January 1988) that the embassies incurred expenditure as per their approved norms of expenditure and on the basis of proper Government sanction.

28.12 *Grants released to the other agencies.*—A test check of records revealed that the Festival of India released the following grants to various agencies, out of their budget grants, in connection with the Festival of India in France and USA upto March 1987.

	Amount (In lakhs of rupees)
Handloom and Handicraft Export Corporation of India, New Delhi.	26.75
Indian Council of Cultural Relations, New Delhi.	112.00
Architectural Research Cell, New Delhi	32.00
Architectural Committee for Festival of India, USA, Bombay.	22.00
National Institute of Design	4.17
Total	196.92

The Festival of India Cell, however, could not furnish the figures of expenditure. There was nothing on record to indicate whether the audited statements of accounts and utilisation certificates were received from these agencies.

The Festival of India confirmed this position (January 1988).

28.13 *Other Points of Interest*

28.13.1 *Irregular appointments.*—Six posts were created in the Publicity Cell set up with effect from 1st April 1985. The staff was appointed against these posts on fixed remuneration shown against each :—

Designation of Post	Fixed remuneration (Rupees per month)
Editorial Assistant (One)	2,500
Research Photo Asstt. (Two)	1,800
Stenographer (one)	1,500
Typist (One)	1,200
Messenger (one)	650

The following irregularities were noticed in connection with these appointments :—

As per Department of Personnel and Training Order dated 29th August 1984, junior staff on fixed remuneration on contract basis could not be appointed without creation of regular posts with the approval of the Ministry of Finance, Department of Expenditure. In this case, the posts were created without approval of the Ministry of Finance. Consequently, no budget estimates for these posts were proposed. The staff appointed against these posts was paid remuneration amounting to Rs. 1.55 lakhs during the period from April 1985 to March 1987.

The Festival of India stated in January 1988, that an expenditure on engaging the staff was met from Personal Ledger Account, the creation of posts was not considered necessary.

28.13.2 A retired Section Officer was engaged as a Liaison-cum-Protocol Officer in the Festival of India Cell for one year with effect from 1st January 1984. He was retained in re-employment for a further period of one year and nine months. No approval for the period of re-employment was taken from the Department of Personnel and Administrative Reforms, Festival of India had, however, approached the Department of Personnel and Administrative Reforms for the appointment for one year. The payment of Rs. 28050 @Rs. 850 PM made was, thus irregular.

The Festival of India further stated that as IFD was competent to allow continuance of re-employment, the file was not referred to the department of Personnel and Administrative Reforms. No authority for this was however cited. Moreover, in the absence of approval of Department of Personnel and Administrative Reforms to the initial period of re-employment, such an assertion was not tenable.

28.13.3 *Art objects/antiques.*—738 art objects were sent abroad to France and USA. These were insured and a premium of Rs. 104 lakhs was paid. Out of the art objects/antiques received back, one antique Ivory Couple and a mouth piece of Munal Hookah have been found missing. Twentysix art objects including the priceless 'Didarganj Yakshi' had been found damaged. When requested (May 1987) to intimate whether any Committee of experts had been appointed to assess the damage and whether a proper claim had been filed with the Insurance agency, the Festival of India stated in January 1988 that action with regard to the insurance claims was being taken by the National Museum.

28.13.4 *Stock Register.*—The following shortcomings were noticed in the maintenance of the stock registers :—

(i) Stock entries were not properly made in the appropriate registers.

(ii) As no progressive totals had been struck in the stock registers, the total assets created including those acquired out of grants released to various agencies could not be ascertained.

Regarding short comings pointed out by Audit in the maintenance of stock registers, the Festival of India stated that this had been taken note of for compliance in future.

28.13.5 *Physical verification.*—In the absence of a proper stock register, the authentic figure on the number of various articles of dead stock nature and their value was not available with Festival of India Cell. No physical verification has ever been conducted to ascertain whether the assets required in connection with the Festival of India in fact existed and had not been lost or destroyed.

The Festival of India further stated in January 1988 that due to paucity of staff coupled with rush of work, no physical verification could be conducted and the work would be undertaken shortly.

Ministry of Industry

(Department of Company Affairs)

29. Injudicious waiver of recovery of additional fees

Sub Section (2) of Section 611 of the Companies Act authorised the Government of India to levy additional fee at prescribed rates on companies for delay or for defective submission of documents as required under the Act. Section 637B *ibid* also authorised the Central Government to condone delays in filing the documents if there be proper reasons therefor. The additional fee levied by various Registrars of Companies under the provisions of the Act remained unrealised in several cases and accumulated over the years resulting in the statutory returns submitted by the defaulting companies not being registered. In the Conference of the Regional Director, Registrars of Companies and Joint Directors of Companies, held in March 1982, it was decided, *inter alia,* that since recovery of additional fees as arrears of land revenue entailed amendment of the Companies Act, all documents received upto 31st March 1980 and pending registration for non-payment of additional fee should as far as possible be taken on record latest by 31st December 1982 by waiving the fee which would also regularise outstanding work and reduce congestion in the Offices. After ractification of the decision by then Ministry of Law, Justice and Company Affairs (July 1982) various Registrars of Companies took on record upto 31st December 1982 and thereafter approximately 28351 and 222 cases of belated documents received upto 31st March 1980 pending for registration due to non-payment of additional fee, by waiving additional fee of Rs. 2.51 lakhs and Rs. 0.51 lakh respectively, 4054 cases of belated documents received after 31st March 1980 pending for registration due to non-payment of additional fee were taken on record by waiving additional fee of Rs. 2.61 lakhs out of total additional fee of Rs. 4.25 lakhs. The details are given in Annexure.

Ministry stated (November 1983) that the Department of Company Affairs was only a service department and not a revenue earning department. Since waiving of fee was in pursuance of a statutory provision and did not constitute any loss of revenue, consultation with the Ministry of Finance in the matter had not been considered necessary. The inadequacy of the staff, lack of machinery for enforcing realisation of additional fees and in the absence of any provisions in the Companies Act for the realisation of fee as arrears of land revenue, the Government decided to solve the problem of completing and updating documents filed by taking them on record by waiving additional fee in public interest. The advice given by the Department of Legal Affairs was that the function of the Registrars of Companies under Section 611(2) of the Companies Act to allow late filling or registering of a document on payment of an additional fee are administrative and not quasi-judicial in nature.

In this connection, following comments are offered :—

The reasons advanced for additional fee not being recovered, viz. (i) want of adequate staff (ii) lack of machinery, (iii) the absence of appropriate legislation and (iv) reducing congestion of records in the offices regularising outstanding work, indicated defects in the system of administration, lacuna in the provisions of the Act and defeated the purpose of the enactment.

The procedure adopted in regard to waiving of fee in respect of all outstanding cases irrespective of merits of individual cases was in violation of the provisions of Section 637B of the Companies Act.

On further observation (February 1987) regarding permanent solution to the problem of pending documents, Ministry stated in March 1987 that the matter was under consideration.

ANNEXURE

Statement regarding Injudicious waiver of recovery of additional fee levied under Companies Act

Name of State/ Union Territory to which the date pertains	Place at which Registrars of Companies are situated	(a) Belated documents received upto 31st March 1980 pending for registration due to non-payment of additional fee and taken on record by waiving additional fees upto 31st December 1982			(b) Belated documents received upto 31st March 1980 pending for registration due to non-payment of additional fees but taken on record by waiving additional fees after 31st December 1982			(c) Belated documents received after 31st March 1980 pending for registration due to non-payment of additional fees and taken on record by waiving additional fees		
		No. of cases	Additional fee levied	Amount of additional fee waived	No. of cases	Additional fee levied	Amount of additional fee waived	No. of cases	Additional fee levied	Amount of additional fee waived
		(Rupees in lakhs)			(Rupees in lakhs)			(Rupees in lakhs)		
Kerala	Cochin	6	0.01	0.01	—	—	—	13	0.01	0.01
Madhya Pradesh	Gwalior	21	0.04	0.04	—	—	—	13	0.05	0.05
Assam, Meghalaya, Nagaland, A.P., Shillong	Shillong	120	0.28	0.28	50	0.13	0.13	3	0.01	0.01
Orissa	Cuttack	32	0.11	0.04	156	0.40	0.36	1102	3.47	2.25
Andhra Pradesh	Hyderabad	302	Not available	0.24	—	—	—	—	—	—
Tamil Nadu	Madras	232	0.11	0.11	5	—	—	—	—	—
Karnataka	Bangalore	—	—	—	—	—	—	—	—	—
Uttar Pradesh	Kanpur	—	—	—	—	—	—	—	—	—
Haryana	Delhi	—	—	—	—	—	—	—	—	—
Rajasthan	Jaipur	—	—	—	2	—	—	—	—	—
Punjab, HP & Chandigarh.	Jalandhar	Not intimated			—	—	—	1228	0.71	—
Maharashtra	Bombay	Not intimated			—	—	—	1695	Not available	0.29
Bihar	Patna	—	—	—	—	—	—	—	—	—
Gujarat	Ahmedabad	638	1.25	1.25	9	0.02	0.02	—	—	—
Tripura	Shillong	—	—	—	—	—	—	—	—	—
West Bengal	Calcutta	27000	Not available	0.54	Not available		—	Not available		
	Total	28351	1.80	2.51	222	0.55	0.51	4054	4.25	2.61

Ministry of Industry

(Department of Industrial Development)

30. Irregular reimbursement of transport subsidy to a State Government

Government introduced in July 1971 a transport subsidy scheme for the grant of subsidy on transport of raw materials and finished goods to and from certain selected areas with a view to promoting the growth of industries there. New industrial units located in these areas were made eligible for transport subsidy equivalent to 50 *per cent* of the transport cost of raw materials and finished goods between the locations of industrial units and the nearest rail-heads. Freight rates were to be determined on the basis of transport cost fixed by the Central Government/State Government or the actual freight, whichever was less.

Wheat, a controlled commodity, was being imported into the State of Jammu and Kashmir by the Food Corporation of India (FCI) and supplied at a subsidised rate to ensure that the sale price was uniform all over the country. Roller Flour Mill 'A', Pampore (Kashmir) which had started commercial production in August 1976, had been preferring claims for subsidy on transport of wheat used by it as raw material. In response to a letter (May 1978) from the State Government, the District Manager, FCI, Srinagar, stated, "In this connection, it is to be confirmed that Roller Flour Mill 'A', Pampore, are lifting the wheat stocks from Railway Head Jammu. Further it is intimated that transport cost involved per quintal of wheat is Rs. 10.70 from Jammu Rail-head to the location of the unit, which is included in the issue price of Rs. 125 per quintal being charged from the unit." Referring the issue of reimbursement of subsidy to the Government of India in the Ministry of Industry, the State Government wrote (May 1978) that the unit was lifting wheat stocks from rail-head Jammu and the consensus of opinion in the State Level Committee (SLC) was that Roller Flour Mill 'A' was eligible to get the transport subsidy since an element towards transport cost was involved in the issue price of wheat but desired a ruling since the authority for interpretation of rules contained in the Transport Subsidy Manual rested with the Ministry. The Ministry replied (August 1978) to the State Government that it might allow the subsidy subject to the condition that Roller Flour Mill 'A' produced from the FCI a certificate to the effect that the price of wheat included transport charges from Jammu rail-head to the location of the Mill and that the subsidy would be restricted to 50 *per cent* of the transport charges fixed by the State Government or the transport charges incurred by the FCI, whichever was less.

The State Government paid transport subsidy amounting to Rs. 11.57 lakhs from 4th August 1976 to 30th June 1978 (Rs. 9.72 lakhs) and from 1st July 1978 to 30th September 1978 (Rs. 1.85 lakhs) in September and December 1978 respectively. The State Government requested (November 1978) the Ministry to reimburse the transport subsidy paid by it to Roller Flour Mill 'A'.

On a clarification being sought (November 1979) by the Ministry, the FCI, New Delhi stated (January 1980) that its regional office, Jammu had confirmed that during 1978, Roller Flour Mill 'A' was issued wheat from Jammu rail-head at the Central issue price of Rs. 125 per quintal and the issue price to wheat at Srinagar was also Rs. 125 per quintal. After collecting all relevant information, the Ministry informed (May 1980) the State Government that Roller Flour Mill 'A' took only notional deliveries of wheat from the FCI at Jammu rail-head as the actual transport of wheat from the rail-head to the site of Roller Flour Mill 'A' was also undertaken by the FCI and consequently no expenditure was incurred by the Mill on transporting wheat from Jammu rail-head to its site. The Ministry was agreeable to reimburse Rs. 11.57 lakhs as a special case but no further claims of this type would be eligible for claiming transport subsidy and, pending issue of further instructions regarding the procedure to be adopted in respect of commodities covered by freight equalisation uniform price, the State should not sanction any further claims of this nature. The Ministry reimbursed Rs. 11.57 lakhs to the State Government in June 1980. The general instructions were, however, issued by the Ministry in July 1986, after a lapse of 6 years, as under :—

"The transport subsidy would not be admissible if the transport costs are subsidised under any other scheme of the Government of India/State Government/any other agency as in the case of wheat supplied by the FCI at a uniform price throughout the country."

In reply to a reference (June 1981) from the Ministry of Industry, the Department of Food wrote (October 1981) that the certificate given by the District Manager, Srinagar, was somewhat involved; the element of notional transport cost involved for movement of wheat from Jammu to Srinagar was not relevant to the issue in the present case as FCI transported the wheat and delivered it at Srinagar; the question of granting further transport subsidy to the Mill by the State Government or Central Government should not arise and the transport subsidy was not justified.

The following points emerge :

— It is a matter of public knowledge that the Central issue prices of wheat are uniform throughout the country. This should have been known to the Ministry when clearance was given to the State Government to reimburse the transportation cost from Jammu to Srinagar.

— Further, at the time of reimbursement of subsidy to the State Government in June 1980, the fact, that the delivery at Jammu rail-head was notional and the subsidy was inadmissible in this case, was known.

The case was referred to the Ministry in September 1986; their comments had not been received (September 1987).

31. Blocking of funds

The Small Industries Service Institute, Agra paid Rs. 1.61 lakhs in March 1959 to the Agra Improvement Trust (now Agra Development Authority) for acquiring 29,197 square yards of land on a lease of 99 years in Vijay Nagar Colony, Agra for construction of office buildings and allied units for the Institute. Though possession of land offered by the Trust was taken by the Institute in July 1963, the lease deed was not executed for reasons not on record. Steps to prevent encroachments on the land by erection of boundary walls or fencing, etc., were also not taken by the Institute. It was only after another 8 years (reasons for the delay not on record) that an estimate for Rs. 24.16 lakhs was got prepared by the Central Public Works Department for construction of buildings including boundary walls and submitted by the Development Commissioner (SSI) to the Ministry in June 1971. The Ministry did not sanction it in the absence of lease deed and the matter was taken up by the institute with the Agra Development Authority in 1976. Meanwhile, the land was found encroached by unauthorised persons as reported (August 1972) by the Institute authorities to the Development Commissioner. The lease deed could not be executed so far (November 1987) since demarcation of the land by the Agra Development Authority was stated to be not feasible till encroachments on the land were got cleared.

Thus, failure to get the lease deed executed in time and to take steps for preventing encroachments has led to the Institute not deriving any benefit out of Rs. 1.61 lakhs paid to the Agra Development Authority over 28 years ago. Besides, it had to spend over Rs. 1.68 lakhs per year on rent of the hired buildings.

The matter was reported to the Ministry in July 1987; reply had not been received (January 1988).

Ministry of Information and Broadcasting

32. Directorate of Field Publicity

32.1 *Introduction.*—The Directorate of Field Publicity (Directorate), initially set up as a Five Year Plan Publicity organisation in 1953, was converted into a full-fledged Directorate in 1959. The objectives of the Directorate are to make people aware of the benefits of the Plan and seek their active involvement in its implementation. It passes on the feed back collected by it through personal contacts, group discussions, debates, public meetings, etc., to the Government. It also carries out campaign in respect of (i) 20-point programme, (ii) National Integration and Communal Harmony, (iii) Family Welfare and Hygiene, (iv) Evils of Dowry, (v) Untouchability, (vi) Prohibition, (vii) Status of Women and (viii) Role of Public Sector, etc. through its 22 Regional Offices and 257 Field Publicity units spread over the country. The total amount spent from year to year on the running of the Directorate ranged between Rs 2.83 crores (1980-81) and Rs. 6.36 crores (1986-87).

32.2 *Scope of Audit.*—The Audit on the performance of activities of the Directorate of Field Publicity was conducted from April 1986 to September 1986, May 1987 to June 1987 and from August 1987 to September 1987; points noticed during Audit of accounts of the Directorate are given in the succeeding paragraphs.

32.3 *Organisational set up.*—The Directorate works through 22 Regional Offices and 257 Field Publicity Units.

32.4 *Highlights*

- — The performance of activities was less than 50 *per cent* in night halts, films shows, photo-exhibitions and oral communications during 1983, 1984 and 1985.
- — No norms were fixed for the Song and Drama programmes.
- — The number of stories filed by the regions ranged between 881 in 1980 and 1545 in 1985 and the units not filing any story was on the average 76 per annum during 1980—85.
- — To gauge public reactions to the Government policies and programmes, the units were to send the Reports to the Directorate. The number of units who did not send reports was on the average 34 per annum during 1983—85.
- — The Report on 'Evaluation of field activities' discontinued from 1985 was started from January 1987.
- — No final decision has been taken by the Ministry for the merger of the two sister organisations. The resultant savings for the merger would have been Rs. 189 lakhs per annum as worked out by the Group.

32.5 *Performance*

32.5.1 It was noticed that during the year 1983, 1984 and 1985 a large number of Field Publicity units had not achieved even the minimum norms fixed for their various activities as shown in Annex-I. The data for the year 1986 was yet to be compiled by the Directorate (September 1987). The Ministry stated (December 1987) that it was not feasible for units to achieve the prescribed norms fixed due to local constraints

32.5.2 The performance of activities was always less than 50 per cent of the prescribed norms during 1983, 1984 and 1985 in (i) Night Halts on tour-4 units of 2 regions i.e. in Arunachal Pradesh and West Bengal (South), (ii) Film shows-4 units of 4 regions in Arunachal Pradesh, Jammu and Kashmir, Madhya Pradesh (East) and Uttar Pradesh (Central East), (iii) Photo Exhibitions-23 units of 9 regions in Arunachal Pradesh, Andhra Pradesh, Assam, Jammu and Kashmir, Karnataka, Madhya Pradesh (East), Manipur and Nagaland, North West and Uttar Pradesh (Central East), (iv) Oral Communications i.e. group discussions, seminar, symposia and citizen information meetings-154 units in all the 22 regions, and (v) other programmes and competitions i.e. debate/elocution contest and essay writing/singing of patriotic songs/ healthy baby shows/calligraphy/painting/dance/drama| fancy dress show, etc.-2 units in 2 regions of Jammu and Kashmir and Uttar Pradesh (Central East).

The Ministry stated in December 1987 that the units were not able to achieve the prescribed norms due to non-availability of new kits, inadequate supply of goods and latest photographs, etc; however, with the receipt of free supply of some exhibition kits by UNICEF and by procuring more kits, the position would improve in the coming years. It was further stated that as the earlier norms for oral communications/group discussions were found to be impractical, it had been reduced to 300 per annum from 1987.

32.5.3 No norms were fixed for the Song and Drama programmes. However, average number of performance per unit per month by the regions in the years 1983, 1984 and 1985 ranged between nil—Arunachal Pradesh and Uttar Pradesh (Central East) and 4—Orissa in 1983; 0.23—Arunachal Pradesh and 7.59—Orissa in 1984 and 0.12—Arunachal Pradesh and 6.22—Madhya Pradesh (West) in 1985. The Ministry stated (December 1987) that the guide lines had since been issued, whereby, each unit was to arrange a minimum of 36 programmes in a year.

32.5.4 Success stories, based on individual or collective achievement in furtherance of the socio-economic development programmes not through departmental effort, but by the common people participating in developmental efforts to achieve self reliance are sent by the different regions. These stories are held as models to others to emulate and are used in oral communication programmes and also sent to other media units for dissemination. The number of such stories filed by the regions ranged between 881(1980) and 1545(1985). The number of units not filing any story was 78,66,71,99,74 and 65 during 1980 to 1985 respectively. Eight units in 4 regions had not filed success stories in any of the 5 years.

The Ministry stated in December 1987 that norms for success stories prescribed in 1982 were deleted from the revised norms prescribed in 1983 and the units became erratic in submitting such reports; however, the norms had again been re-introduced from 1987. Ministry further stated that these units were located in very backward tribal areas and there was no story which could be reported by these units.

32.5.5 One of the functions of the Directorate is to gauge public reactions to Government policies and programmes. This had to be done through reports received from various units. These reports after compilation and consolidation at the Directorate are sent to all Regional Offices/Units and different departments for information and possible follow-up action. This was not being done by the units. The number of units not filing any report was 42.35 and 27 during 1983, 1984 and 1985 respectively. The Ministry stated that in rural and backward areas, public reaction did not change very frequently as things moved at a very low speed; some units did not feel it very necessary to repeat the same reactions again and again.

32.5.6 The Directorate was to monitor field activities of the units every month. The data so collected was to be used to bring out an annual 'Year Book' giving statistical information of the field activities of the units and the regions and an annual 'Evaluation of Field Activities' making out a short critical analysis of activities which were sent to various media units, field publicity offices and the regional offices to identify the shortcomings and to take prompt and vigorous measures to tone up the performance of the units. However, the report on 'Evaluation of Field Activities' was discontinued from the year 1985. At the instance of Audit, the Directorate had started evaluating field activities of the regions monthly with effect from January 1987.

32.6 A Group consisting of representatives from the Mass Media Units headed by the Cabinet Secretary was constituted to consider the question of reorganisation of the Directorate and Song and Drama Division. In their report (October 1985), the Group observed that the publicity being done by the sister organisations was too diffused to be effective. There were villages where the units were not able to visit at all and even in the case of those villages covered by the units there was either no subsequent follow up of their visits or the gap between the visits was so long that the impact of publicity was lost . The two organisations were required to publicise large number of themes; the group felt that general publicity of that nature was not productive and on the contrary meant diffusing away the energies of the units. The Group also recommended that (i) the two sister organisations may be merged together to form a new organisation under the name of 'Directorate General, Public Relations', (ii) Publicity may be concentrated in selected areas where there is need for such publicity like areas with low levels of literacy and economic or social backwardness and areas where sophisticated means of publicity like AIR and Doordarshan have not been tapped and therefore, inter-personal publicity can prove to be effective; (iii) only a few themes such as, removal of social evils, communal harmony, economic development, national integration, family welfare, etc. should be taken up for publicity; the units should select themes which are required to be publicised in a particular area, (iv) the departmental troupes and Sound and Light Units may be abolished, Armed Forces Entertainment Wing Troupes and Rabindra Rangshala may be transferred to Ministry of Defence and Department of Culture respectively and (v) a Fitment Cell may be created in the Ministry to recommend fitment of administrative and programme staff.

The resultant savings on reorganisations of the two sister organisations, as worked out by the Group, was about Rs. 189 lakhs per annum. The reorganisation is, however, yet to be done. The Ministry stated in December 1987 that the recommendations for the merger of Song and Drama Division with the Directorate were discussed on 1st January 1987 in a meeting chaired by Minister for Information and Broadcasting and based on these discussions, a revised proposal was considered by the commitee of the Secretaries on 23rd March 1987 when it was decided that (i) the Song and Drama Wing and the Field Publicity Wing would function under a common head of the level of the Director, (ii) the Departmental troupes of the Song and Drama Division may not be abolished at present but may be phased out over a period of time with no fresh recruitment for such troupes and Rabindra Rangshala should be transferred to Department of Culture. It was further stated that majority of the above decisions had already been implemented or were being implemented; however, the only issue which had not been found feasible for implementation immediately was regarding concentration of publicity efforts in tribal, hilly and border areas by moving units to these specific areas from other regions as it involved uprooting of a large number of existing units requiring large scale movement, finding of accommodation for offices and staff at new places. Therefore, Government had not yet taken a final view on this aspect of the reorganisation.

ANNEXURE I

Statement showing number of units giving performance less than the prescribed norms

Attainment of norms	Activity		Night halts on tour	Film shows in areas other than difficult areas			Film shows in difficult areas			Photo Exhibitions			Oral Communication			Other programmes and competitions		
	Norms per annum		120 days	360 shows			300 shows			180 days			Group dis-cussion. 600 Seminar 1 Symposia 1 Citizens Infor-mation Forum 4 TOTAL 606			(a) Debate/ Elocution contest. 1 (b) Competi-tions: *viz.* essay writ-ing/singing of patriotic songs/healthy baby show/ caligraphy/ painting/ dance/drama/ Fancy show etc. 1 2		
	1983	1984	1985	1983	1984	1985	1983	1984	1985	1983	1984	1985	1983	1984	1985	1983	1984	1985
	(Number of units)																	
(In percentage)																		
Units reporting below 30.	9	13	11	4	4	2	2	2	3	42	37	20	206	95	62	77	31	17
Between 31—50	11	6	10	10	18	9	3	4	1	60	52	24	50	114	98	12	15	14
Between 51—99	97	109	119	115	128	130	38	44	36	142	149	136	1	48	97	..	..	..
Total units showing less than prescribed norms	117	128	140	129	150	141	43	50	40	244	238	180	257	257	257	89	46	31

33. Non-utilisation of slide-projectors

The Directorate of Advertising and Visual Publicity (DAVP) purchased 10 Synchronished Slide Projectors in February 1981 valuing Rs. 1.09 lakhs on a single tender basis for use by its Family Welfare Exhibition Units with a view to giving additional dimensions to their exhibitional activities.

These Projectors remained un-utilised for over 6 years because of DAVP's inability to generate or procure suitable audio-visual programmes. Thus, the expenditure of Rs. 1.09 lakhs proved to be infructuous as the family welfare exhibitions on these projectors could not be held during the period from February 1981 till date (November 1987).

Ministry stated in July 1987 that efforts made by the DAVP to generate or procure suitable audio-visual programmes through outside agencies since March 1980 to March 1986 proved futile. Ministry further stated in November 1987 that necessary instructions had been issued to DAVP to follow the prescribed purchase procedure scrupulously in all cases. Efforts were being made by DAVP to produce audio-visual programmes itself. As the Exhibition Division of DAVP was involved in some important assignments; the audio-visual programmes could not be procured or produced as scheduled. The Exhibition Division of DAVP would now be in a position to procure or produce these programmes on family welfare by the end of December 1987.

The case brings to light that the equipment purchased more than 6 years back for family welfare programme had not been put to use due to failure to develop a suitable programme.

Ministry of Surface Transport

34. Tardy implementation of Solatium Fund Scheme

Against the background of a large number of road accidents by motor vehicles, the victims of which were generally pedestrians belonging to the less affluent section of the society, the Motor Vehicles Act, 1939 was amended in 1982 to secure not only strict enforcement of road safety measures but also to make as a measure of social justice, suitable provision for compensation. One of the measures taken was by way of payment of solatium in cases in which the identity of the vehicle causing accident is not known. As per provisions of the Act, the amount of compensation in respect of death of any person resulting from a hit and run motor accident is a fixed sum of Rs. 5,000 and in respect of grievous hurt a fixed sum of Rs. 1,000.

The Solatium Fund Scheme came into effect from 1st October 1982. The scheme was to be administered by an authority to be called as 'Solatium Fund Authority' with the Joint Secretary in the Ministry of Transport as Chairman and comprising nominees of various interests like Insurance, Road Transport Commissioners, etc.

The Act provided that the Solatium Fund shall be made out of contributions from the General Insurance Corporation of India and the Insurance Companies carrying on general insurance business, the Central Government and such sums as the State Governments from time to time may contribute. The initial Fund was to be of the order of Rs. 1 crore. Till 31st March 1987, a sum of Rs. 482.02 lakhs had been contributed to the Fund comprising annual contributions of Rs. 70 lakhs by the General Insurance Corporation of India and its subsidiaries, Rs. 15 lakhs by the Central Government and Rs. 15 lakhs from State Governments. Some State Governments were in arrears in the matter of payment of contributions. An amount of Rs. 37.60 lakhs had been earned as interest on the accumulations up to 31st December 1986.

Out of the amount of 519.62 lakhs in the Fund, the Authority had placed at the disposal of State Governments a sum of Rs. 108.01 lakhs up to 31st March 1987. The State Governments had utilised Rs. 53.44 lakhs and the balance of Rs. 54.57 lakhs representing more than 50 *per cent* of the total allocations was lying unutilised. In various instructions issued by the Authority as well as in various meetings of the Authority, the need for expeditious disposal of cases was emphasised, considering that compensation to the victims was designed to provide immediate financial relief to the victims and dependents of those involved in hit and run motor accidents. As at the end of March 1987, against 2415 cases received by various States, only 1704 cases had been decided and 1269 claimants were benefited. 711 cases (more than 29 *per cent* of total number of cases) had yet to be decided. Out of total accumulations of Rs. 519.62 lakhs, an amount of Rs. 411.61 lakhs was lying unutilised in the Fund.

The expenditure incurred on publicity of the Solatium Fund Scheme from October 1982 to March 1987 was Rs. 1.64 lakhs.

A random review of the position of outstanding cases in the Union Territory of Delhi revealed that as on 31st March 1987 payment of solatium had not been made in 78 cases against 153 cases received. Out of these, 7 cases were pending for 6 months from the date of submission of the application, 15 cases were pending for period exceeding 6 months and up to 1 year, 39 cases were pending for over one year and 17 cases were more than two years old.

The actual disbursements made by the State Governments were got audited in 14 States/UTs by the Authority and it was found that in 11 States/UTs wrong payments to the tune of Rs. 1.62 lakhs had been made. The wrong payments were mainly due to one or the other following reasons :—

(a) The hitting vehicle had been identified and as such, the cases were not covered under "hit and run" accidents.

(b) The payments were made to those who were not actually entitled to receive it.

(c) Fraudulent payments.

(d) The injury/death was not established as due to accident.

The Authority had written to the State Governments either to justify the payments or to recover the payments. In most of the cases, no replies had been received (March 1987). In reply the Ministry stated in November 1987 that :

— the shortfall in expenditure might be considered as due to less number of claims preferred or less number of hit and run accidents happening and reported and that lesser number of such accidents was a pointer of road safety;

— certain amount of funds would always remain unutilised at any point of time and also there were delays on the part of the claimants to collect payment;

— the publicity on the scheme was taken up right from commencement in October 1982;

— a full review of the scheme including the various aspects of implementation, particularly the level of solatium was decided by the Authority to be done in the light of some experience of its functioning; and

— it had been decided that the work relating to Solatium Fund Authority should be entrusted to the Life Insurance Corporation of India/General Insurance Corporation of India.

The reply of the Ministry has to be viewed in the light of the following :

— The number of road accidents had increased from 1.75 lakhs in 1983 to 2.11 lakhs in 1986 and the number of persons died in road accidents was reportedly 40,000 in 1986.

— Against an accumulation of Rs. 519.62 lakhs in the Solatium Fund, an amount of Rs. 411.60 lakhs was remaining unutilised and against the release of Rs. 108.01 lakhs, the utilisation was Rs. 53.44 lakhs and the percentage of utilisation in the first four years was very marginal.

Since the success of the scheme is dependent on making the public aware of the facility, expenditure on publicity of Rs. 1.64 lakhs has to be considered as inadequate.

35. Loss of freight charges in chartering a ship

Shipping arrangements for all Government owned/controlled cargoes on account of Ministries/Departments of the Government of India, State Governments, Public Sector Projects and Undertakings like STC, MMTC etc. are made through Shipping Coordination and Chartering Organisation (Transchart) in the Ministry of Surface Transport.

In response to a request from the MMTC for chartering a ship for the transport of 20,000 tonnes of urea from Rostock to India (lay days 25th February/10th March 1985), the offer of firm 'G' for a Greek ship for US $ 26.50 per long ton was accepted and the Charter Party was confirmed on 22nd February 1985.

In terms of clauses 18(b) and 18(d) of the Charter Party freight is deemed to be earned upon safe arrival of the vessel and the cargo at the first or sole discharge port, though payment of 90 *per cent* of the freight in advance was provided.

The vessel sailed on 20th March 1985 with the cargo. While *en route* to India, the vessel was diverted to Pylos (Greek Port) where it arrived on 5th April 1985, in breach of the Charter Party. A sum of US $ 4,22,594, representing 90 *per cent* freight charges was paid to the credit of a specified account at bank 'W' at London against a debit note raised by the brokers on 22nd March 1985.

On 30th April 1985, it was learnt from the brokers of the vessel that the vessel had been arrested at Pylos on 25th April 1985 under the orders of the Court in Greece on an application moved by Bank 'A' with whom the vessel was under mortgage. The owners had not informed the Government (the Charterers) of these developments. The vessel was to be auctioned on 16th June 1985. According to a preliminary report made by the Attorney :

(i) The vessel was heavily mortgaged with Bank 'A' and also burdened by other registered debts and/or provisional arrests.

(ii) There was a possibility of fraud on the part of the owners, as at the time of the negotiating/fixing their vessel and receiving the freight, the owners had been fully aware of their financial situation.

The vessel was purchased at the auction on 16th June 1985 by an Indian Company. Thereafter, the ship sailed for India alongwith the cargo for which Rs. 49,13,206 were paid as freight charges.

The Government suffered the following losses in the process :

(i) 90 *per cent* freight payment of US $ 4,22,594.

(ii) (a) loss suffered for late delivery of cargo Rs. 10 lakhs;

(b) loss in value of cargo on account of deterioration in quality due to enforced delay while on board · Rs. 10 lakhs;

(iii) extra freight paid on shipment; and

(iv) legal costs including amount of Rs 25,000 paid to the attorneys in Athens and payment of £28,955 to the London solicitors.

The Ministry of Surface Transport had stated in October 1985 that in tramp chartering, the offers and counter-offers were given for a very limited period and there was no time available to conduct any investigation for verification of the financial position of the owners.

The following points were raised by Audit :

(a) Whether the question of filing a claim for recovery of freight charges before the Court that ordered hull attachment was considered and what were the priorities of liens on the sale proceeds ?

(b) When the arbitration against the owners was commenced and when was it decided not to proceed further ?

(c) Whether a claim against bank 'W', to whom 90 *per cent* freight was paid, was raised ?

In reply to the above, the Ministry clarified as under :

(a) Generally the wages of crew enjoyed the highest priority followed by any other dues of the crew, port dues and charges for services rendered to the ship, mortgagee's debts, etc. According to Government's solicitor and the Greek lawyer employed by the Government of India, the Charterer's claim for recovery of 90 *per cent* freight from the sale proceeds of the vessel in Greece before the court came under Greek Law for priority and mari-time lien. It was considered, in consultation with the Greek Law firm, that the claim could not rank in priority over the mortgagee's debt before the Greek Court. However, at the time of auction the claim was announced to the auctioneer, but the latter, as per law, did not rank the same in the list of creditors. Thus, the claim for recovery of freight from sale proceeds was not tenable.

(b) The arbitration was commenced against the owners immediately after the arrest of the vessel. It had not been formally discontinued and, therefore, the arbitration was still pending. According to the London solicitors, the arbitration had been commenced but not proceeded with because there was no point of incurring cost in obtaining an award if the chances of recovery under the award were nil.

(c) The Government's solicitors were corresponding with Bank 'W' and also with the counsel of Government for commencing the proceedings. It was expected that the claim would be shortly filed in the Court.

The following points emerged :

Freight is earned upon the safe arrival of vessel and cargo at the first or sole discharge port. Although advance payment of freight was made to get a competitive quotation, the payment was not adequately secured notwithstanding the fact, that the owner's financial position had not been verified and, consequently, Government was put to substantial loss.

The matter was reported to the Ministry in August 1987, but their comments had not been received (December 1987).

Ministry of Tourism

36. Observations as a result of a general review

36.1 *Introduction.*—The Department of Tourism, under the Ministry of Tourism, is responsible for the formulation and implementation of policies and programmes for the development of tourism within the country through development of tourist facilities and coordination of activities of various segments of travel trade such as hotels and travel agents. The following public sector undertakings/autonomous bodies function under the Ministry :—

India Tourism Development Corporation (ITDC)

Institutes of Hotel Management, Catering Technology and Applied Nutrition.

Food Craft Institutes.

National Council for Hotel Management and Catering Technology.

Indian Institute of Tourism and Travel Management.

36.2 *Budgetary provision.*—The approved Sixth Plan outlay in respect of the Ministry of Tourism (including the Directorate General of Tourism/ITDC) was Rs. 25 crores against which an expenditure of Rs. 21.11 crores was incurred. The approved Seventh Plan outlay of the department is Rs. 68.68 crores against which the expenditure till March 1987 was Rs. 31.27 crores.

The summarised position of actual expenditure incurred by the department during the last four years against grant/appropriation was as follows :—

Year	Total grant	Actual expenditure	Excess(+)/ Savings(—)
		(Rupees in lakhs)	
1983-84			
Revenue	913.13	902.18	(—)10.95
Capital	1514.03	1157.19	(—)356.84
1984-85			
Revenue	1184.74	1172.23	(—)12.51
Capital	1161.03	712.58	(—)448.45
1985-86			
Revenue	1820.42	1474.74	(—)345.68
Capital	1341.80	1283.26	(—)58.54
1986-87			
Revenue	2287.81	2276.44	(—)11.37
Capital	1106.00	1108.16	(+)2.16

The savings in 1983-84 to 1985-86, were explained as mainly due to (i) economy cut on expenditure (ii) deferment of certain schemes (iii) slow progress in opening of new institutes and (iv) slow pace of expenditure on construction of Youth Hostels in the North Eastern Region.

Financial irregularities and defects noticed during the local audit of the Ministry of Tourism and its subordinate offices/organisations in India and abroad were included in the Audit Inspection Reports issued from time to time. As on 30th June 1987, settlement of 33 Inspection Reports containing 116 paragraphs issued to various heads of offices under the Ministry up to 31st December 1986 were pending till 30th June 1987, year-wise details of which are given in Appendix III.

A few interesting points noticed in Audit are discussed below :

36.3 *Expenditure on overseas promotion.*—The promotional activities, in the field of tourism, are to project India's image abroad so as to attract foreign tourist (tourism being a major source of foreign exchange earnings). The expenditure incurred in this regard in the UK, Europe, America, East Asia, Australasia and West Asia, tourist arrivals and foreign exchange earnings were as under :

Year	Expenditure (Rs. in lakhs)	Percentage increase over the previous year	Tourist arrivals (In lakhs)	Percentage increase over the previous year	Foreign exchange earnings (Rs. in crores)	Percentage increase over the previous year
1982-83	46.60	..	6.43	..	1130.60	..
1983-84	66.70	43.13	6.57	..	1225.00	8.35
1984-85	94.06	41.02	6.16	(—)6.24	1300.00	6.12
1985-86	301.44	220.48	6.24	1.30	1460.00	12.31
1986-87	637.08	111.35	8.40	34.62	1780.00	21.92

It will be seen that the percentage of growth of expenditure incurred on promotional activities of tourism in the six operational regions was much higher than the percentage of increase in earnings on foreign exchange and the number of tourist arrivals.

The Ministry stated (January 1988) that the percentage increase in expenditure figures were worked out on a much lower base than those of tourist arrivals and of foreign exchange earnings and as such their comparison was not compatible. Further, outlay on tourist promotion incurred by India was much lower as compared to similar expenditure incurred by other countries.

36.4 *Expenditure on 'Follow the Festival' campaign.*—Government sanctioned (July 1986) a sum of Rs. 125 lakhs in foreign exchange for a press media campaign in the USA prepared by an agency 'T', and released through firm 'M' although the department had already arrangements with firm 'V' as a media agent. The media schedule listed names of eight publications through which the advertisement was to be made.

On receipt of the aforesaid sanction, the Regional Director, Tourist Office, New York opined (August 1986) as under in respect of some of the publications listed for the campaign :

(a) Magazine "A" (expenditure : $ 3.72 lakhs for 3 insertions). Although the journal had a wide circulaton it was mainly amongst schools, colleges and libraries. It was not considered a good vehicle for reaching the target audience of travellers for India.

(b) Magazine "B" (expenditure · $ 0.88 lakh for 2 insertions). It was mainly geared to national travellers and did not draw very much of international advertising.

(c) Magazine 'C' (expenditure : $ 0.56 lakh for 2 insertions). This also figured low in importance.

Thus, the expenditure aggregating US $ 5.16 lakhs was through journals which were considered as not so effective.

36.5 *Infructuous expenditure on production of India diaries,* 1987.—The department incurred an expenditure of Rs. 18.66 lakhs on production of 16,000 India diaries during 1986-87. Out of the first print of 15,000 diaries, 12,807 had been distributed till December 1986 leaving a balance of 2193. 1000 diaries were purchased in March 1987. Out of 3193 diaries in stock, 1710 diaries were distributed till 30th June 1987 and 307 diaries were presented to VIPs and foreign guests between July and November 1987, leaving a balance of 1176 diaries on 30th November 1987. Thus, an expenditure incurred on 1176 diaries still lying in stock (December 1987) amounting to Rs. 1.38 lakhs proved infructuous.

The order for printing the diaries was placed on an agency at Delhi. Payment of freight charges should have been normally restricted from Delhi to the Faridabad depot. In the absence of a specific provision limiting the liability on freight charges, the department had to pay freight charges amounting to Rs. 0.50 lakh from Bombay to Faridabad.

The Ministry stated (January 1988) that the intention was to meet the actual expenditure from the printing press in Bombay to the Literature Distribution Centre at Faridabad, though this was not specifically mentioned in the sanction. This requirement would be kept in mind for future guidance.

36.6 *Accumulated stock of brochures, posters, pamphlets, etc.*—Details of the balances of publicity material lying in stock at the Distribution Centre, Faridabad were as under :

Year when the publications were printed	Balance in stock as on 30-6-1987
	(Quantity in lakhs)
Between 1972 to 1976	2.70
Between 1977 to 1981	0.78
Between 1982 to 1986	51.89
In 1987	11.54
Total	66.91

A sample review of the stock in hand, carried out by Audit, of the publications/brochures/pamphlets which were printed in large numbers, revealed that on an average only 7 *per cent* of such publications printed during 1983 and 1984 and only 9 *per cent* of those printed in 1985 were issued as shown below :

Year	Quantity printed (In lakhs)	Balance as on 30th June 1987 (In lakhs)	Quantity issued till June (In lakhs)	Percentage of annual issues
1983	7.00	4.50	2.50	7
1984	11.50	8.26	3.24	7
1985	14.25	10.38	3.87	9

The Ministry stated (January 1988) that the stock position of older material as on June 1987 had been reviewed and distribution was being undertaken for optimum utilisation of stock. The distribution procedure was also being streamlined.

36.7 *Payment of agency commission to I.F.C.I.*—The department had a "Hotel Development Loan Fund Scheme" under which loans were released for construction of hotels. The scheme was transferred to the Industrial Finance Corporation of India (IFCI) in 1974. The responsibility for recovery of the loan released earlier together with interest thereon was also entrusted to the IFCI on an agency basis. The agency commission payable was 0.5 *per cent* on the outstanding amount of loan and interest. When the scheme was transferred to the IFCI (January 1974), the amount of outstanding loan and interest was Rs. 5.26 crores. The balance of loan and interest outstanding as on 1st April 1987 was Rs. 153.47 lakhs.

During 1975-76 to 1986-87, agency commission amounting to Rs. 23.97 lakhs was paid to the IFCI. It was noticed that no amount of principal or interest had been recovered during the last 12 years from the companies 'A' and 'K', but agency commission had been paid to the IFCI although the commission should be related to recoveries effected through the IFCI.

The Ministry stated (January 1988) that as per position on 31st December 1987 some recoveries of principal from company 'A' and interest from company 'A' and 'K' had been made. The modification was not acceptable to IFCI. Efforts were still under way to reconcile the position.

36.8 *Excess release of grants-in-aid to the Indian Institute of Tourism & Travel management.*—Grants-in-aid amounting to Rs. 17.91 lakhs were released to the Institute during 1982-83 to 1985-86 against which an expenditure of Rs. 15.64 lakhs was incurred leaving an unspent balance of Rs. 2.27 lakhs. During 1986-87, an amount of Rs. 6.75 lakhs was released (account is awaited).

The following observations are made :—

(i) Out of grants-in-aid of Rs. 4.70 lakhs released in March 1983, an expenditure of Rs. 5.59 lakhs was incurred, leaving a balance of Rs. 4.11 lakhs;

(ii) In subsequent years also grants were sanctioned in excess of actual requirements; and

(iii) During 1982-83 and 1983-84, expenditure was mainly on pay and allowances and no training programmes were arranged. The Institute, therefore, did not perform the functions assigned to it during 1982-83 and 1983-84.

Althogh 9 posts of staff functionaries had been filled in, the 4 teaching posts of professors were lying vacant since beginning (January 1983).

In 1984-85, 4 seminars and 4 Executive Development Programmes (EDPs) were organised, but the number declined to 4 for a total duration of 22 days in 1985-86.

The Ministry stated (January 1988) that duration of training programme, courses and workshops organised by the Institute had increased to 37 days in 1986-87.

36.9 *Release of grants-in-aid in excess of requirement.*—The Department of Tourism discharges the responsibility of training manpower for the Hotel and Catering Industry with a view to professionalising the work force. There are 12 diploma level institutes.

Besides, there are also functioning under the Department Food Crafts Institutes imparting training in cookery, bakery and confectionery, house keeping, restaurant and counter service, reception, book keeping, etc. A review of the grants-in-aid released to various Institutes of Hotel Management, Catering Technology and Applied Nutrition and Food Crafts Institutes revealed that contrary to the codal provisions, grants-in-aid were sanctioned to the Institutes in excess of their actual requirements and large balances were lying unutilised with them. The extent of unutilised balances of grants-in-aid given to the Institute of Hotel Management and Catering Technology & Applied Nutrition, New Delhi were as under :

Year	Amount released	Unutilised balance
	(Rupees in lakhs)	
1982-83	20.94	61.51
1983-84	23.60	63.20
1984-85	45.28	85.21
1985-86	29.54	75.93

The extent of unutilised balances of grants-in-aid lying with the other Institutes varied from 8 *per cent* to 85 *per cent* of the grants given. Grants-in-aid amounting to Rs. 37.60 lakhs were released to the Food Crafts Institute, Goa during 1984-85 which were lying unutilised (September 1987).

The Ministry stated (January 1988) that major portions of the unutilised grants had been deposited with CPWD/PWD, from whom accounts were awaited and against an unspent balance of Rs. 31.57 lakhs in respect of Food Crafts Institute, Goa a sum of Rs. 29 lakhs now stood deposited with PWD.

36.10 *Non-clearance of time barred cheques*—During test-check of the accounts of the Pay and Accounts Officer (Tourism), it transpired that cheques amounting to Rs. 4.46 lakhs had become time barred and action to cancel them had not been taken (September 1987).

36.11 *Heavy outstandings under Objection Books*—Amounts passed for payment are noted in the Objection Book to watch the receipt of detailed bill, sub-vouchers, payee's stamped receipt, sanction, etc. It was observed that an amount of Rs. 188.07 lakhs was lying under objection in the books of the Pay and Accounts Officer (PAO), Department of Tourism (at the end of March 1987) as below :

Year	No. of items	Amount (Rs. in lakhs)
1976-77	9	72.10
1977-78	5	13.60
1978-79	11	43.55
1979-80	4	25.18
1980-81	10	18.63
1981-82	2	15.01
	41	188.07

The Objection Books from 1981-82 onwards were not maintained.

The Ministry stated (January 1988) that although the Objection Book (OB) existed for the period subsequent to 1981-82, no item seemed to have been kept in the OB by the PAO.

Ministry of Urban Development

37 Losses in the stocking and sale of departmental publications

The Department of Publications under the Ministry of Urban Development is a centralised organisation dealing with the stocking, sale, distribution, advertising and cataloguing of publications brought out by the Ministries/Departments of the Government of India. If a Ministry/Department, sponsoring a publication of a book/periodical desires that the publication in question be released, stocked, sold and distributed by the Department of Publications, a copy of the letter of allotment of press together with a copy of the requisition of the sponsoring department is forwarded by the Printing Directorate to the Publication Department. The Department of Publications allots symbol number of book/periodical and places print order on the allotted press. On completion of the job the priced copies are despatched by the press direct to the Publication Department for stock, sale and distribution after setting apart the number of copies for departmental use, as indicated in the requisition.

37.1 *Accumulation of old publications*—A test-check by Audit of the Stock Registers in respect of 15 sponsoring departments in the wholesale and retail sections of the Department of Publications revealed that as on 31-3-1987, 4.96 lakh books/periodicals under 346 titles valuing Rs. 62.58 lakhs which were brought on stock prior to March 1984 were lying unsold in the godowns for periods ranging between three and above fifteen years as under :

Age of books/periodicals	No. of books/ periodicals	Value of the periodicals/ publications
	(In lakhs)	(Rs. in lakhs)
3 to 4 years	3.49	49.63
4 to 10 years	0.31	4.27
10 to 15 years	0.65	6.29
Above 15 years	0.51	2.39
Total	4.96	62.58

Rules 2 to 4 of the Rules for Weeding out/Surplus/ Obsolete Publications, 1978 provide that Class A-1 periodicals (i.e. weekly, fort-nightly, monthly, quarterly, half yearly and annual) should be declared as obsolete, 12 months from the date of publication and Class A-2 periodicals (i.e. periodicals with a periodicity of two years or more) on receipt of subsequent edition. Periodicals declared as obsolete should be weeded out and disposed of as waste paper except where the Ministry/Department responsible for the publications for its own use or for distribution to other offices. Ten copies each are, however, to be retained for a further period of 2 years after which they may be finally disposed of.

Rule 5 further provides that the first review of one time publications for classifying the publications obsolete should be made immediately on completion of 3 years from the dates of publication. If the sale figure of publication in the third year is not more than 10 *per cent* of the print order, the publication shall be classified as obsolete and ripe for weeding out. In case the sale figure in the third year is more than 10 *per cent,* the position shall be reviewed after one year and every year thereafter till the sales in a year come down below 10 *per cent* when the publication shall be classified as 'obsolete'.

A review of the total number of copies earmarked for sale and their balance as on 31st March 1987 in respect of 68 titles as on March 1987, revealed the following picture :

Sale position of books/ periodicals	Total titles	No. of copies			Value of balance publications
		Printed	Sold	Balance	
					(Rs. in lakhs)
Sale less than 25 *per cent*	19	1,25,050	16,009	1,09,041	12.96
Sales between 25 and 35 *per cent.*	15	61,000	17,755	43,245	4.26
Sales between 35 and 50 *per cent*	34	1,88,550	79,740	1,08,810	12.01

A further analysis made by Audit revealed that in the following cases the number of copies sold during 1984-85 to 1986-87 was insignificant as compared to copies lying in balance :

Sl. No.	Symbol	Titles	Balance of books in hand as on 31-3-1987	Break up yearwise sale		
				1984-85	1985-86	1986-87
1.	PAG	11	29367	Nil	Nil	225
2.	PAGR	50	17325	100	491	409
3.	PIMP	1	200	Nil	Nil	Nil
4.	PAMA	4	2001	23	2	50
5.	FRI	37	41101	794	550	1150
6.	PCT	3	850	Nil	Nil	Nil
7.	PCCIE	18	35010	Nil	149	Nil
8.	PCMD	3	7299	Nil	501	Nil
9.	PDI	41	66902	925	Nil	100
10.	PCBR	7	12316	245	Nil	Nil
11.	PDPP	1	800	Nil	Nil	Nil
12.	PDRB	2	5782	Nil	Nil	Nil
13.	PDS	18	24377	1810	Nil	Nil
14.	PFD	70	169293	700	800	1100
15.	PHD	80	83701	350	Nil	80

A further scrutiny conducted to assess whether the periodical reviews for declaring titles as obsolete was carried out regularly or not revealed the following position :—

Year of issue/ print order	Number of titles and copies due for review		Number of titles and copies declared as surplus/obsolete	
	Titles	Copies	Titles	Copies
		(In thousands)		
Upto 1976-77	95	179	Nil	Nil
1977-78	30	81	Nil	Nil
1978-79	42	42	Nil	Nil
1979-80	27	52	Nil	Nil
1980-81	17	25	Nil	Nil
1981-82	20	14	Nil	Nil
1982-83	15	21	Nil	Nil

It will be seen from the above that the periodical reviews were not conducted on time.

Rule 6 provides that in the case of obsolete publications, earmarked for weeding out, the Controller of Publications shall immediately inform the concerned department of his intention to weed out the publications and request the department to let him know within a month, the number of copies of the publications which it would like to have for its own use, and also a list of addresses to which it would like to have the copies of the publications mailed free. If he does not receive any reply within 30 days of his communication, the Controller shall, without making any further reference to the Administrative departments concerned, presume that the departments concerned, have nothing to say in the matter and proceed to weed out the publication. Failure to take prompt action to declare the 346 titles valued at Rs. 62.58

lakhs, referred to earlier, as obsolete/surplus had resulted in substantial blocking up of space at Sale Counters i.e. in Civil Lines, Delhi, Kitab Mahal, New Delhi, Book Depot, Calcutta, etc.

In respect of some publications which were brought out monthly and year to year basis, it was noticed in test check by Audit that the number of copies sold were insignificant in relation to the number of copies ordered for sale.

	Symbol
1. Agriculture Situation in India	PAGR
2. Reports of the National Commission on Agriculture Rainfall.	PAGR
3. Monthly Statistics of the Foreign Trade in India	PDGCIS
4. Public Enterprises Survey	PFD
5. India Textile Bulletin	PCT.

In these cases, the Department of Publications had failed to advise the sponsoring departments of its inability to sell the priced publications and accepted the requisition order as a matter of routine.

37.2 *Non-release of publications resulting in blocking of funds—Rs.* 10.29 *lakhs*—During test-check, it was found that out of 81448 books under 68 titles (47177 books printed for free supply and 34271 books for sales), by various presses during 1980-81 to 1986-87, 34271 books earmarked for sale had not been released for sale by the department so far (June 1987). No reasons for the same were available. This had resulted in blocking of Government money to the extent of Rs. 10.29 lakhs. The age-wise break-up of these books/periodicals is given below from which it will be seen that 32247 books (60 titles) valued at Rs. 8.21 lakhs were printed and received in the Department of Publications more than three years ago. In the case of 2024 books (8 titles) their date of receipt from the presses was not known.

Publications awaiting release	No. of books	Amount (Rs. in lakhs)
(i) Awaiting release from one month to one year.	23,372	5.89
(ii) Awaiting release from 2 years to 3 years.	4,465	1.18
(iii) Awaiting release for more than 3 years.	4,410	1.14
	32,247	8.21

37.3 *Loss of Rs.* 6.98 *lakhs due to infringement of copyright.*—Under the provisions of the Indian Copyright Act, 1914 (replaced by Act of 1957), copyright in Government publications vests in the Government of India and any reproduction without its consent, of a work published by Government, ordinarily constitutes an infringement of copyright. The Government of India can, however, grant permission to the public subject to certain exceptions/conditions to reproduce (i) any matter which has appeared in Gazette of India (ii) Acts of Indian Legislature (iii) Vernaculars of Acts or Bills of the Indian Legislature and reports of any Committee appointed by the Government of India or the Indian Legislature. Permission to reproduce other Government publications can be given in special circumstances by the department.

It was, however, observed that in violation of the above provisions, private publishers were publishing Government publication. As a result of this twelve publications got printed by the department could either not be sold or their sale was less than 10 *per cent* of stocks. Since these publications had become out-dated with the issue of amendments from time to time the possibility of their being sold in future was remote. Thus, Rs. 6.98 lakhs being the value of these books is likely to be a loss to Government.

A review of the records of the department revealed that action for infringement of copyright had been contemplated in the case of two publications (May 1987). Action taken in other cases, if any, was not known.

37.4 *Suspected loss of Rs.* 1.20 *lakhs due to short receipt of publications.*—The Government of India Press sends all copies of printed material to the Department of Publications, (Stock Receipt and Return Section) Civil Lines, Delhi for stocking, sale and distribution to the Sale Counters, Retail Store Section and Wholesale Store Section, etc. It was seen from the challans for distribution, that in case of 181 publications, copies sent to the Wholesale Stores Section in April 1985 or thereafter were short acknowledged by it by 5679 than those shown in the challans. These shortages (value : Rs. 1.20 lakhs) had neither been traced nor reconciled so far (June 1987). Loss of these books in transit or their pilferage is not ruled out.

37.5. *Delay in realisation of revenue* (*Rs.* 1.93 *lakhs*) *due to non-disposal of weeded out publications*—While the publications weeded out in 1984-85 were disposed of as waste paper at Rs. 3.15 per kilogram during 1985-86, the same weeded out during 1985-86 weighing 612.82 quintals were not disposed of so far (June 1987). At the rate of the last sale price non-disposal had resulted in non-receipt of revenue to Government of Rs. 1.93 lakhs.

Scrutiny of the records revealed that (a) publications weeded out in the Sales Depot, Calcutta since 1980 had not been disposed of till April 1987 and (b) publications weeded out in Kitab Mahal, New Delhi during 1984-85 had not been sent to weeding section so far and were occupying space in Kitab Mahal.

The matter was referred to the Ministry of Urban Development in August 1987; their comments had not been received (November 1987).

38. Losses and irrecoverable dues, written off/waived and *ex-gratia* payments made

A statement showing losses and irrecoverable revenues, duties, advances, etc. written off/waived and *ex-gratia* payments made during 1986-87 is given in Appendix IV to this Report.

CHAPTER V

WORKS EXPENDITURE

Ministry of Energy

39. Idle manpower

With the completion of different stages of construction works on Beas Project between 1974 and 1983, the staff became surplus to requirement during April 1979, July 1982 and September 1982. The surplus staff consisted of employees directly recruited by the Board (537 numbers) and those who had been posted on the Project by the participating States (108 numbers).

Surplus employees recruited by the Board were reportedly not retrenched under instructions from the Ministry of Energy with the expectation of absorbing them in Bhakra Beas Management Board. The participating State Governments were reluctant to take back their employees from the project on the plea that the decision on retrenchment/adjustment of the employees recruited by the Beas construction Board was pending. Delay in reaching a decision regarding retrenchment/repatriation/adjustment resulted in avoidable expenditure of Rs. 2.35 crores up to August 1985. 71 employees were yet (November 1986) to be retrenched/repatriated/adjusted.

The matter was reported to Government in November 1987; reply had not been received.

Ministry of Surface Transport

40. Loss due to damage/collapse of newly constructed bridges on National Highways

To develop and maintain the national highways is the responsibility of the Central Government under Section 5 of the National Highways Act, 1956. Road construction works are executed by State Governments on agency basis, which are provided with funds by the Ministry of Surface Transport (Roads Wing). Regional Officers of the Roads Wing render help to the State Public Works Departments in planning, field investigation, preparation of detailed project reports and execution of original works on national highways. These officers oversee the execution of all Centrally financed road and bridge works, by undertaking frequent inspections, with a view to ensuring effective quality control and timely execution of sanctioned jobs.

Three bridges on national highways, two in Tamil Nadu and one in Bihar, constructed during 1972-77, at a total cost of Rs. 24.14 lakhs, were damaged within one to five years of their completion and opening to traffic. One more bridge on National Highway-2 in Uttar Pradesh constructed during 1963-69 started showing signs of distress nine years after its opening to traffic. The details of the cases are given below :—

(1) Tamil Nadu

A. *Bridge at km. 51/6 on National Highway-5.*—The bridge, consisting of 7 spans of 12.2 metre each, with T-beam-cum-slab as per Government of India's standard drawing, was sanctioned for Rs. 6.83 lakhs in August 1969, to replace the old arch bridge (80-100 years old) which was not adequate to handle the traffic. The bridge was completed at a cost of Rs. 9.65 lakhs in 1972.

During the normal inspection of the bridge, after the floods in 1977, it was found that cracks had developed in most of the beams and corrosion had also set in. Subsequent inspections carried out in June 1979 and March 1980 showed extensive damages and the bridge was not found fit for traffic. The bridge was closed and traffic was diverted to the old arch bridge on which Rs. 2.61 lakhs were spent to make it fit for handling traffic.

A detailed technical analysis of the mortar of concrete in the closed bridge revealed that the material was sub-standard. The superstructure had, therefore, to be discarded. The causes of damages, as identified by the Highway Research Station, Madras were (i) imperfect compaction, (ii) inadequate cover, (iii) poor mix design, (iv) corrosion of the reinforcement and (v) sulphate attack. It was considered that no useful purpose would be served by repairing the structure. Reconstruction of the distressed bridge was, therefore, suggested. The Ministry, after protracted correspondence with the State Government for over three years as to who should bear the cost of reconstruction, decided in May 1984 to reconstruct the bridge at the same site out of the Special Repair Funds. An estimate for reconstruction of the bridge was, accordingly, sanctioned by the Central Government in March 1986 for Rs. 34.60 lakhs. Work was yet (October 1987) to be started.

B. *Box Cell Bridge at km. 17/2 on Red Hills By-pass on National Highway-5.*—The bridge, consisting of 10 units of 3X3 metre box cells with 7.5 metre wide carriage way without footpaths, was sanctioned in May 1972 for Rs. 3.75 lakhs. The estimate was revised to Rs. 4.41 lakhs in June 1977. The bridge was completed in 1974 but could be opened to traffic only in 1979 after completion of the approaches of the by-pass at a cost of Rs. 8.66 lakhs sanctioned separately.

The Ministry stated in October 1987 that to avoid such situation arising in future, the Ministry had taken a policy decision to sanction both the bridges and their approaches under a single job to ensure that the work on the bridges as well as approaches would be co-ordinated for simultaneous completion according to a pre-determined schedule.

The bridge had to be closed soon after its opening because of severe damages in the deck slab and traffic had to be diverted to the old arch bridge. The State Chief Engineer reported in September 1979 that the failure of the bridge was due to grossly sub-standard work, bad-workmanship, lack of quality control and inadequate supervision. It was, therefore, decided to reconstruct the bridge.

The question of financial liability was examined in consultation with the Ministry of Law and it was decided in September 1982, that the financial liability for the reconstruction was of the State Government. The State Government, however, replied in April 1983 that in exercise of their responsibility for development and maintenance of national highways the Central Government might direct the State Government or its officials to exercise aforesaid functions and for the discharge of these functions they would pay certain charges as agency charges and that such payments were being made in pursuance of Article 258(3) of the Constitution. Besides, the State Government and its officials would only act on behalf of the Central Government and for the damages caused in the discharge of such functions, the State Government could not be made liable. The Ministry stated in October 1987 that the matter had once again been referred to the Law Ministry for a review of their opinion in the light of the State Governments' reply and the advice of the Law Ministry was awaited. The Ministry decided in May 1984 to delink the issues of reconstruction and financial liability and reconstruct the bridge out of the Special Repair Funds.

An estimate for reconstruction of the bridge had been sanctioned in June 1987 at a cost of Rs. 40.58 lakhs. The work had not yet started (October 1987).

(2) **Bihar**

C. *Ramjan Bridge at Mile* 69/1 *of National Highway*-31.—The estimate for the bridge, consisting of a balanced cantilever unit of a total length of 43.23 metres resting on reinforced cement concrete (RCC) piers with well foundation and RCC superstructure with T-beam was sanctioned for Rs. 5.90 lakhs in April 1969. It was revised to Rs. 8.32 lakhs in August 1971. The bridge was completed in March 1977 at a cost of Rs. 10.08 lakhs but was opened to traffic in November 1978, after completion of approaches. In May 1979, the deck slab in the downstream panel between the outer girder and the central girder on the cantilever portion was found to be badly damaged and a big pot-hole of 6 ft. diameter had appeared. The bridge was immediately closed and the traffic was diverted to the old bridge.

The Vigilance Department of the Bihar Government concluded that the work had not been carried out strictly in accordance with the specifications and that the concreting work was sub-standard. While, according to the approved drawings the superstructure was required to be constructed in M-200 grade concrete, the agreement provided for only M-160 grade concrete. Secondly, the tests conducted by the Central Road Research Institute during June 1980 and June 1981 revealed that the minimum strength of the concrete was much less i.e. around 110 kg/cm^2. The workmanship was also found to be poor.

It was decided to dismantle the entire RCC superstructure and reconstruct the bridge according to the original design and drawings. An estimate for repair work was sanctioned for Rs. 5.92 lakhs in September 1984 from the maintenance and repairs grants of the Ministry pending a decision on the liability for the expenditure. Against the above sanctioned estimate, the State Government awarded the work in January 1986 for a lump sum of Rs. 11.50 lakhs. Work was in progress (October 1987) and the sanction to the revised estimate was yet (October 1987) to be accorded by the Ministry. The Ministry stated in October 1987 that the financial liability in the reconstruction of the bridge was likely to go up which, as per the latest report received from the State Government, might be Rs. 14.25 lakhs.

(3) **Uttar Pradesh**

D. *Yamuna Bridge at km.* 200 *of NH*-2 *at Agra*.—The bridge is 358 M long with RCC balanced cantilever hollow box girder super structure and single circular well foundation. It was constructed during 1963-69 at a cost of Rs. 36.05 lakhs and opened to traffic in December 1969. A lump of concrete from the deck slab fell in August 1978. Thereafter, till March 1986, ten potholes had appeared. A technical committee was appointed in January 1984 by the Uttar Pradesh Government to study the defects and suggest remedial measures. In its report, submitted in May 1986, the committee noticed that "some cracks were through in the entire depth of deck slab" and that "several spots in the box showed honey-combing and exposed steel". The committee had also observed that M 200 concrete provided in the deck slab was not adequate to resist the stresses safely, longitudinal distribution steel at the bottom of the deck slab and in the ribs was not sufficient to resist tension and cracking of concrete in the deck slab bottom appeared to be due to deficiency of steel to resist tensile stresses. The committee recommended that as early as possible after the arrangements for diversion of traffic were made, the repair work should be undertaken.

The Ministry stated in October 1987, "a repair estimate for short-term measures amounting to Rs. 2.95 lakhs was sanctioned in August 1983. Patch repairs were executed. In August/September 1986, two repair estimates were sanctioned. The first one amounting to Rs. 15.45 lakhs catered for immediate measures like continuing patch repairs and control of traffic. Most of the work has since been executed. The second estimate amounting to Rs. 20.78 lakhs caters for long term measures for restoration of the bridge. The work has been awarded to U.P State Bridge Corporation (UPSBC). Detailed repair plans are under preparation."

As regards the findings of the technical committee, the Ministry stated in October 1987 that these were under examination in the Ministry and that any inferences from the report about the possible causes of distress might not be appropriate at this stage. It also added that, from a preliminary examination, the prime cause of distress appeared to be deficiency in quality of construction.

Although the distress occurred in 1978, the Ministry has yet to determine its causes. The delayed decision will render the apportionment of responsibility difficult.

Audit observed that :

(1) While giving technical sanction to the original estimate in May 1972, the Ministry did not provide for any technical tests to be carried out after completion of the bridge at km. 17/2 of National Highway-5 (Bridge B). As a result, the fact that the bridge had been constructed uniformly with sub-standard material did not come to light after completion of the bridge in 1974. The department stated in December 1985 that for technical reasons load testing of bridges was not being undertaken as a regular technical feature of bridge work but was resorted to in exceptional cases only.

(2) In reply to another Audit query, the Ministry stated (July 1987) that though as per Indian Roads Congress Codes of Practice as well as Ministry's circulars, no criterion about life span of bridges had been stipulated, a properly designed and constructed bridge was expected to have a life span of about fifty years. The three bridges (two in Tamil Nadu and one in Bihar) broke down after one to five years after opening to traffic.

(3) The Ministry stated in December 1985 again in reply to Audit query that no doubt, the case of damage to the bridge at km. 17/2 on National Highway-5 (bridge B) was not the first such case but the decision that in such cases, the bridges should be reconstructed from the Special Repair Funds pending final decision might have been taken for the first time in the instant case.

The following points emerge :

— The three bridges ('A', 'B' and 'C') conceived between 14 and 17 years earlier have not served the purpose for which these were put up.

— Major deficiencies in the quality of execution of the bridge works mentioned above resulted in an extra financial liability of over Rs. 128 lakhs by way of expenditure on their reconstruction.

— A sum of Rs. 32.80 lakhs spent during 1972—77 has remained blocked over these years.

The Ministry stated in October 1987 that the Tamil Nadu Government had stated that suitable measures to prevent the recurrence of such failures in future had been taken by their PWD by instructing the field officers to ensure utilisation of materials according to specification.

41. Loss of revenue due to inadequate publicity of auction sale

The right to collect toll fees for the use of the New Cauvery bridge on Bhavani-Komarapalayam bye-pass road on NH 47 is sold annually by public auction. The accepted bid amount had been increasing year to year—from Rs. 12.50 lakhs in 1981-82 to Rs. 37.01 lakhs in 1985-86. However, the highest bid for 1986-87 was Rs. 23.77 lakhs only, while for the subsequent year 1987-88 it was Rs. 36.02 lakhs.

It was noticed in Audit that for the year 1986-87, adequate publicity and sufficient notice were not given for the auction. For the auction fixed on 26th March 1986, the advertisement could not be inserted in the dailies, as the matter to be printed reached the advertising agency only on 24th March 1986. Auction sale notices were sent to the contractors by the Division on 20th and 21st March 1986, specifying the date of auction as 26th March 1986. Only seven persons participated in the auction as against 16 and 25 participants for 1985-86 and 1987-88 auctions. On the recommendation of the Divisional Engineer, the highest bid amount of Rs. 23.77 lakhs was accepted by the Superintending Engineer (National Highways), Salem, on 31st March 1986. The reasons for the low offer received in 1986-87 compared to the earlier year were neither examined and reported by the Divisional Engineer while recommending acceptance nor did the Superintending Engineer take cognisance of it while giving approval.

Non-publication of the sale notice through dailies and insufficient time given to the contractors apparently resulted in a loss of revenue of nearly Rs. 13 lakhs for the year 1986-87 when compared to the accepted bid amount for the preceding year.

The matter was reported to the Ministry in September 1987; reply had not been received (December 1987).

42. Loss due to storage of bitumen

699.819 MTs of bitumen procured by transfer for the National Highways work "widening and strengthening the carriage way from M. 585/0 to 595/0 of M.C. Road" during the period from November 1972 to July 1981 was transferred to another National Highways work "widening and strengthening the carriage way from M/609/6 to 620/6 of M.C. Road" in August 1981 as it was not required on the former work. The bitumen was stored within the compound of the Inspection Bungalow. The Assistant Executive Engineer in June 1982 in his charge report indicated that 152.102 MTs of bitumen kept unused in the compound of the Inspection Bungalow was completely damaged. On calling for reasons for the non-utilisation of old bitumen stored in the Inspection Bungalow in neglected condition against the normal principle of first come first out basis, it was intimated in November 1984 that the bitumen was completely damaged and had become unfit for use on any work, as it was exposed to sun and rain for more than eight years. However, no reasons were given for not utilising the bitumen on many black topping works undertaken during the above period. It was observed that 152.102 MTs of bitumen worth Rs. 1.79 lakhs was lying unused and completely damaged due to (i) purchases in excess of requirement; (ii) non-observance of normal principle of first come first out ; and (iii) improper storage.

On being pointed out in Audit, the department informed (March 1986) that action had already been initiated to fix the responsibility for the loss of stores. No further action has been taken to recover the value of 152.102 MTs of bitumen (cost : Rs. 1.79 lakhs) damaged.

The matter was reported to the Ministry in June 1985. The Ministry stated in September 1987 that necessary action was being initiated on the officers responsible for loss.

Ministry of Urban Development

43. Working of Land and Development Office

43.1 *Introduction*

The Land and Development Office (L & DO), under the Ministry of Urban Development, is responsible for the administration and management of Nazul* and Rehabilitation** leases of lands in Delhi/New Delhi granted by him or by the Settlement Commissioner. The main functions of the L & DO include allotment and auction of land and maintenance of records relating thereto.

An Audit review of the L & DO was included in the Report of the Comptroller and Auditor General of India for the year 1973-74, Union Government (Civil). The present review generally covers the working of the office during 1981-86.

43.2 *Highlights*

—One of the main functions of the L&DO is the maintenance of records of lands comprising both Nazul as well as rehabilitation colonies. A number of important registers had neither been maintained. or where maintained these were not in the prescribed form or were not up-to-date. Lease deeds had not been executed in 3072 cases (September 1987). The exact period of pendency was not made available to Audit.

—Ground Rent registers had not been maintained in the prescribed proforma to watch recovery of ground rent, initiate action against defaulters and take up revision of ground rent by due date with the result that;

(i) demands for ground rent were not raised when due and

(ii) action was not taken against defaulters for 2 to 7 years.

—Arrears of ground rent had increased year after year from Rs. 184.80 lakhs in the beginning of 1981 to Rs. 887.52 lakhs at the end of 1986. In the absence of a consolidated record of demands made and due, it could not be said whether these arrears gave a correct picture.

—Revised ground rent rates were not notified in terms of lease resulting in deferment of the effective date of revision with consequential loss of revenue (loss in 90 cases test checked amounted to Rs. 13.11 lakhs upto July 1987). In four colonies alone, ground rent revision had fallen due in 7576 properties as against the L & DO's statement that it had fallen due only in 1883 rehabilitation properties.

—Periodicity for revision of rates was not fixed. The revised rates were on the lower side as compared to those of the Delhi Development Authority (DDA) and the Delhi Administration resulting in short assessment of unearned increase in the cases of transfers/sales of land and such other cases. In a single case of sale of land test checked, the loss was estimated to be Rs. 2.02 lakhs. In the case of sale/transfer of land with structures the value of land was not arrived at to the advantage of Government. In four instances, the short realisation was estimated to be Rs. 4.59 lakhs.

—A consolidated record showing the total number of inspections of land/properties held breaches detected, amount assessed for recovery and outstanding was not kept with the result that realisations due from the lessees were held up. The L & DO was not able to furnish details of inspections of land and properties conducted during the last five years and their follow up action. In four cases, recoveries ranging between Rs. 0.81 lakh and Rs. 8.23 crores were delayed for 2 to 8 years.

—The quick survey of vacant Government lands was not conducted as contemplated in the Manual with the result that cases of squatting remained undetected for years together. Follow-up action in such cases of squatting was delayed. Cases were filed with the Estate Officer as late as 6 to 69 months of expiry of notice period. Even where the Estate Officer had ordered recovery, realisation of dues was delayed and consequently some cases had to be closed without realisation. As per the records of the L&DO there were 21897 cases of squatters as in May 1973.

—As in March 1987, 231 cases were pending in various Law Courts ranging from one to 25 years of which 67 cases were pending for over ten years where the lessees had obtained stay orders against eviction/levy of damages charged by the L&DO etc. Most of the cases pending in the Supreme Court and High Court pertained to multi-storyed buildings where stay

* Nazul land means Government land acquired under the Land Acquisition Act by the Government for the formation of capital at Delhi/New Delhi under the notifications from 1911 onwards.

** Rehabilitation land means land acquired by the Government for the speedy rehabilitation of displaced person from Pakistan.

orders had been obtained by the lessees. An estimated amount of Rs. 42 crores stood recoverable in these cases.

—As in September 1987, 242 cases of eviction were pending with the Estate Officer. Action taken, where eviction orders had been passed up to March 1986, was not known.

—In three cases where plots of land were allotted to the DDA/New Delhi Municipal Committee (NDMC)/ India Tourism Development Corporation (ITDC) at concessional rates with specific stipulation that hotels were to be completed before the Asian Games, 1982, the hotels were not completed before the Asian Games. Terms of allotment regarding payment of ground rent, premium and interest were violated and un-authorised encroachments were made. Over Rs. 9 crores were due from three organisations from May 1983 to September 1986.

—76 shops/stalls constructed at a cost of over Rs. 11.69 lakhs (cost of 12 units was not known) between May 1981 and November 1983 had not been auctioned till September 1987 resulting in blocking of investment for periods ranging from 50 to 70 months. In 6 cases, stalls were allotted to individuals on licence fee basis against the Government policy of auction.

—No guidelines had been laid down for the allotment of land to Social, Cultural, Charitable and Religious Institutions and the manner to deal with the breaches committed by them after allotment. A test-check of a few cases revealed that violation of conditions of allotment had been regularised at varied terms, including nominal penalty of Rs. 100 only.

There was absence of coordination amongst the L&DO, DDA and NDMC as mentioned below :—

(i) in the case of land transferred to the DDA for development and maintenance as green, squatting was not checked both by the L&DO and DDA. Joint Inspections wherever suggested were not arranged to identify the extent of encroachment/squatting for long periods, with the result that such cases remained unnoticed for years together resulting in loss of revenue.

(ii) DDA had sub-leased Lands to private parties and realised revenue without the knowledge of the L&DO and the amount realised by it was also not remitted to the L & DO.

(iii) site plans were approved by the DDA/ NDMC although cases for breaches were under process by the L&DO in the respective cases.

43.3 *Land and Lease records*

The number of Nazul and rehabilitation leases and properties administered by the L&DO as at the end of 1986 was as under :—

	No. of leases	No. of properties
Nazul	3103	3212
Rehabilitation	48712	56266

The number of cases where lease deeds had not been executed upto July 1987 was 3072; out of which, 2099 were stated to have been transferred by the Department of Rehabilitation in January 1987. The reasons for non-execution of leases in the remaining 973 cases and their break up into 'Nazul' and 'Rehabilitation' properties, although called for by Audit, had not been furnished (September 1987). The L & DO stated that it was not possible to indicate the exact period since when the execution of these deeds had been pending.

43.4 *Collection of revenue*

From the records maintained in the Accounts section, it was seen that the collection of revenue during the six years ending 1986-87 was as under :—

Items of Revenue	1981-82	1982-83	1983-84	1984-85	1985-86	1986-87
			(Rupees in lakhs)			
Realisations						
Premium (including additional premium)	909.06	338.77	2049.46	164.05	287.83	1735.88
Ground rent (including additional ground rent)	60.34	143.07	167.31	74.32	85.96	299.80
Unauthorised construction and misuse	17.45	13.24	2.43	14.10	4.73	12.12
Damages	34.27	10.15	7.88	15.22	10.16	18.25
Unearned increase on sale/transfer of property	28.78	50.55	12.23	33.36	53.02	129.01
Penalty	1.28	8.09	1.05	0.64	0.96	1.54
Interest	152.15	21.00	168.11	3.81	39.06	52.10
Miscellaneous	292.60	275.40	156.21	105.79	635.67	872.52
Total Realisation:	1495.93	860.27	2564.68	411.29	1117.39	3121.22

In the absence of any reconciliation between the records in the Acconuts section and those in the Lease and Property section, it could not be said whether the arrears represented the correct picture.

The L&DO was asked to elucidate the variations in realisations under the sub-heads premium, ground rent (including additional premium and ground rent), interest and miscellaneous during 1983-84 and 1986-87 but the same was not received (September 1987). On analysing the receipts of the relevant years, it was seen that there had been heavy deposits under these sub-heads due to regularisation of breaches as indicated below :—

	1983-84		1986-87	
	No. of cases	Realisation (Rupees in lakhs)	No. of cases	Realisation (Rupees in lakhs)
Ground rent and additional ground rent.	60	153.78	43	271.93
Premium and additional Premium	18	2033.99	57	1614.17
Interest	8	167.05	7	48.77
Miscellaneous*	25	129.70	48	459.85

*All on account payments were initially classified under the sub head 'Miscellaneous' to be eventually transferred to final sub-heads of revenue after verification. It was, however, observed that no efforts were made to clear these items.

43.5 *Ground rent*

Ground rent is recoverable in the case of Nazul lands at the rate of 2½ *per cent* of the premium. In the case of rehabilitation properties (a) for 99 years lease cases where the full cost of land and building stood recovered a ground rent is payable as Re. 1 per 100 sq. yds. per annum and (b) in cases where half the cost of land stood recovered, the ground rent is payable at a rate equal to the amount of interest on the cost of land.

It was observed that Ground Rent Registers had not been maintained in the proforma prescribed in the Manual. Review of a Register produced to Audit, stated to be in lieu of Ground Rent Register, revealed that in 43 out of 95 properties there were breaches and ground rent had not been accepted. In the remaining 52 cases, where ground rent had not been recovered for the last 2 to 7 years, there was no indication whether action was taken against the defaulters for non-payment.

A test-check of 50 files revealed that demands for payment of ground rent had not been issued in any of the cases.

The arrears of ground rent had increased year after year as shown below :—

Particulars	Arrears (In lakhs of rupees)	
	At the commencement of 1981	At the close of 1986
(i) Nazul properties	128.06	782.32
(ii) Rehabilitation properties	56.74	105.20

43.6 *Revision of ground rent*

Since revision of ground rent is applicable from the date of demand instead of from the due date of revision, delay in issue of notice for revision of ground rent results in deferring the effective date of revision and consequential loss to Government. In reply to an Audit query, the department replied (July 1987) that the revision of ground rent in respect of 1883 rehabilitation properties had fallen due, but orders for revision had been issued only in 520 properties. In the absence of the Ground Rent Registers, in proper form which contemplate note of date of revision of ground rent in red ink, the total number of cases where revision was due but had not been done could not be verified. A test-check of records, however, revealed that the number of such properties in four colonies alone was 7576 (East Patel Nagar—1185, West Patel Nagar—4493, Nizamuddin West—252 and New Rajender Nagar—1646).

A further check of 90 properties in East Patel Nagar leased out during 1949, revealed that ground rent had not been revised in 69 cases (due 5 to 6 years ago) and in 21 cases where it was revised, no payment had been received (September 1987). The non revision/belated revision of ground rent in the 90 cases had resulted in a loss of Rs. 13.11 lakhs up to July 1987.

43.7 *Fixation of market rates of land*.—The prevailing prices of land in different localities are criteria which directly or indirectly determine the several elements of revenue namely premium for leases, Government's share of unearned increase, revised ground rent, additional premium for permanent change of land use, charges for additional construction, etc. Land prices in different localities are assessed and fixed by Government from time to time to serve as norm for calculating the amounts due. The prices were revised in April 1979, April 1981, April 1985 and April 1987, an analysis of which revealed the following :—

(a) No periodicity had been fixed for revising the land rates. The prices were being revised after two years except in 1985/1987 when these were fixed after four/six years in case of residential/commercial lands.

(b) While the increase in the rate of residential land in April 1981 over the April 1979 rates ranged between 200 and 300 *per cent*, the increase was only 10 *per cent* in April 1985, over the rates of April 1981.

(c) The rates were not revised in the context of the ever increasing trend of market prices of land for 4 years and 6 years in the case of residential and commercial plots respectively and when revised these were fixed generally on the lower side as compared to the rates fixed by the DDA and the Delhi

Administration in corresponding periods as indicated below :—

Colony	Contiguous colony	Date of revision of rate	Rate per sq. m. fixed by (In rupees)		
			L&DO	Delhi Administration	DDA
Vasant Vihar	—	1-4-1987	4000	—	5750
Masjid Moth/CPR colony	Kalkaji	1-4-1981	1200	—	940
	Chitranjan Park	1-11-1981	1200	—	1600
		1-4-1985	1320	2420	2420
		1-4-1986	1320	4000	4000
		1-4-1987	4000	—	4600
Malviya Nagar	Malviya Nagar (Old)	1-4-1981	1200	—	825
		1-11-1981	1200	—	1500
		1-4-1982	1200	—	2100
		1-4-1985	1320	—	2310
		1-4-1986	1320	—	3600
		1-4-1987	3600	—	4150
Jhilmil	Jhil Kuranja	1-4-1981	800	—	320
		1-11-1981	800	—	400
		1-4-1986	880	—	1155
		1-4-1987	1200	—	1330

(d) The fixation of land value on the lower side and their revision after long intervals had resulted in short assessment of unearned increase in cases of transfer/sale of the land. To illustrate, in the case of plot No. 1976 in Chitranjan Park, the sale was permitted by the L&DO in April 1986 at Rs. 1320 per sq. m. as against the rate of Rs. 4000 per sq. m. approved by the Delhi Administration and DDA, resulting in less recovery of unearned increase by Rs. 2.02 lakhs.

(e) In the case of sale/transfer of lands with structures, the un-earned increase was worked out on the basis of notified rates of land approved by Government from time to time and not the actual market rate prevailing on the date of sale/transfer. In the view of Audit, the higher of the alternative given below should have been taken into account for determining the price of land :—

(i) The cost of land arrived at by deducting the evaluated cost of structure from the sale consideration or

(ii) The cost of land as approved by Government. It was noticed that in respect of sale of 4 plots in the Chitranjan Park Colony (Kalkaji), the cost of land, if worked out on the basis of the rates fixed by the Delhi Administration/DDA during 1984-85, would have provided more revenue to Government on account of its share of unearned increase to the extent of Rs. 4.59 lakhs.

(f) Normally, transfer of unbuilt plot should not be permitted to avoid profiteering, particularly in cases where allotments were made on special considerations, in line with Government's policy. The Register of Transfers was not made available to Audit. During test-check, it was noticed that sale of vacant plots (Plot Nos. 642, 1768, 1716 and 1976), allotted to displaced persons from East Pakistan, was permitted.

43.8 *Recoveries in case of breaches.*—Departmental instructions contemplate annual inspection of all lands/properties to identify breaches of lease conditions, if any. No consolidated record showing the total number of inspections held, breaches detected, cases in which notices were issued, amount assessed for recovery and outstanding, etc. was kept. The L&DO was requested (April 1987) to make available the details of inspections of lands/properties conducted by the staff during the last five years but were not supplied.

If the lease terms are violated, the lessor (i.e. L&DO) could re-enter the premises. Acceptance of ground rent, after a breach of the lease condition occurs, implies a waiver of forfeiture. The L&DO does not, therefore, accept any payment of ground rent for periods after the breaches come to notice till the breaches are either removed by the lessees or regularised after recovery of penalty. It was noticed in Audit that during 1984, 1985 and 1986 out of 4688, 5046 and 5109 cheques received, 1011, 1014 and 893 cheques respectively (17 to 21 *per cent*) were returned, which is indicative of the large number of breaches that are occurring. The value of cheques returned in 1986 amounted to Rs. 228.89 lakhs. In the absence of a consolidated record

Audit could not verify, even by test- check, whether there were wrongful acceptances of ground rent in cases where breaches had occurred.

43.9 *Squatting on vacant Government lands.*—Surveys contemplated to find out cases of squatting as per provisions of the Departmental Manual were not carried out and the Squatters Registers had not been maintained. In reply to an Audit query, the department stated (July 1987) that almost all the vacant lands were transferred to the DDA in 1974 and 1975 for care and maintenance and hence no survey was conducted. It was, however, seen that a number of plots continued to remain under the control of the L&DO. 100 such plots were tentatively listed in the L&DO's order dated 29-11-1979 wherein instructions were issued for conducting periodical inspection and watch and ward of such plots. Out of these 100 cases, squatting/encroachments existed in 23 cases (fully) and in 28 cases (partially).

It was seen from the L&DO's files that in May 1973, there were 21897 cases of squatters (19404 residential and 2493 commercial). During January 1975, it was decided to carry out a physical survey of the lands, to be completed within six months. From an office order issued on 13-9-1984 it was seen that 18000 old files which remained unattended to were traced out for review and action. The L&DO was asked (August 1987) to intimate the progress in the matter but reply was awaited (September 1987).

The following cases are illustrative of not taking effective follow up action.

(a) *I point at Panchkuin Road*

(i) In a plot of 1.80 acres re-entered on 9-9-1970, there existed 45 squatters. Action for eviction or recovery of damages was initiated only during April/May 1980. In four cases, action was taken much later; November 1985 (1 case), December 1985 (1 case) and March 1986 (2 cases).

(ii) Six cases were closed (December 1986) with the approval of the Ministry on the suggestion of the L&DO as the squatters had vacated the plots and were not traceable. Delay in action by the L&DO had resulted in damages for which loss was recoverable from the squatters.

(iii) The demand notices issued to the squatters contemplate payment of damages within 30 days of their receipt failing which cases were to be filed in the court of the Estate Officer for eviction and realisation of damages. It was observed that in 15 cases (involving Rs. 6.16 lakhs), plaints were filed after a lapse of 6 to 69 months of the expiry of notice. In 3 cases (involving Rs. 1.66 lakhs), the plaints prepared after 7 to 12 months of the expiry of notice period could not be filed as the post of Estate Officer was lying vacant. In other 3 cases (involving Rs. 19.42 lakhs), plaints were yet to be prepared and filed though a period of over a year had expired beyond the notice period.

(iv) Out of 35 cases pertaining to 23 squatters, involving a demand of Rs. 60.66 lakhs, the Estate Officer had decided 14 cases (involving a demand of Rs. 2.99 lakhs) and ordered recovery of Rs. 1.36 lakhs against which an amount of Rs. 0.40 lakh only had been recovered.

(v) Out of 23 existing squatters, eviction orders were passed by the Estate Officer in 7 cases—during 1964 (one case), 1985 (3 cases) and 1986 (3 cases) but the department has not yet secured actual eviction in any case so far. Twenty cases (1975—1, 1985—4 and 1986—15) were pending diposal with the Estate Officer. In one case, no action had been taken by the L&DO so far. In other 5 cases, the plaints could not be filed as the post of Estate Officer was vacant.

(b) The field staff during site inspection conducted in 1981 noticed encroachments on Government land near the NDMC Staff Quarters on Panchkuin Road by four firms 'A', 'B', 'C' and 'D'. Review of the concerned files revealed the following :—

— The squatting was noticed in 1981 by the Inspection staff while the unauthorised occupation existed from May 1977.

— Notices were issued to two squatters in 1978 on the basis of survey then conducted, but the squatting continued to exist as noticed during the survey conducted in 1981. Notices were issued to other squatters after five to six years after receipt of survey report from the field staff.

— Damages had been demanded from the NDMC for temporary stalls constructed by it from 8-10-1982 while from other squatters, the damages had been demanded from 1-5-1977.

— Over Rs. 4 lakhs remained unrecovered from the squatters (30-4-1986/31st January 1987) due to delay in taking action.

(c) On the basis of the inspection report of the overseer dated 13-1-1986, the L&DO issued notices on 18-9-1986 to five State/Central Government enterprises 'E', 'F', 'G', 'H' and 'I' which had held exhibitions without the permission of the L&DO, to pay damages ranging from Rs. 13558 to Rs. 55642 from 1-11-1985 to 15-2-1986. In response, enterprises 'H' and 'I' intimated (September 1986 and March 1987) that they had occupied the land under proper permission from the NDMC and had paid the rent to it. Enterprise 'E' denied to have held any exhibition on these dates and on the site. No response had been received from firms 'F' and 'G'.

From a review of files, it was seen that issue of notices in these cases involving a recovery of Rs. 1.40 lakhs was delayed by about 8 months after the receipt of Inspection Report. Further, the matter was taken up with the NDMC in August 1987 after about a year for payment of rent realised by it.

On receipt of a letter dated 11-6-1987 from firm 'J', it was found that the site earlier occupied by firm 'I' was purchased by it alongwith the structures constructed thereon. But for the letter of party 'J' the unauthorised occupation by it (i.e. 'J') would have remained unnoticed.

43.10 *Delay in pursuance of cases by L&DO*

There was no mechanism to ensure regular pursuance of cases of breaches with the result that realisation due from the lessees were held up. The following cases are illustrative.

(a) 14, *Barakhamba Road.*

A lessee having constructed a multi-storeyed commercial building on the above leased land unauthorisedly and having failed to remedy the breach or get it regularised, despite issue of notice, the premises was re-entered by the L&DO on 13-12-1972. The lessee thereupon filed a writ petition in the High Court against the re-entry and obtained a stay order. The Land Acquisition Collector acquired a portion of this land for the construction of the School Lane fly-over and paid Rs. 3.27 lakhs to the Court of the Additional District Judge on 10-6-1982 as compensation. The L&DO requested the Land Acquisition Collector on 27-7-1982 to amend the award to provide for the lessor's share to the extent of 25 per cent of the amount of compensation (Rs. 0.82 lakh) and also not to make payment of compensation to the ex-lessee untill clearance was obtained from his office as the premises having been re-entered stood vested with the President of India. As the Land Acquisition Collector had already deposited the award amount with the Additional District Judge, Delhi for adjudication, the L&DO referred the case on 8-10-1982 to the Ministry of Law to submit the claim to the Court. The full particulars called for by the Ministry of Law had not been furnished so far with the result that the receipt of Rs. 0.82 lakh from the Court was getting delayed since 1982. The files did not indicate the progress of the Court case.

The comments of the L&DO, called for in July 1987, had not been received (December 1987).

(b) 9, *Aurangzeb Road.*

During the course of site inspection, breaches viz. unauthorised construction and misuse were noticed to have been committed by the lessee, a State Government. The damages chargeable for unauthorised construction were waived by the Government (1-8-1973). To regularise the misuse, the rates for misuse charges recoverable from 21-8-1978 were worked out by the department but the same had not been communicated to the lessee so far (September 1987).

(c) *Plots in Block B, Connaught Place.*

The lessee was asked on 12-4-1979 to remedy the breaches noticed during the course of inspection on 25-11-1978 and pay the charges (to be intimated) for past breaches within 30 days from the receipt of the letter. The lessee refuted on 29-11-1979 to have committed any breach and requested the L&DO to clarify how the alleged action violated the terms of the perpetual lease and constituted breaches. The L&DO in his letter dated 1-10-1982 reiterating the breaches contemplated action for re-entry and eviction from the premises. In reply, the lessee again refuted the alleged breaches and intimated (May 1984) that he was prepared to compromise if there was any breach for which an inspector might be deputed. For the last 8 years, the department had neither clarified the breaches and intimated the charges for the breaches nor had taken action for re-entry and eviction (September 1987).

(d) *Land opposite to Lady Harding Medical College.*

The NDMC had leased out some area of land transferred by the L&DO to it for a recreation park and to utilise portion of it for running a child welfare centre, (the ownership remaining with Government with right to resume the land in case of misuse). The NDMC, however, leased out the land to a private company for construction of a Youth Hostel. The L&DO asked the NDMC on 22-4-1982 to stop the construction work failing which the premises could be re-entered. The NDMC in reply stated (29-4-1982) that the said plot of land formed a part of the lands and properties transferred by Government in a package deal of Rs. 60 lakhs and that this plot had been shown as belonging to the NDMC in the site plan prepared and signed by the L&DO. Since the NDMC did not provide requisite documentary proof to show their ownership of the land, the Ministry directed the L&DO (2-2-1985) to work out the conversion charges for change of use and communicate to the NDMC for payment. This had not been done so far (September 1987).

(e) *Plot Nos. 2/F to 4/F in Connaught Place.*

The terms and conditions for the permission for the additional construction on the above plots and for regularising the breaches, which, *inter alia,* contemplated payment of Rs. 19.95 lakhs as additional premium, and Rs. 8.32 lakhs as interest, were communicated to the lessee by the L&DO on 8-1-1981 and 16-2-1981. In response, the lessee made payment of Rs. 7.28 lakhs in January—March 1981 on account of the first instalment of additional premium, ground rent and damages for unauthorised constructions and interest. Further payments were not accepted by the L&DO pending revision of the amount of additional premium due to increase in the area of plots. During the course of subsequent inspections of the premises, further breaches were found and notices to remove or to get the breaches regularised within 30 days from the date of receipt of the notice were issued in May 1984, October 1985 and January 1987 failing which action for re-entry was contemplated.

Though payment of the second instalment of the additional premium and interest was refused in 1981 on the ground that revised rates of additional premium would be advised, the same had not been done so far (September 1987) resulting in non-receipt of over Rs. 21 lakhs. Action for breaches noticed subsequently, for which notice for re-entry was issued in May 1984, had also not been taken (September 1987).

(f) *Plot in neighbourhood of Sector IX in R.K. Puram.*

The above plot measuring 4001.33 square yards was sold in auction (24-10-1969) for construction of a cinema for Rs. 14 lakhs. The agreement for lease was signed on 13-5-1970 and the land was handed over to the firm on 29-5-1970. The building was to be completed within 30 months from 7-11-1969.

The lessee sought permission (1-12-1972) to rent a portion of the ground floor and first floor to a bank as it was necessary for raising finances and agreed to pay any reasonable additional lease money if required under the rules. The request was agreed to subject to such terms and conditions as might be prescribed after completion of the building. The lessee further intimated (18-2-1976) that four commercial flats had been let out to a Government organisation.

The L&DO declined (3-7-1976) to accept the ground rent due to existence of breaches regarding the letting out of the premises. The lessee replied (26-7-1976) that the premises were occupied by tenants with effect from 1-10-1974 and 22-11-1975 respectively and that he had no objection to pay the charges on this account.

The premises in question was inspected on 12-10-1977 and breahces were intimated (23-1-1978) to the lessee. The lessee clarified (24-2-1978) the position and requested for regularisation of breaches with no extra charge. The matter remained under correspondence between the L&DO and the lessee till April 1983. The premises was again inspected (30-4-1983) and a show cause notice was issued (11-7-1983), followed by a final notice (27-10-1983). In response to this, the lessee intimated (9-11-1983) that they had already expressed their willingness to pay the charges for the breaches which were in contravention of the lease deed and requested to intimate the charges after considering the clarification furnished by them. The L&DO after 2 years intimated (26-12-1985) that breaches could be regularised temporarily upto 14-1-1986 after payment of Rs. 120.88 lakhs as damages for unauthorised construction, additional charges for change of purpose and ground rent etc. excluding interest for outstanding dues and belated payment of ground rent. Considering the representation of the lessee (10-3-1986) as unsatisfactory, the L&DO sought (17-6-1986) orders of the Ministry of Urban Development for re-entry. The case was received back on 21-11-1986 for further clarification and stands unreplied to so far. The recovery of over Rs. 1.20 crores remained held up.

(g) 24, *Barakhamba Road.*

The above plot was leased out for construction of a residential building. The lessee, however, constructed a multi-storyed commercial building on the plot after getting the plans sanctioned from the NDMC on 30-1-1970 without obtaining prior approval of the lessor. On issue of a show cause notice for the aforesaid breach, the lessee filed a writ petition in the High Court and obtained a stay order. On the directions of the High Court issued on 24-9-1982, the terms and conditions for the construction of multistoreyed commercial building were conveyed to the lessee on 20-12-1982 which, *inter alia,* included damages from the date of sanction of plans by the NDMC to the date of communication of terms (termed as a crucial date) as per guidelines in force at that time for the re-entered property.

Though the lessee offered on 16-6-1986 to settle the issue out of the Court within the frame work of the revised guidelines issued by the Ministry on 4-1-1984, the matter remained undecided so far (September 1987) which involved recovery of Rs. 8.23 crores upto December 1982. The L&DO was requested to intimate the amount due but the same had not been furnished (September 1987).

43.11 *Delay in settlement of Court and eviction cases resulting in loss of revenue.*—A record indicating Court cases initiated, settled and pending with the latest position had not been maintained by the Office. As per a note submitted to the Ministry, 231 cases were pending, as on March 1987, in different Courts the agewise break up of which was :

Period	Supreme Court	High Court	Lower Court
For 20 to 25 years	—	1	1
For 15 to 19 years	—	6	6
For 10 to 14 years	—	42	11
For 5 to 9 years	4	15	24
For 1 to 4 years	8	46	61
Cases for which pendancy was not available	1	4	1
	13	114	104

All these cases had been filed by the lessees and stay orders obtained against (a) notices of re-entry issued by the L&DO for breaches of lease conditions, (b) orders for the removal of encroachment/unauthorised occupation and (c) against the conversion charges for more intensive or lucrative use of the land decided by the L&DO. Most of the cases pending in the Supreme Court and High Court pertained to multistoreyed buildings. An estimated amount of Rs. 42 crores stood recoverable in these cases.

The L&DO stated that the post of Junior Legal Officer-cum-Vigilance Officer was lying vacant for the last three years and that there should be more staff to deal with legal cases.

The question of delay in the settlement of Court cases and their regular pursuance was discussed in a meeting chaired by the Secretary, Urban Development on 27-3-1987 wherein it was stressed that cases, where large amounts of revenue were involved, should be tackled on a priority basis and a list of such cases might be prepared with full details so that the appointment of a private counsel as a consultant as well as defence counsel to advise Government as to how to expedite these cases could be considered. No progress had been made so far.

(b) *Cases pending with Estate Officer*

As per information furnished by the Estate Office, out of 1265 cases for eviction filed by the L&DO during the period from 1969 to 1986, 242 cases were pending as on 30-9-1987, the yearwise break up being :

Year to which the cases pertain	No. of cases		Cases in which eviction orders were passed
	Filed	Settled	
1969—71	92	3	Nil.
1972—74	539	184	50
1975—77	435	500	178
1978—80	22	194	15
1981—83	74	92	14
1984—86	103	50	22
	1265	1023	279

The L&DO was asked (August 1987) to intimate the number of cases where actual eviction had been effected against eviction orders passed. The information was awaited (September 1987).

43.12 *Non-fulfilment of the terms and conditions of allotment of land for hotels to be completed and commissioned before Asiad.*

A case of non-fulfilment of the terms & conditions of allotment of land made to the NDMC for construction and completion of a hotel at Barakhamba Road before the commencement of the Asian Games, 1982 was commented upon in para 55 of Volume-I of the Report of the Comptroller & Auditor General of India for the year 1985-86—Union Government (Civil). Three more cases of similar nature were noticed in Audit as under :—

(a) *Hotel at Janpath*

A plot of land measuring 4.5 acres for the construction of a five star hotel was allotted to the NDMC in March 1981. The conditions of allotment stipulated :

— predetermined rate of Rs. 2,400 per square yard to be paid either in lump sum or in five equal instalments;

— licence fee at 2½ *per cent* of the permium *per annum;* and

— the hotel to be commissioned before the commencement of the Asian Games in November, 1982.

It was also provided that the NDMC should not sub-lease the land in favour of any other party though they could make such arrangements for construction and running the hotel as would not involve sub-lease of the plot. Grant of lease-hold right was contemplated after completion of the hotel building and payment of all instalments of the premium. The NDMC was allowed to enter upon 4.29 acres of land by 22nd September 1981.

The NDMC sub-leased the land in favour of firm 'K' and the building plans were approved on a Floor Area Ratio (FAR) of 150 on the area of 4.5 acres (or FAR of 158.8 on the area of 4.29 acres against the prescribed FAR of 150). Only 20 *per cent* of the construction work was completed by November 1982. Due to non-payment of annual licence fee and premium, an amount of Rs. 1.51 crores had become due against the NDMC upto May 1983, besides the additional premium of Rs. 0.93 lakh for increased FAR.

The NDMC informed the Ministry (1984) that in the absence of lease hold rights, the NDMC/firm 'K' were facing difficulties in providing legally enforceable securities and obtaining loans from public financial institutions. Government thereupon held that due to various breaches on the part of the NDMC, the licence already granted automatically stood revoked and decided to grant lease-hold rights on the terms and conditions to be determined later which were communicated to the NDMC in July 1983/June 1984. These provided for the enhancement of ground rent from 2½ *per cent* to 5 *per cent per annum* payment of outstanding dues on account of premium and ground rent and interest on belated payment, etc.

The NDMC's representation (August 1984) against the revision of the ground rent and for a moratorium on payment of premium for 1982, 1983 and 1984 was rejected in November 1984 and final orders were passed on 6-3-1985 to the effect that all dues should be recovered without delay. The NDMC had not settled the outstanding amount which worked out to Rs. 6.77 crores as on 14-1-1987.

(b) *Hotel at Sardar Patel Marg*

A plot of land measuring about 6 acres was allotted to the DDA on 4-3-1981 for the construction of a five star hotel. The conditions of allotment stipulated :

— the hotel should be constructed sufficiently in time before the commencement of the Asian Games in November 1982.

— payment of security deposit/premium at Rs. 1,800 per square yard for an FAR of 150 to be paid either in lump sum or in five equal instalments with interest at the rate of 11.85 *per cent* on unpaid amount and licence fee/ground rent at the rate of 2½ *per cent* of the amount of security deposit/premium.

Necessary lease documents were sent to the DDA for execution on 10-5-1982. The DDA requested in

July 1982 for the following modifications in the terms and conditions of allotment :

- reduction of rate of land from Rs. 1,800 per square yard to Rs. 1,200 per square yard and
- levy of ground rent at the rate of Rupee one only *per annum* at least during the period of construction till the hotel was commissioned.

The DDA further requested not to charge interest on account of belated payment of security deposit/premium as the fixation of the rate of cost of land was still under consideration. The then Ministry of Works and Housing rejected the request of the DDA (18-8-1982) and requested it to make payment of Government dues immediately. The DDA, however, started construction of the hotel building without agreeing to the terms and conditions of the allotment and even without taking over formal possession of the land. A notice was issued (25-5-1983) to the DDA to show cause as to why the licence might not be revoked. The following additional breaches on the part of the DDA were also found out :

- Only 75 *per cent* of the hotel had been completed by November 1982.
- DDA had not paid Rs. 2.13 crores on account of licence fee, interest on licence fee, premium amount and interest on first, second and third instalments of premium.
- DDA had not executed the Memorandum of Agreement sent to them on 10-5-1982.

Failing submission of satisfactory cause to the notice, the allotment was cancelled on 29-10-1983. A re-allotment was, however, offered later (10-4-1985) on fresh lease which provided, *inter alia,* enhancement of the ground rent from 2.5 per cent to 5 per cent and clearance of all dues before issue of new lease.

The terms and conditions offered for the new lease had not been accepted by the DDA so far (September 1987) and it had not signed the Mamorandum of Agreement also.

Rs. 5.80 crores were due from the DDA on account of (i) ground rent up to 9-4-1986 (Rs. 0.78 crore), (ii) premium upto 10-4-1985 (Rs. 3.14 crores) and (iii) interest on belated payments (Rs. 1.88 crores).

(c) *Hotel at the crossing of Panchsheel and Kautilya Marg.*

An area of 3.195 acres of land was allotted to the ITDC at the above site in February 1981 for the construction of a five star hotel with the stipulations that :

- the hotel should be constructed and commissioned sufficiently in time before the commencement of Asian Games;
- security/premium at Rs. 1200 per sq. yd. for an FAR of 150 in three equal half yearly instalments with interest at 14 *per cent per annum* on the outstanding amount and further interest at the rate of 2½ *per cent per annum* on defaulted instalments; and
- licence fee/ground rent at 2½ *per cent* of the amount of security/premium.

The physical possession of the land, except the area unauthorisedly occupied by a person, was taken over by the ITDC on 8-4-1982.

In the Memorandum of Agreement, the ITDC requested some modifications (November 1982) which were not accepted by the L&DO and the same still remained unexecuted.

The L&DO reported (July 1983) to the Ministry the following breaches committed by the ITDC :—

- The hotel had not been completed within the stipulated time only 70 *per cent* of the hotel building had been completed by 1982.
- The outstanding premium amounting to Rs. 4,64,640, licence fee amounting to Rs. 13,91,472 and interest amounting to Rs. 11,08,019 on balance premium and Rs. 1,97,149 on belated payment of licence fee.
- Government land reserved for the right of way of public roads had been encroached upon unauthorisedly.
- The building plans had been got sanctioned with FAR of 284.48 against the prescribed FAR of 150.
- The Memorandum of Agreement had not been executed.

The ITDC while making part payment of the third instalment of security deposit stated (November 1982) that one person and the NDMC were in unauthorised occupation of 0.60 acre of land and that they would pay the premium for this portion as soon as vacant possession of this site was given. In referring the matter to the Ministry (September 1986), about the interest chargeable for defaulted instalments of security deposit, the L&DO stated that the area occupied by the person was 0.073 acre only (for which action by the DDA was awaited) and no area was in occupation of the NDMC. The amount due from the ITDC was stated to be Rs. 90 lakhs (September 1986) against which the ITDC had sent (May-June 1986) two cheques for Rs. 18,59,998 which had been kept pending till the issue was decided by the Ministry.

The L&DO had not taken action for the breaches committed by the ITDC reported to Government in July 1983 so far. Decision on the question of interest to be charged for default, referred to the Ministry in September 1986 was awaited and over Rs. 90 lakhs were outstanding against the ITDC on account of ground rent, security deposit, etc.

43.13 *Construction of shopping centres*

Shopping centres constructed in Government colonies by the CPWD are to be handed over to the L&DO for disposal in auction. Details of shopping centres constructed in four colonies are given below :—

Sl. No.	Location	No. of centres constructed	Type	Cost of construction (Rs. in lakhs)	Month of completion as per records	Month of intimation to the L&DO
1.	Lodi Road Complex	31	Stalls 19 shops 12	5.52	August 1983	June 1983
2.	Mohamadpur	7	Shops 7	1.51	November 1981	September 1983
3.	Baba Kharag Singh Marg	26	Shops 10 Stalls 9 Platforms 7	4.66	January 1982	May 1983
4.	Hanuman Road	12	Shops 3 Stalls 9	Awaited from CPWD	November 1983	May 1983

In this connection the following observations are made :—

— While the shops at Sl. Nos. 2 and 3 had been completed in November 1981 and January 1982, intimation of completion was sent by the CPWD to the L&DO in September 1983 and May 1983 respectively.

— Fixation of reserve price in respect of Sl. Nos. 1, 2 and 3 (fixed in July 1985) was delayed by 22 to 26 months. The Reserve price of Sl. No. 4 had not been fixed so far (September 1987).

— Auction of shops was arranged for Sl. No. 1 in March 1986 and August 1987 and for Sl. No. 2 in March 1986 but the same was cancelled as the bidders withdrew.

— In Sl. No. 3, six stalls had been allotted by Government on licence fee basis in August 1985 (5 stalls to persons belonging to members of weaker sections of society/community) and in April 1987 one stall to a person (who had gone to Court against the allotment of 5 stalls) contrary to the policy of auction.

— The reserve price had been revised for Sl. No. 1, in March 1987, reducing the element of land value to 50 *per cent* on the plea that FAR being 100 with permissible area coverage of 25 *per cent*, it was permissible under the Municipal bye laws to raise the shops to four storeys, but it was structurally not feasible at that stage (in the instant case because of provision of 9" wide partition wall and single common roof slab). The defective planning resulted in under-utilisation of land and thereby loss of revenue to Government

— While determining the revised reserve price for Sl No. 1, the element of interest till the date of revision was ignored.

— Delay in the auction of the shops/stalls against Sl. No. 1, 2 and 3 had resulted in blocking of Rs. 11.69 lakhs for period ranging from 50 to 70 months, the cost of construction of the fourth case being not available.

43.14 *Allotment of land to Social, Cultural, Charitable and Religious Institutions*

No guidelines had been laid down for the allotment of land to Social, Cultural, Charitable and Religious Institutions. These were allotted by the Ministry at rates decided by Government from time to time and ground rent is recovered at 2½ *per cent* thereon (rate fixed in 1981 was Rs. 6 lakhs per acre i.e. Rs. 120 per sq yd approximately against the normal rate of Rs. 400 to Rs. 2000 per sq yd.). Thus, the cost of land and rate of ground rent (which was recovered at 2½ *per cent* thereof) were concessional. The register of allotment of land to such institutions made available to Audit had been maintained from 12-7-1985 and only 33 cases were entered therein. The L&DO was requested (3-4-1987) to furnish details of all cases of allotment of land to such institutions but the same were awaited (September 1987).

A random examination of ten cases revealed that the organisations to whom such allotments were made did not adhere to the terms and conditions of allotment as indicated below :—

(a) A charitable society 'X', the lessee for plot No. 5 Block 'M', Connaught Place, New Delhi made un-authorised constructions and misuse of the premises in January 1979 which were temporarily regularised (22-12-1979) upto 14-1-1980 on payment of Rs. 49,237.65. On representation of the lessee it was decided (February 1984) to intimate revised terms for regularisation of breaches which has not been done so far (September 1987).

(b) A plot of land measuring 1.628 acres was allotted to a cultural society 'Y' on 18-6-1962 at a concessional rate at Rs. 36,000 per acre as premium plus 5 *per cent* annual ground rent thereon.

Though the agreement of lease provided that no part of the building should at any time, without the previous consent in writing or the President, be used for any purpose whatsoever, other than as a memorial building, the lessee let out a portion of the building to a bank, (at Rs. 1,05,546 *per annum*) in August 1978 (enhanced to Rs. 3,01,720 *per annum*). Though 25 *per cent* of the gross rent or the misuse charges, whichever be higher, were payable by the society for the misuse, the Ministry approved (April 1984) the regularisation of the misuse by charging only a token penalty of Rs. 100 without prior concurrence of the Finance Division (Lands Unit). Since the society neither removed the misuse by 14-7-1985 nor furnished an undertaking that breach would be removed, the L&DO determined the lease (19-3-1986) and ordered re-entry upon the premises. The lessee furnished an undertaking (29-3-1986) to make the payment at the rate to be fixed by Government from time to time. The L&DO, with the approval of the Ministry decided not to take any action because the society had filed a suit for perpetual injunction against orders of re-entry.

(c) A Plot of land numbering 719/3 of 117 sq yds. in Dev Nagar was allotted to a religious institutions in May 1963. Subsequently, the lessee occupied the adjacent plot No. 719/2 measuring about 111 sq. yds. unauthorisedly and also made unauthorised construction. For this, while damages amounting to Rs. 0.24 lakh and Rs. 0.38 lakh were demanded by the L&DO during June 1980 and July 1982 from 1-11-1975 to 21-6-1980 and 22-6-1980 to 14-7-1982 respectively, the Ministry decided (April 1986) to recover only a token penalty of Re. 1 *per annum* till such time the construction was regularised by the Municipal Corporation of Delhi. Office files leading to the decision of the Ministry were called (September 1987) but were not made available.

(d) Unauthorised occupation of Government land measuring 0.542 acre and 2.432 acres by two educational institutions was regularised by formal allotment in June 1986 and February 1986 on payment of damage charges amounting to Rs. 0.87 lakh and Rs. 100 for past utilisation respectively. The L&DO intimated that the decision to levy a token penalty of Rs. 100 in the latter case was taken by the Ministry. The file leading to the decision to levy a token penalty in the latter case was called for (June 1987) but had not been produced (September 1987).

43.15 *Overlapping control of L&DO and DDA.*—From the following cases, it appeared that both the L&DO and the DDA had been exercising authority on certain lands in the allotment of land/receipt of revenue.

(a) *Leasing out of land in the bed of the river Jamuna*

About 125.31 acres of land in Bela Bir Estate, in the Jamuna Bridge Area, and about 30 acres of land, from the point of Crystal Ice Factory to Mahakali Bhawan on the bank of the Jamuna, were transferred to the DDA (May 1973) for extraction of sand and development of the Jamuna River Water Front respectively, *inter alia,* on the condition that all income from the sale of sand or by way of ground rent realised by the DDA from the existing lessees should be payable to the L&DO after dedcuting 12½ *per cent* thereof as departmental charges and the DDA should execute a licence deed at their own cost in the prescribed form. Though the DDA accepted the terms of transfer (28th September 1973), it had not executed the licence deed so far (September 1987). It was stated by the DDA (September 1979) that the land should be transferred to them by issuing a notification under Section 22(1) of the Delhi Development Act, 1957 instead of giving it on licence basis. The matter was referred to the Ministry (October 1979) for a decision, but the same was still awaited (September 1987).

In reply to an Audit query (June 1987) it was stated by the L&DO that he had no knowledge whethere the land was being used by the DDA for only the prescribed purpose and whether the DDA had realised any income from these lands. No amount had, however, been received from the DDA in this respect.

(b) *Land transferred to the DDA for development and maintenance*

192 pieces of Nazul lands were placed at the disposal of the DDA for the purpose of development and maintenance as green and taking such steps as might be required to serve the sale purposes vide gezette notifications issued in July 1974, August 1974, August 1975 and October 1978 subject to the terms and conditions which, *inter alia,* provided that (i) the DDA should not make or cause or permit to be made any construction in the said lands and should, when required by the Central Government, replace the said lands or any portion thereof and (ii) land should not be put to any use other than for maintenance.

The standard lease of licence further provided that (a) the DDA (licensee) should duly and regularly pay to Government (licensor) a licence fee at Re. 1 *per annum* per piece of land and (b) the licensee should not without the previous consent in writing of the licensor, sell or mortgage or create any charge upon or sublet or otherwise transfer all or any of its rights under this deed.

A test-check of the records revealed that the DDA had allotted pieces of land to various parties in the following cases for use as gas godowns in contravention of the terms and conditions referred to above, but neither the aomunt realised by the DDA from the lessees was remitted to the L&DO nor the allotments were cancelled (except in case at Sl. No. 5 below) as directed by the L&DO.

Sl. No.	Location	Area of plot	Date of allotment
1.	R.K. Puram, Sect. VII	498 Sq. m.	30-8-1976
2.	Ganga Ram Marg.	85′-11″ × 66′	N.A.
3.	Laxmi Bai Nagar Near hostel of Delhi College of Medical Sciences.	640 sq. yds.	23-9-1985
4.	Andrews Ganj	524 sq m	16-9-1983
5.	Ganga Ram Marg (Southern Ridge).	N.A.	1982

A review of files revealed that the DDA did not take steps to ensure that no encroachments were made on Government lands placed at its disposal for care and maintenance. In the following two cases, encroachments were reported to the DDA by the L&DO.

(a) *Plots in Sector* 7, 8 ,9 *and* 12 *in R. K. Puram*

In reply to L&DO's letter (7-5-1980) that there were encroachments in the above plots, the DDA intimated (22-7-1980) that necessary action was being initiated.

(b) Consequent on transfer of R. K. Puram area to the CPWD for construction of general pool accommodation and replacement of the land at the disposal of the L&DO by the DDA (25-7-1985) it was found that many pockets of land were under the occupation of squatters (a site inspection by the DDA dated 12-12-1983 indicated encroachment comprising 114 shops, one dispensary, one gurdwara and one school/mandir).

The suggested joint inspection by the representatives of the L&DO and the DDA in the above two cases was yet to be conducted.

43.16 *Encashment of cheques/drafts*

A review of the Register of Valuables for the year 1986 revealed the following deficiencies :

— The register had not been closed every week and report of cheques/drafts pending was not submitted to the Administrative Officer.

— Out of 5109 cheques/drafts received from various lessees, final disposal against 240 cases amounting to Rs. 17.71 lakhs was not noted.

— 1142 cheques/drafts amounting to Rs. 434.48 lakhs were sent to bank for realisation after a period of one to over six months.

There was no system of reconciling the amount remitted in the bank with the bank statement. A test-check of remittances made to the bank during January and July 1986 revealed that in eight cases involving Rs. 94,269.37, cheques had not been credited to the account of L&DO although challans had been receipted by the bank as per Register of Valuables.

44. Misutilisation of steel imported under an Aid Programme

Under an Aid Programme of a foreign country, during 1979-82, the Steel Authority of India (SAIL) as canalising agent imported and sold 54,270 tonnes of steel bars to Central Public Works Department (CPWD) on high seas delivery basis. According to the conditions of the grant, the steel bars were to be utilised for construction of houses for the lowest category of workers in the mines, school, hospitals. nurses hostels, foodgrains godowns, etc.

The CPWD engaged a Bombay firm as the clearing agent, who was also entrusted with the work of distribution of steel bars to different CPWD zones as per directives of the CPWD authorities. The total quantity of steel bars lifted for eastern zone and actual distribution of the same to different CPWD divisions in West Bengal were not made available to Audit by the Chief Engineer, CPWD, Calcutta. However, in course of Audit (October 1986) it was noticed that 3153 tonnes of steel bars was lifted by two CPWD divisions of Calcutta upto 1981-82 (Division No. V : 2951 tonnes ; Division No. VI : 202 tonnes). Of these, 2207 tonnes could be utilised by six construction Divisions of Calcutta up to June 1987 mainly on construction of Government Quarters in violation of the conditions of the grant leaving a balance of 946 tonnes (Value : Rs. 63.40 lakhs).

As regards utilisation of Steel, one of the divisions stated in March 1987 that there were certain technical difficulties in utilisation of this steel compared to Indian tor steel. The design prepaed by concerned authorities should incorporate use of foreign steel in the design of the work. According to another division (February 1982) the foreign steel was not required by them nor indented for.

Further it appears from the records of SAIL that CPWD did not claim reimbursement of port charges, handling, transportation, etc as admissible. In procurement of 3153 tonnes of steel referred to above Rs. 15.84 lakhs were spent on inland freight and cartage and Rs. 1.16 lakhs on watch and ward.

The Chief Engineer, CPWD, Calcutta could not furnish utilisation certificate (October 1986), asked for by the Ministry of Finance in December 1984 evidently due to non-utilisation of the full quantity of steel bars received and utilisation of steel bars, for purposes other than that mentioned in the Aid.

The case was reported to the Government in July 1987; reply had not been received (October 1987).

45. Avoidable expenditure due to delay in adoption of revised specifications for anti-termite treatment

Indian Standard (IS) : 6313 of 1971 laid down norms to be adopted for using soil insecticides as preconstructional anti-termite treatment to be given to buildings by treating the soil beneath the buildings and around the foundations at the rate of 15 litres per square metre vertical surface of the sub-structure for each side. This scale of dose was laid on the apprehension that since there was a tendency for chemical emulsion sprayed on vertical face to flow downwards, the net quantity of emulsion adhering to the vertical surface would be reduced. In practice, however, it was found by the Building Construction Practices Sectional Committee (BCPSC) that the quantity of emulsion actually flowing down the vertical faces was much less than what was apprehended earlier. In the light of these findings, the BCPSC, which included also a member of Central Public Works Department (CPWD), revised the dosage for vertical treatment from 15 litres to 7.5 litres per sq m. This revision was adopted by the Indian Standards Institution on 30th November 1981 and incorporated in IS : 6313 (Part-II) of 1981.

While the revised norms for use of anti-termite chemical emulsion (aldrin) on vertical surface were adopted in November 1981 and incorporated in the Indian Standards in April 1982, the CPWD modified their specifications only in March 1985 and revised analysis of rate for the relevant item of work was issued in April 1986.

A review of 153 building works executed in 25 Divisions of the CPWD in nine States and two Union Territories revealed that the CPWD Divisions had further delayed the implementation of revised specifications by way of introducing revised item in the tender documents by 2 to 21 months even after the issue of revised specifications. The delay in the revision of specifications by the CPWD and further in the implementation of revised specifications in these works had resulted in avoidable extra expenditure of Rs. 18.50 lakhs and Rs. 2.78 lakhs respectively.

The case was referred to the Ministry on 9th October 1987; their comments had not been received (November 1987).

46. Loss due to short receipt of steel from a supplier

The Director General, Supplies and Disposals (DGSD) placed (October 1980) on a private firm an acceptance of tender (A/T) for the supply of 4750 tonnes of 10 millimetre (mm) cold worked steel high strength deformed bars at a cost of Rs. 210.43 lakhs against an indent of the Central Public Works Department (CPWD).

The steel was to be despatched free on rail (f.o.r.) Nagpur, to the CPWD siding, Delhi Safdarjung against clear railway receipt (RR) on 'freight to pay basis'. The steel was taken delivery of in 97 wagons by the CPWD during the period from January to October 1981 in the railway yard at Safdarjung where there was no weigh bridge. The wagons were later moved to the CPWD siding. After taking delivery from the Railways, the steel, on being unloaded from the wagons was transported by trucks to the CPWD weigh bridge at Netaji Nagar at different intervals as shown below :—

Number of wagons	Time lag between date of taking delivery and date of weighment (In weeks)
56	upto 1
23	1 to 2
4	more than 2
14	Date of weighment not known
97	

The weight of steel as taken on the CPWD weigh bridge was found to be 4707.93 tonnes as against the weight of 4742.30 tonnes recorded in the RRs resulting in shortage of 34.37 tonnes.

The shortages of steel were brought to the notice of the firm between March and November 1981. An amount of Rs. 2.64 lakhs was withheld from the amount due to the firm for the steel short received. The firm went into arbitration (1983) for the payment of withheld amount. The CPWD was of the view that clause 19(a) of the A/T specifically provided the right of weighment of steel by them and right to reject the material within 30 days of the receipt of stores at their end and that the payment to the firm was, therefore, to be made for the weight of steel actually received at their end. The arbitrator, however, awarded against the CPWD stating that (i) goods were sent by clear RR at Railway's risk and (ii) weighment at its end by Union of India meant weighment at the time of taking delivery from the Railways in which case the Railways were absolved of all responsibility for the loss and the contractor could not claim the loss from the Railways who would be equally responsible for the loss in transit.

Payment of Rs. 2.64 lakhs was made by the DGSD to the firm on 6th August 1984 in full and final settlement of the latter's claim arising out of the A/T and arbitration award.

The CPWD stated (April 1987) that the deficit of 34.37 tonnes worked out of 0.72 *per cent* of the total weight against the normal variation of (+)/(—) 0.5 *per cent* and the variation of 0.72 *per cent* was due to irregular behaviour of the weigh bridge.

However, as per the information received from the department (November 1987), the test-check carried out during the months of June 1981, August 1981 and September 1981 fell short of the required percentage of check. Further, contention of the CPWD that the shortage was only marginal in excess of the permissible variation is not acceptable since the variations are to be determined with reference to individual consignments and not with reference to the total quantity of goods received. It was seen that against 97 consignment received, the variations exceeded the permissible limit in 57 cases by percentage varying from 0.52 to 7.82.

Thus, the CPWD sustained loss of Rs. 2.01 lakhs on account of shortage of 34.37 tonnes of steel due to failure of the CPWD in not arranging for weighment of steel before taking delivery from the Railways in spite of shortages being detected in most of the consignments.

The case was referred to the Ministry in August 1987; their comments had not been received (December 1987).

Ministry of Urban Development

(Andaman and Nicobar Administration)

47. Abnormal delay in execution of work

(a) Administrative approval and expenditure sanction for Rs. 3.71 lakhs was accorded (September

1963) for construction of a rural road from Diglipur to Millangram (distance 10.86 kms) departmentally by an Andaman Public Works Division. The work was commenced in 1963 and was stipulated to be completed within two and half years. The work remained incomplete till 1973 at which stage the road-work in Andaman was brought under the jurisdiction of Indian Roads Congress specifications. The specifications for the road were revised according to which the formation, width and thickness of the metalling were increased. The original estimate of Rs. 3.71 lakhs after an initial revision to Rs. 7.74 lakhs (April 1965) has not been revised since.

The construction of the road was completed in April 1986 for Rs. 36.38 lakhs. The cost of construction has worked out to over Rs. 6.15 lakhs per km. In 1982-83, expenditure of Rs. 0.87 lakh had to be incurred on repairs to the road side by side with the construction. Due to non-maintenance of hindrance register or theoretical consumption statement, specific reasons for abnormal delay in completion of the work and extent of utilisation of materials with references to labour employed could not be ascertained/verified. The department, however, attributed (August 1985) the delay *inter alia* to non-availability of (i) labour, (ii) mechanical crushers, (iii) transportation facility and (iv) supervisory staff as also to the limited working season (5 months in a year) wage escalation after 1973, labour unrest and non-clearance of commercial trees by the Forest department. But most of these factors, were not unforseen, and despite this the period of completion of the work was fixed at 2½ years.

The revised administrative approval and expenditure sanction have also not been accorded yet to regularise expenditure incurred. Owing to the initial estimates not having been realistic coupled with the absence of infrastructure for execution of the work departmentally not only there has been abnormal increase in expenditure but also the objective of linking Diglipur to Millangram could be achieved after 22 years instead of 2½ years as envisaged in original estimate. While accepting the Audit comments the department stated in January 1987 (endorsed by the Ministry in September 1987) that the excess cost of construction was mainly due to considerable increase in cost of labour and materials, increase in length of span culvert due to site condition, change in scope of work, carriage of materials for soling and metalling from different sources for which provision was not made in the original estimates. The revised estimate was stated to be under preparation.

(b) Two works namely (i) construction of a rural road including culverts from Danapur to Rampur in Andaman and Nicobar Islands (Distance : 4.05 km) administratively approved in May 1969 for Rs. 5.12 lakhs and (ii) construction of rural road from Tugapur to Tugapur South including culverts in Andaman and Nicobar Islands (distance : 3.12 km subsequently increased to 5.85 km in November 1969), administratively approved in October 1969 for Rs. 4.63 lakhs were taken up departmentally in October 1964 and January 1970 respectively. The administrative approval for Rs. 4.63 lakhs was, however, revised to Rs. 8.63 lakhs in October 1970 mainly due to increase in the length of road by 2.73 km after proper survey. The work at (i) above, scheduled to be completed by September 1966, was actually completed in May 1987 at a total cost of Rs. 29.90 lakhs while the work at (ii) above, scheduled to be completed in December 1971, was actually completed in November 1984 at a total cost of Rs. 38.10 lakhs.

In both the cases the delay was attributed to non-availability of skilled labour, procurement of materials from remote places and limited working season (4 months in a year). Since the above factors obtaining in the Islands were known, fixation of time schedule was unrealistic in both the cases.

The approved alignment of proposed road from Danapur to Rampur was along the sea coast. Consequently, while the work was in progress, (July 1970) road and the embankment was constantly being eroded by tidal water. An estimate for construction of a sea wall of 805 ft length as protective measure was considered (October 1970) but not approved. In October 1975 the threat to the road due to tidal water was reviewed again and a search for an alternative alignment was initiated after rejection of the original alignment along the sea coast. The diversion of road along the new approved alignment necessitated acquisition of some paddy land but due to resistances by landowners (February 1977) the land could not be acquired. Subsequently it was decided (August 1980) to construct the sea wall and follow the original alignment. The wall was completed in April 1984. The revised administrative approval and expenditure sanction to regularise the excess of Rs. 24.78 lakhs were stated (June 1987) to be under preparation.

In respect of Tugapur to Tugapur South road revised administrative approval and expenditure sanction to regularise the excess of Rs. 29.47 lakhs over revised estimates have not yet been prepared and submitted for sanction.

Thus lack of proper planning, fixation of unrealistic time schedule, lack of infrastructure resulted in abnormal delay in completion of the works coupled with abnormal increase in cost.

The matter was reported to the Ministry in July 1987; reply had not been received (October 1987).

48. Infructuous expenditure due to change in alignment

The Jarawa tribe is confined to the western forests of Middle and Southern Andamans. The area of about 309 Sq miles on the Western coast of Andaman has been declared as "Reserved Area" under tribal regulation and entry into the area is strictly prohibited. In view of hostility displayed by the Jarawas, the Bush Police Force was formed in 1905 to check the entry of outsiders into Jarawa territory as also to keep an eye on the movement of the Jarawa community. There have been recorded instances of raiding the survey camp, attacking the Bush Police Force, attacking gift dropping police parties etc. during the period 1948 to 1973.

It was observed during Audit that construction of Andaman Trunk Road in the South Andaman Island for the stretch from the 87 km point to the 100 km point was taken up by the Andaman PWD in 1972. While the work was in progress on the stretch, it was decided by the Andaman and Nicobar Islands Administration in 1975 to suspend the work beyond the 87 km point due to apprehension of resistance from the Jarawas. By the time the suspension was enforced in 1975, the department had already incurred an expenditure of Rs. 10.94 lakhs on the stretch of road on the Jarawa tribes. In terms of the report of committee of Anthropologists was constituted to study the effect of the construction and use of the road on the Jarawa tribes. In terms of the report of the aforesaid committee, approval for resumption of construction on the 87—110 km stretch was accorded by Government in July 1983 subject to an eastward shift of the road between 93 km and 99 km involving an additional expenditure of Rs. 30.00 lakhs.

The matter, however, was studied afresh by the Andaman and Nicobar Islands Administration and it was decided that the entire length of the road between 84.5 km point and 110 km will be constructed along a new alignment shifted towards east, with a view to (i) reduce the overall length of the road by about 4 km as compared to the alternative of shifting of alignment from the 93 km point and (ii) make available an additional area of about 17 sq km for Jarawas. Work on the new alignment beyond the 84.5 km point has been taken up.

As a result of the change of alignment an expenditure of Rs. 31.75 lakhs (Rs. 20.81 lakhs, for the stretch from the 84.5 km point to 87 km point and Rs. 10.94 lakhs for the stretch from the 87 km point to 101 km point) incurred on the old alignment became infructuous. The Ministry could not furnish a specific reply (April 1986) as to why revised alignment could not be adopted in the first instance when the problem of Jarawas was already known. The Principal Engineer, Andaman PWD stated (December 1986) that the construction of Andaman Trunk Road through some area reserved for Jarawas had become unavoidable without any alternative but with a view to provide more moving area for the Jarawas the realignment of the road was made. This was also endorsed by the Ministry in September 1987.

It would appear that even though the administration was aware of the location of the Jarawas reserve and of the need to stay away from the area on account of Jarawas "hostility" they did not take these factors into account before taking up the construction of the Andaman Trunk Road along the original alignment. As a result the administration had incurred infructuous expenditure of Rs. 31.75 lakhs.

49. Non-utilisation of graders

Andaman Public Works Department imported (September 1961, November 1961 and February 1963) 3 graders at a cost of Rs. 3.45 lakhs with a view to utilising them for development of roads in the Bay Islands. The graders were meant to be used for grading the earth after the bulldozers gave proper formation to roads.

Out of the three graders only one could be put to use for only 624.5 hours over a span of three years from March 1971 to April 1974. The other two remained idle for the entire period of 23 years.

According to the department (February 1985) the utilisation of the graders was virtually nil due to (i) difficulties of operation of the heavy graders on the slushy soil condition of the Islands and (ii) non-availability of imported spare parts.

Of the 3 graders, two were auctioned (July 1974 and April 1985) and the remaining one was being disposed of.

It would thus appear that the import of the 3 graders resulted in an infrustuous expenditure of Rs. 3.45 lakhs.

The matter was reported to the Ministry in July 1987; reply had not been received (October 1987).

50. Construction of a Labour Community Centre at Chandigarh

In April 1980, the Chandigarh Administration accorded administrative approval for Rs. 5.80 lakhs for the construction of a Labour Community Centre in Bapu Dham Colony, Chandigarh. The construction of the centre commenced in June 1980 and was completed in March 1983 at a cost of Rs. 7.18 lakhs. The building after completion was not used as community centre but was utilised for miscellaneous purposes such as storing of cement etc. till March 1985, when it was handed over to Chandigarh Industrial and General Development Corporation Ltd. (CIGDC) for use as a 'CIGDC Sarai'. It was, also not used as 'Sarai' either. In September 1985, the building was handed over to the Police Department, Union Territory Chandigarh for accommodating CRPF Companies and since then it has been under their occupation. Thus, the objective for which an expenditure of Rs. 7.18 lakhs was incurred for the welfare of labour community was not achieved.

The matter was reported to the Ministry in July 1987; reply had not been received (December 1987).

51. Construction of a Cancer Hospital Building at Chandigarh

At the instance of the Chandigarh branch of Cancer Society of Northern India, the Chief Engineer of Chandigarh Administration issued instructions in February 1982, for preparation of estimates and commencement of work on priority basis for the construction of a 250 beds building for Cancer Hospital (outlay Rs. 2 crores) on a land measuring 10.7 acres in Sector 42, Chandigarh. The estimate of the work amounting to Rs. 0.68 lakh (Ist phase) was sent by the Engineering Department to the Society in April 1982 for approval and depositing the amount therefor. In February 1982, the Engineering Department commenced the work without any approval of the estimate by the Society and placing of any funds by it at the disposal of the Engineering Department. Reasons for commencement of work in anticipation of the approval of the estimates, by the Society or receipt of funds from it, were awaited (January 1988). The work was completed in April 1982 at a cost of Rs. 0.43 lakh.

In March 1984, the Union Territory Administration, however, informed the Society that the hospital was constructed on a site without getting regular allotment and any sanction of the building plan which constituted breach of building-bye-laws, and the structure, thus having been raised in the unauthorised manner should be removed. The building was demolished in May 1984 and the expenditure of Rs. 0.44 lakh (cost of construction : Rs. 0.43 lakh and cost of dismantling : Rs. 0.01 lakh) was thus rendered infructuous.

The matter was reported to the Ministry of Urban Development in July 1987; reply had not been received (January 1988).

Ministry of Water Resources

52. Unfruitful expenditure on maintenance of shore stations

Three shore stations (Beldanga, Govindapur and Patuli) were constructed (1964) by a Central Water Commission Division at a cost of Rs. 1.57 lakhs for conducting a hydro-graphic survey at a stretch of the river Bhagirathi (Biswanathpur to Nabadwip 150 miles. The survey taken up in September 1963 was completed in February 1966. After completion of survey, these stations were maintained for almost two years though no useful purpose was served.

These were converted into Rest Houses/Inspection Bunglows (1968) without any assessment of future demand for accommodation. The department incurred expenditure of Rs. 3.45 lakhs mainly on pay and allowances of staff during the period from 1966-67 to 1986-87 against revenue of Rs. 0.03 lakh earned during January 1968 to March 1983. No revenue was earned from April 1983 onwards. Maintenance of the shore stations after completion of survey resulted in an unfruitful expenditure of Rs. 3.42 lakhs till March 1987.

The case was reported to the Government in July 1987; reply had not been received (October 1987).

53. Avoidable expenditure due to irregular rescission of contract

The Farakka Barrage Project awarded the work of supply of 57,500 cubic metres of boulders at an average rate of Rs. 90.63 per cubic metre (rates varying from Rs. 85.49 to Rs. 96 per cubic metre) required for the execution of protection works in different spurs, bed bars, in the up-stream of the left bank of Farakka Barrage to ten contractors (November 1983 to March 1984). The stipulated date for completion of supplies was two working months (in each case) to be reckoned from the 15th day after the date of the written order to commence work. The extension of time for supply was given in the above cases upto August 1984. Out of 57,500 cubic metres of boulders contracted to be supplied, the ten contractors could supply only 18,620 cubic metres within the extended delivery period. Accordingly the project authorities rescinded the contracts (July 1984 to August 1984) under clauses 2 and 3 of the contracts at the risk and cost of the defaulting contractors. Subsequently the project authorities proposed in October 1984 not to invoke the risk purchase clause as no further works on bed bars would be required as per recommendation of the Technical Advisory Committee.

The department, however, placed supply orders (May 1985 to December 1985) with four contractors for supply of 20,000 cubic metres of boulders at the rates varying from Rs. 125 per cubic metre to Rs. 144 per cubic metre. By effecting purchase at the above rates the department incurred an extra expenditure of Rs. 8.67 lakhs and this extra cost was not recovered from the defaulting contractors.

On the irregularity being pointed out in Audit (June 1985) the department stated in May 1986 that the Ministry of Law was consulted in the matter. According to the opinion of the said Ministry nothing could be done within the extension period of the contract and as such no action was taken towards risk purchase as all the notices under clauses 2 and 3 were issued within the valid extension period.

Had the rescission orders to the defaulting contractors been issued at appropriate time the entire amount of Rs. 8.67 lakhs could have been recovered from the said contractors. The department's contention that there was no further requirement of boulder was not tenable as 20,000 cubic metres of boulders had to be purchased at a higher rate after rescission of contracts.

All the records of this case were seized by CBI in December 1985.

The case was reported to the department and the Government in July 1987; reply had not been received (October 1987).

CHAPTER VI

STORES PURCHASES/SALES

Ministry of Commerce

(Department of Supply)

54. Purchase of BHC water despersible powder

The Director General of Supplies and Disposals (DGSD) had placed an Acceptance of Tender (A/T) on a firm on 9th February 1978 for the supply of 2,100 MTs of BHC water dispersible powder* at Rs. 3,875 per MT valued at Rs. 81.38 lakhs to different consignees. Originally, the delivery was to be completed by 30th June 1978 but, later it was extended to 31st August 1978.

As per terms of the A/T, 95 *per cent* payment of the stores was to be made on proof of despatch and the balance 5 *per cent* was payable on receipt of the consignment in good condition by the consignee. The firm completed the supplies after inspection by the inspecting authority by 30th August 1978 and obtained 95 *per cent* advance payment. The balance 5 *per cent* payment was, however, withheld by the DGSD as the stores supplied were found to be defective. The firm repeatedly requested the DGSD to release the balance payment and served two legal notices in May and June 1980, but the withheld payment was not released.

The firm filed a suit in the High Court of Delhi in January 1981 for the release of the withheld payment of Rs. 4.13 lakhs together with interest at 18 *per cent* amounting to Rs. 1.73 lakhs. During the course of the proceedings, the court gave opportunity to the DGSD to return the defective stores to the firm. It was also pointed out to the DGSD that one of the consignees had written a letter on 5th November 1979 stating that there was no balance of BHC supplied by the firm. The DGSD neither availed of this opportunity given by the court to return the defective stores to the firm nor accepted or contradicted the contents of the consignee's letter dated 5th November 1979 till 24th October 1986, when the High Court passed order as under :

"In so far as the application of the defendant-Union of India for leave to defend has been rejected, it would follow that the plaintiff is entitled to the decree in the main suit. Accordingly, a decree for recovery of Rs. 5.86 lakhs together with costs of the suit and interest @ 18 *per cent* per annum pendentelite as also future interest at the same rate from the date of decree till realisation of the decretal amount is passed in favour of the plaintiff and against the defendant."

*BHC (Benzyne Hexachloride) water dispersible powder is an insecticide.

The Department of Supply issued sanction (15th April 1987) for the payment of Rs. 12,48,666 to the firm in satisfaction of the High Court judgement dated 24th October 1986 and attachment order of 30th March 1987. The cheque drawn in favour of the firm was given to the bailiff of the court on 15th April 1987. The Government had not only paid the withheld amount of Rs. 4.13 lakhs, but had also incurred an extra expenditure of Rs. 8.36 lakhs by way of cost of suit filed by the firm and interest.

The case revealed that the DGSD had accepted defective stores. Further without ascertaining from the consignees that stores were available with them for replacement also withheld 5 *per cent* payment amounting to Rs. 4.13 lakhs.

The extent of loss to Government is not quantifiable since it is not known whether the goods could have been accepted with price reduction or were totally defective and not fit for use for the purpose for which these were purchased. The payment of interest and cost of suit amounting to Rs. 8.36 lakhs were also avoidable. There was, further, delay in processing the case even after the judgement against the Government was delivered on 24th October 1986. The delay not only led to issue of an attachment order by the High Court on 30th March 1987 but also further payment of interest for about six months.

The Department of Supply stated (November 1987) that the fact about the non-availability of the stores was clearly brought to the notice of the Ministry of Law but the legal opinion was that the case might be contested in the court as the fact of the stores being substandard was known within two years, viz., within the guarantee period.

55. Purchase of water for injection

To cover an indent of the Director General of Health Services for the supply of water for injection ampoule (amp.) of 5 ml, an advance Acceptance of Tender (A/T) for 18,81,250 ampoules was placed by the Director General, Supplies and Disposals (DGSD) on firm 'A' on 8th May 1980 at Rs. 140 per thousand amps. (value : Rs. 2.63 lakhs—exclusive of sales tax). The A/T stipulated that the firm would deposit security of Rs. 0.11 lakh by 25th May 1980. The supply of stores was to be made in three instalments, i.e., by 15th July, 15th August and 15th September 1980 or earlier.

The firm acknowledged (5th June 1980) the A/T and pointed out that the order should have been placed on their registered office at Calcutta instead of on their Delhi office. The firm also requested for extension of time for depositing security by one month from the date of issue of the formal A/T. The DGSD, however, issued the formal A/T on 19th June 1980 without incorporating therein the amendments asked for by the firm.

After the expiry of the stipulated delivery period, for the first two instalments, i.e., 15th August 1980, the DGSD ascertained (20th August 1980) the position of supplies from the firm, which replied on 30th August 1980 that it could not complete supplies on account of strike in its factory and also asked for extension in delivery period by three months.

The firm again requested (3rd, 10th, 28th November and 23rd December 1980) the DGSD for extension in the delivery period and also allowing it time for arranging security deposit. The delivery period was extended (20th January 1981) up to 15th April 1981 for all the three instalments.

The firm supplied 1,15,000 amps. but did not deposit the requisite security. The case was referred to the Ministry of Law on 19th August 1981 for advice whether the contract could be cancelled at the risk and cost of the firm as the delivery period for all the three instalments had expired on 15th April 1981. The Ministry of Law opined (22nd August 1981) that the DGSD could have cancelled the contract for not depositing the security as the firm had committed a breach of contract. The Ministry of Law pointed out that the supplies were tendered for inspection on the last date of delivery period (15th April 1981) and sought information whether 'fag end' notice had been given to the firm. If the goods after inspection had been sent to the consignee, the Department, by their conduct waived the breach of non-deposit of security. Enquiries by the DGSD revealed that no 'fag end' notice had been given. The delivery period was again extended (16th September 1981) up to 20th December 1981 reserving the right and denial clause. This was acknowledged by the firm on 28th September 1981. The firm offered 3,20,000 amps. for inspection, out of which only 2,40,000 amps. were accepted.

There was lock out in the firm's factory from 11th January 1982. As the firm did not complete the supplies even during the extended delivery period up to 20th December 1981, the case was again referred to the Ministry of Law on 24th February 1982 for advice. The matter was discussed with the Ministry of Law, who opined (24th May 1982) that since the DGSD had accepted the stores on 30th October 1981 and 7th November 1981 without issuing 'fag end' notice and inspection note was issued on 20th January 1982 this had the effect of keeping the contract alive beyond the extended delivery period up to 20th December 1981 and that a performanc-cum-extension notice be given to the firm. Performance-cum-extension notice was issued (7th November 1983) by the DGSD to firm 'A' extending delivery period up to 10th January 1984.

Since the firm neither acknowledged the amendment letter nor made further supplies, the case was referred to the Ministry of Law on 10th January 1984. The Ministry of Law opined on 8th February 1984 that the A/T could be cancelled at the risk and cost of firm 'A' taking date of breach as 20th December 1981. The A/T for the outstanding quantity of 15,26,250 amps, was, thus, cancelled on 24th May 1984.

The cancelled stores were re-purchased from firm 'B' in October/November 1984 at a cost of Rs. 3.15 lakhs (exclusive of sales tax) involving an extra expenditure of Rs. 1.05 lakhs. Supplies were completed by firm 'B' on 7th August 1986. A demand notice for general damages of Rs. 0.16 lakh was issued to firm 'A' in May 1987, i.e. after about three years of the cancellation of the A/T.

The case revealed that there was inordinate delay in processing the case at different stages; in issuing performance-cum-extension notice and in cancellation of the contract. Consequently the stores required by the indentor by February 1980 were actually supplied by August 1986. No valid risk purchase could be effected resulting in extra expenditure of Rs. 1.05 lakhs on re-purchase. A demand notice for the recovery of Rs. 0.16 lakh from firm 'A' was issued after about three years of the cancellation of the A/T.

The Department of Supply stated in November 1987 that against the risk purchase A/T various consignees had reported a transit loss of 61,950 amps. costing Rs. 0.13 lakh and the Pay and Accounts Officer had been authorised to recover this amount. Therefore, extra expenditure comes to Rs. 0.92 lakh and loss suffered by Government could be even less because a demand notice for Rs. 0.16 lakh had already been issued to the defaulting firm for general damages.

56. Purchase of swiss cottage tents

Against an indent (October 1980) from the Directorate General, Central Reserve Police Force, New Delhi, an Acceptance of Tender (A/T) was placed (April/May 1981) on firm 'A' for the supply of 57 swiss cottage tents (value : Rs. 5.63 lakhs) by 30th September 1981 or earlier. Since firm 'A' failed to effect the supplies even after extensions were granted to it up to 15th August 1982, the A/T was cancelled in October 1982 at its risk and expense, treating 15th August 1982 as the date of breach. A risk purchase A/T was placed, in December 1982/January 1983, on firm 'B' (value : Rs. 5.63 lakhs) for delivery by 15th May 1983. Since firm 'B' did not furnish the security deposit and also did not make supplies by the stipulated delivery date, the A/T was cancelled on 4th July 1983 and risk purchase tenders were invited again (July 1983). The lowest offer of firm 'B', which had requoted its earlier rate, was accepted. The Director General, Supplies and Disposals (DGSD) reinstated the A/T (September 1983) after obtaining the requisite security deposit and refixing the date of delivery as 31st January 1984. The supply offered by firm 'B' (28th/31st January 1984) at the fag end of the delivery period was rejected during inspection (9th April 1984) and intimation thereof was sent by the Inspection Wing to the DGSD on 6th July 1984. After obtaining the advice (March 1985) of the Ministry of Law, to whom a reference was initially made by the DGSD in July 1984, the A/T was cancelled on 18th September 1985 at the risk and cost of firm 'B' treating 31st January 1984, as the date of breach.

In response to fresh tenders invited in October 1985, the offer of firm 'C' for Rs. 7.02 lakhs was accepted and an A/T with the date of delivery as 15th May 1986 was placed on it in January/February 1986. Firm 'C' completed the supplies in September 1986 involving extra expenditure of Rs. 1.39 lakhs.

An examination of the case reveals the following :

— An ident, which was placed in October 1980, had been met in September 1986; i.e. after about six years.

— There was unusual delay in the processing of the case at different stages :

(a) The Inspection Wing of the DGSD took more than two months (28th/31st January to 9th April 1984) to inspect the stores offered by firm 'B' and another three months (6th July 1984) to convey the rejection of the consignment to the DGSD for an A/T which had an initial delivery period of five months.

(b) Between the DGSD and the Ministry of Law, 8 months were taken to decide whether the A/T of firm 'B' could be cancelled. Consequently a valid risk purchase contract could not be entered into within six months from the date of breach (31st January 1984), and, as a result, only general damages are recoverable from firm 'B' instead of the extra expenditure of Rs. 1.39 lakhs. General damages have, however, not been recovered as the market rate of stores on or about the date of breach was yet (March 1987) to be established.

— Two bank guarantees furnished by firm 'B' for Rs. 0.56 lakh towards security deposit were valid up to June 1984/August 1984. The DGSD requested the bank in July 1984 for revalidation/encashment, followed by reminders in October 1986 and March 1987. The Department of Supply stated (February 1987) that the matter was being pursued with the bank.

57. Purchase of mingografs

An indent of the Director General, Armed Forces Medical Services, New Delhi for procurement of two sets of mingograf multi-channel recorder on 'turn-key-basis', duly vetted alongwith proprietory article certificate in favour of a foreign supplier was forwarded to the Director General, Supplies and Disposals (DGSD) on 16th June 1986 by the Controllerate of Inspection Electronics, Bangalore. This was followed by a letter from the indentor on 3rd July 1986 intimating that while releasing free foreign exchange, the Ministry of Defence had suggested that the agency commission payable to Indian agents of foreign suppliers be brought down to 7½ *per cent* in accordance with the latest instructions and wanted this to be kept in view while concluding the contract.

In response to the single tender enquiry of the DGSD made on 31st July 1986 the Indian counterpart of the foreign firm forwarded (6th August 1986) the offer of their foreign principal to the DGSD, which stipulated payment of agency commission to their Indian agents, included in the price, and worked out to 16.67 *per cent*. An Acceptance of Tender (A/T) was placed on the foreign firm on 18th November 1986 at the following price :—

Total f.o.b. price—Swedish Airport	7,96,060 SEK or Rs. 14,85,187
Less agency commission payable to Indian agent	1,33,680 SEK or Rs. 2,47,307
F.o.b. price payable to foreign principal through letter of credit	6,63,380 SEK or Rs. 12,37,649
Cost of 2 indigenous automatic voltage stabilizers	Rs. 20,000

Besides, installation was to be done by the agents at the consignee's premises at extra charges of Rs. 21,000 per unit.

The recommendation of the Ministry of Defence specifically conveyed by the indentor in its letter of 3rd July 1986 to keep the agency commission at the maximum rate of 7½ *per cent,* however, was not taken into consideration. This resulted in payment of agency commission in excess of the prescribed rate amounting to Rs. 1.36 lakhs to the Indian agents of the firm.

The Department of Supply stated (September 1987) that the instructions restricting agency commission were internal instructions of the Ministry of Defence and did not apply to purchases made through the DGSD.

The fact remains that the suggestion of the indentor was not attached any significance.

58. Purchase of laminated bituminised bags.

In December 1978/January 1979, the Director of Supplies and Disposals, Calcutta (DSD—C) placed an Acceptance of Tender (A/T) (value : Rs. 14.98 lakhs, exclusive of sales tax) on a firm for the supply of 3,75,000 numbers laminated bituminised bags to the Food Corporation of India in three equal monthly instalments commencing from January 1979 and to be completed by 31st March 1979. The firm acknowledged the A/T on 30th December 1978/18th January 1979.

The firm was required to pay a security deposit of Rs. 0.30 lakh by 27th January 1979, which was extended up to 28th February 1979. In two letters written in February 1979 to the DSD—C, the firm requested that the instalments for January and February 1979 might be cancelled under the provisions of force majeure clause of its tender because of a strike in the jute industry and that the security deposit might be reduced to Rs. 0.10 lakh on the basis of the value of order for March 1979.

Due to the failure of the firm to supply the stores, the contracted quantity of 3,75,000 numbers was cancelled (24th July 1979) at its risk and expense.

The cancelled quantity was subsequently re-purchased at higher rates through As/T dated 30th July/4th August 1979 placed on three firms at a total cost of Rs. 18.06 lakhs (sales tax extra), supplies against which were completed. This resulted in an extra expenditure of Rs. 3.20 lakhs.

The risk purchase claim for Rs. 3.20 lakhs was preferred on the defaulting firm on 7th September 1979. The firm did not make payment and the case was referred to arbitration on 2nd March 1982. The DSD—C, however, failed to file the claim statement before the arbitrator by the extended date, i.e., 30th July 1982. Thereupon, the arbitrator resigned on 2nd August 1982. The letter dated 2nd March 1982 appointing the arbitrator sent to the defaulting firm was received back undelivered, as the whereabouts of the firm were not known. Further action taken by the DSD—C is also not known as the relevant purchase file, which was requisitioned by Audit in April 1979, is stated to be not available and was still (November 1987) being located.

The case revealed that the DSD—C failed to take up adequate follow-up action for recovery of risk purchase loss amounting to Rs. 3.20 lakhs. The demand notice was sent to the defaulting firm on 7th September 1979 and the arbitrator was appointed on 2nd March 1982. It took more than two years for the DSD—C in referring the matter to arbitration, as against the prescribed period of three months. The DSD—C also failed to file the claim statement before the arbitrator.

The Department while accepting the facts (November 1987) stated that in the absence of the relevant purchase file it was not possible to give details of the follow up action taken and also the reasons as to why it took more than two years to refer the matter to arbitration.

59. Purchase of aluminium magnesium rolled coils

The Director General, Supplies and Disposals, (DGSD), New Delhi placed an Acceptance of Tender (A/T) on firm 'A' on 19th November 1984 for the supply to a Government Mint of 220 MT (110 MT in 114 mm width and 110 MT in 228 mm width) of aluminium magnesium rolled coils at Rs. 31,500 per MT plus Rs. 100 per MT as transportation charges (value : Rs. 69.52 lakhs—exclusive of excise duty and Central sales tax). The supply was to commence from January 1985 at the rate of 40 to 50 MT per month and was to be completed by 15th June 1985. The contracted price was based on the current price of aluminium ingots at Rs. 18,405 per MT and any variation in the controlled price of ingots was to be allowed on 1 : 1 basis.

The firm, acknowledging the receipt of the A/T on 17th December 1984, pointed out certain discrepancies regarding the provisions relating to excise duty, sales tax, delivery period, etc. in the A/T which were not in accordance with their offer of 27th June 1984. It also pointed out that according to its offer, 25 *per cent* of the supply of the stores was to be made in 114 mm width and the remaining 75 *per cent* in 228 mm width; whereas the A/T provided for supply of stores in two lengths in the ratio of 50:50. It, therefore, requested for amendments to the A/T.

The DGSD amended (23rd February 1985) the sales tax clause only as the other amendments were not considered necessary.

As no supplies were made by the firm up to 15th June 1985, the DGSD referred the case to the Ministry of Law on 19th June 1985 for advice whether the A/T could be cancelled at the risk and cost of the firm and if so, what would be the date of breach. The Ministry of Law pointed out (27th June 1985) that the firm in their tender had offered the stores in two widths in the ratio of 75 to 25 which "implied that the percentages of the two widths stated separately would be supplied." The Ministry of Law also opined that the material question for decision was as to whether the contract was placed in accordance with the terms of the offer.

The case was re-examined by the DGSD and an amendment letter extending the date of delivery upto 28th February 1986 and allowing the supply of 165 MT in 228 mm width and 55 MT in 114 mm width was issued on 26th August 1985 as it was considered that the original A/T "obviously was not in line with the offer of the firm."

On 21st November 1985, the indentor instructed the firm not to despatch any consignment of stores so as to reach the Mint during the period from 16th December 1985 to 18th January 1986 as they would be pre-occupied with the annual verification work. The firm wrote to the DGSD on 30th December 1985 that the Government had increased the price of primary aluminium by Rs. 1,030 per MT with effect from 20th December 1985 and reduced the rate of duty from 28.6 *per cent ad valorem* to 24 *per cent ad valorem* and that the A/T be amended accordingly. The firm also requested (29th January 1986) for extension in delivery period up to 30th April 1986 as the Mint had advised suspension of despatches. The requisite amendment letter was issued by the DGSD on 11th March 1986.

The rate of excise duty was again increased from 24 *per cent* to 25 *per cent* with effect from 1st March 1986 and this increase was also allowed (8th July 1987) by the DGSD.

The firm supplied 219.982 MTs, as under :—

Up to 19th December 1985	39.177 MTs.
From 20th December 1985 to 28th February 1986	94.135 MTs.
After 1st March 1986	86.670 MTs.

Failure on the part of the DGSD to issue an A/T in conformity with the offer of the firm resulted in extension of the delivery period and, consequently, increase in price amounting to Rs. 1.79 lakhs. It will be seen that it took the DGSD nearly a year to bring the A/T in line with the offer of the firm.

The Department of Supply, while accepting the facts, stated (October 1987) that it was felt that as the offer was accepted for only part quantity, the provisions in the contract were in order. The issuance of the amendment letter, however, to make the A/T in line with the offer of the firm, was considered necessary subsequently on the advice of the Ministry of Law.

60. Purchase of blankets barrack

As per the instructions issued by the Director General, Supplies and Disposals (DGSD) in January 1978, whenever there is a downward trend in prices, the purchase officers have to ask the contracting firms, who seek extension of delivery period, for price reduction. Where firms agree to price reduction, extension of delivery period is to be granted with reduced prices and in other cases, the further course of action i.e., either to cancel the contract or allow extension in delivery period without price reduction, but with rights to levy liquidated damages and denial clauses, is to be decided on the merits of each case. The non-observance of these instructions by the DGSD resulted in a loss of Rs. 2.94 lakhs in a case discussed below :

The DGSD placed an Acceptance of Tender (A/T) in July 1983 on firm 'B' for the supply of 9,050 blankets barrack at the rate of Rs. 79 per blanket to the Director General, Central Reserve Police Force by 31st December 1983 or earlier.

The firm offered (15h December 1983). 3,025 blankets for inspection and on 23rd December 1983 asked for extension in the delivery period by two months. 2,400 blankets were accepted for inspection by the inspecting authority with fag-end notice. Samples were sent for testing to the Chief Inspectorate of Textiles and Clothing (CITC), Kanpur on 23rd December 1983. While considering the firm's request for extension of the delivery period, the DGSD observed (January 1984), a downward trend in the prices of blankets barrack as per a contract recently concluded. The DGSD granted extension in the delivery period up to 29th February 1984 and offered a lower price of Rs. 72 per blanket as per performance-cum-extension notice of 6th January 1984.

The firm, while confirming (11th January 1984) the extended delivery period, did not agree to a reduction in the price. The Ministry of Law, to whom the case was referred (a) to ascertain whether the conditions to establish a lower rate had been fulfilled and (b) whether the contract could be cancelled, advised (21st February 1984) that (a) the lower trend had been established and (b) since there was no unconditional acceptance of the amendment letter, the A/T could be cancelled at the risk and cost of the firm taking 31st December 1983, as the date of breach.

On receipt of a letter from firm 'B' stating that the price reduction was done with reference to an A/T where the inspection clause (*i.e.*, inspection by the Directorate of Inspection) differed from the inspection clause (*i.e.*, joint inspection by the indentor and the Directorate of Inspection) in the A/T placed on it, the case was again referred to the Ministry of Law (March 1984). The Ministry of Law opined in April 1984 that the conditions even with regard to the inspection should also be identical in the two As/T for establishing a lower trend in prices. The Ministry of Law further opined in May 1984 that the course adopted in issuing a performance-cum-extension notice, before knowing the results of inspection, in extending the delivery period and offering price reduction was not in accordance with the terms and conditions of the A/T.

The cancelled quantity of 9,050 blankets barrack was repurchased (February 1985) by the DGSD from firm 'S' at Rs. 104.50 per blanket involving an extra expenditure of Rs. 2.31 lakhs.

Since the risk purchase was not made within the prescribed period of six months from the date of breach, only general damages, instead of the entire extra expenditure of Rs. 2.31 lakhs, were recoverable from the defaulting firm 'B'.

General damages to be recovered from firm 'B' have not been assessed so far (March 1987) though the A/T was cancelled in October 1984 and the Tender Purchase Committee had also desired (February 1985) to take immediate steps for recovery thereof. A trade enquiry to ascertain the market rate on or around 31st December 1983, the date of breach, was issued by the DGSD in January 1987, after the matter was brought to their notice by Audit in September 1986.

The case revealed that :

The opportunity to effect risk purchase at the lower rate of Rs. 72 per blanket was not seized which would have resulted in a saving of Rs. 0.63 lakh. This would have been possible had the DGSD/Ministry of Law made sure whether the contractual terms were identical or not or had the contract been cancelled promptly and alternative purchase effected at Rs. 72 per blanket. Instead purchase was made in February 1985 resulting in an extra expenditure of Rs. 2.31 lakhs.

61. Non-supply of blankets barrack by State Government Undertakings/Co-operative Society.

In response to a tender enquiry issued in October 1983 by the Director General, Supplies and Disposals (DGSD), for procurement of blankets barrack for the Ordnance Services, offers were received, among others, from some of the State Government Undertakings.

The Tender Advisory Committee (TAC), which considered the offers, noted, *inter alia*, that :

(i) a good number of offers had been received and some firms had formed a pool and quoted a uniform rate of Rs. 84.81 per blanket;

(ii) a representation had been received that the purchases should not be made from firms whose goods had been rejected in the past;

(iii) that offers had been received from State Government undertakings who had also expressed willingness for negotiations; and

(iv) that a reputed firm had quoted an offer of Rs. 80 per blanket.

The TAC decided that a large number of orders having already been covered on National Textile Corporation, negotiation might be conducted exclusively with the State Government undertakings.

Thereafter, the DGSD, in June—August 1984, placed four Acceptances of Tender (As/T) on 'P', 'O', 'J', and 'A' for the supply of 4,29,220 blankets barrack (value : Rs. 361.58 lakhs) as follows :—

Undertaking	Quantity (Nos.)	Rate per number (Rs.)	Stipulated date of completion of supply
'P'	62,500	84.50	31st March 1985
'O'	2,50,000	84.00	30th June 1985
'J'	54,220	84.75	31st January 1985
'A'	62,500	84.50	28th February 1985
	4,29,220		

'P', 'O' and 'J', the Undertakings of Punjab, Orissa and Jammu and Kashmir State Governments respectively, were essentially marketing organisations. 'A' was a Cooperative Society of Andhra Pradesh.

None of the Undertakings, except for a small quantity, executed the orders as discussed below :—

Undertaking 'P'

It had quoted on behalf of two other private sector firms, who had also quoted directly. 'P' asked for price increase in February 1985 but this request was not accepted. Later, in March 1985, it asked for cancellation of the A/T stating that it was not a manufacturer but was dependant on small scale industrial units, and the law and order situation in the State being traumatic there were difficulties in the flow of labour, material, etc. The A/T was cancelled (15th July 1985) in consultation with the Ministry of Law with the date of breach, as 31st March 1985.

Risk purchase A/T for 62,500 blankets was placed on another firm on 24th September 1985 at Rs. 117 per blanket (value : Rs. 73.13 lakhs). This involved an extra expenditure of Rs. 20.31 lakhs. The supplies were completed on 9th February 1987. 'P' represented on 14th November 1985 for waiver of the risk purchase loss but no decision had been taken till August 1987.

Undertaking 'O'

Against the contracted quantity of 2,50,000 blankets, only 7,430 blankets were tendered (February 1985) which were rejected during inspection. The Director of Inspection pointed out (February 1985) that during inspection, it was noticed that 'O' was not equipped for the production of blankets and was not producing any store. 'O' stated (26th March 1985) that the production unit coming up in the State would still require quite sometime to make quality production upto the specification and pleaded its inability to execute the A/T and asked for its cancellation. After obtaining the opinion of the Ministry of Law (6th May 1985) the A/T was cancelled on 15th July 1985 at the risk and expense of 'O' taking the date of breach, as 30th June 1985.

The cancelled quantity of 2,50,000 blankets was purchased (October 1985) from four firms at rates ranging from Rs. 115 to Rs. 119.70 per blanket. This resulted in an extra expenditure of Rs. 88.61 lakhs. The supplies were completed on March, May, December 1986 and November 1987.

'O' represented in August 1985, that its objective in participating in the tender was 'promotional' rather than 'commercial' and that the failure was beyond its control and, hence, sought exemption from application of the risk purchase clause. No decision either to recover or waive the extra expenditure had been taken (August 1987).

Undertaking 'J'

The date of delivery was extended from 31st January 1985 to 31st December 1985. 'J' supplied only 6,759 blankets by 2nd July 1985. It approached the DGSD for an increase in prices and was informed on 16th September 1985, that higher prices would be allowed on *ex-gratia* basis, on the basis of the Chief Cost Accounts Officer's report after supplies were completed. No further supplies were made. The A/T for the un-supplied quantity of 47,461 blankets was cancelled on 17th February 1986 in consultation with the Ministry of Law with the date of breach as 31st December 1985.

Re-purchase of 47,461 blankets was made (April 1986) from two firms at Rs. 124 per blanket at an extra cost of Rs. 18.63 lakhs. The supplies were completed in December 1986/May 1987. 'J' requested the DGSD, in September 1986 to refrain from risk purchase action. The DGSD has taken no action either to recover or waive the loss so far (August 1987).

Cooperative Society 'A'

The date of completion of supplies was extended from 28th February 1985 to 31st March 1986. 'A' supplied only 12,130 blankets. The A/T for the unsupplied 50,370 blankets was cancelled (8th May 1986) at the risk and cost of 'A' treating 31st December 1985 as the date of breach.

The re-purchase of 50,370 blankets was ordered (June-July 1986) on 13 firms at rates ranging from Rs. 118 to 118.98 per blanket involving an extra expenditure of Rs. 17.20 lakhs. Up to 4th December

1987 29,760 blankets had been supplied at an extra cost of Rs. 10.26 lakhs. No demand notice for recovery of the risk purchase loss from the defaulting firm, had been issued so far (August 1987).

Thus, in the above noted four As/T, out of 4,29,220 blankets ordered, only 18,889 could be supplied by the State Undertakings and a quantity of 4,10,331 numbers was cancelled and re-purchased at higher rates, out of which 3,89,721 blankets had been supplied up to 4th December 1987. The extra expenditure incurred on the supplied quantity amounted to Rs. 137.81 lakhs.

The case revealed that the competence and capacity of the Undertakings was not assessed before placing As/T on them, though three of them were essentially marketing organisations. Re-purchase was made eventually from private sector firms, some of which had quoted lower rates in response to the tender enquiry of October 1983. This led to an extra expenditure of Rs. 137.81 lakhs on 3,89,721 blankets supplied till 4th December 1987.

The matter was reported to the Department of Supply in October 1987; reply had not been received (January 1988).

62. Sale of diesel generating sets

In response to a request from the General Manager, Delhi Electric Supply Undertaking (DESU) (January 1985) the Department of Supply agreed (April 1985) to the proposal for the disposal of 15 diesel generating sets and accessories (book value : Rs. 1.16 crores) located at three different power stations at Rajghat, Kilokari and Lahori Gate in Delhi by the Director General of Supplies and Disposals (DGSD), though under the delegated powers, disposal of stores by civil and paramilitary Departments could be done by the Departments themselves.

On receipt of surplus report, the DGSD decided on 14th October 1985 to dispose of the stores through an advertised tender after its inspection by a team of officers. A team consisting of 10 officers (4 from the DGSD and 6 from the DESU) completed the inspection of stores on 2nd December 1985 and determined the assessed value and the scrap value of the assets at Rs. 121.90 lakhs and Rs. 24.65 lakhs respectively.

The stores were divided into twenty-one lots and an advertised tender enquiry was issued on 24th March 1986 indicating that all sales would be on the basis of "as is where is". In the tender enquiry there was no mention of the disposal of oil contained in the tanks. In response, nine offers were received.

The Tender Committee called the firms for negotiation on 11th August 1986 on the basis of a six months removal period for the stores at Lahori Gate and Kilokari and a two months removal period for the stores at Rajghat. Seven firms participated. The negotiated highest offers were a combination of offers by three firms :—

Firm	Lot Nos.	Original offer (Rs. in lakhs)	Revised offer (Rs. in lakhs)
'D'	1 to 8	17.88	29.51
'E'	9 to 13	9.36	19.22
'F'	14 to 21	17.79	28.51
		45.03	77.24

The Committee decided to accept the composite offers of the three firms amounting to Rs. 77.24 lakhs which was 63.35 *per cent* of the assessed value. Sale letters to the three firms were issued on 14th August 1986. Firm 'F' wrote to the DGSD (29th September 1986) that the DESU was not allowing the removal of light diesel oil which was in the tanks at the time of inspection of stores and was still there in the tanks sold to them on "as is where is basis" and the cost of which was included in their offer. The matter was taken up (3rd October 1986) by the DGSD with DESU who stated (29th October 1986) that no mention of disposal of oil was made under the heading "LDO Service Tank" in the tender enquiry. It was, however, suggested by them that the matter be referred to an arbitrator under the terms of the contract. The DGSD referred the case (31st October 1986) to the Contract Officer for advice, who opined that it was an undisputed fact that the tenders were invited for purchasing light diesel oil storage tanks on "as-is-where-is basis", and therefore, it would not be in order if the oil was denied to the firm.

In the meantime firms, 'D' and 'E' also requested (21st October 1986) the DGSD for the issue of immediate instructions to DESU to enable them to remove the oil from the tanks, which, according to them were fully or partly filled when they inspected the tanks before submitting their quotations.

The DGSD referred the matter to the Department of Supply (11th November 1986). While concurring with the Contract Officer the Department observed :—

"On the face it is difficult to say whether the firm included the cost of light diesel oil in their bid but as the T/E was also silent to this effect, it is construed that the price quoted/negotiated included the diesel oil. At least, the DESU officials should have pointed it out at the time of negotiations rather than denying it after the conclusion of the contract."

The decision to release the oil to the three firms was intimated to the DESU by the DGSD in November 1986. The total capacity of the storage tanks at the three power stations was 7.69 lakh litres (Kilokari and Rajghat—2.86 lakh litres each and Lahori Gate—1.97 lakh litres), and these contained 4.66 lakh litres of oil, (Kilokari 1.81 lakh litres, Rajghat 1.47 lakh litres and Lahori Gate 1.38 lakh litres) which was released to firms 'D', 'E' and 'F'.

The value of 4.66 lakh litres of oil according to the then prevailing rate (November 1986) works out to Rs. 15.24 lakhs (Rs. 14.24 lakhs plus sales tax at the rate of 7 *per cent* amounting to Rs. 1.00 lakh).

The case revealed that the technical team failed to take note of the contents of the tanks. Consequently, the assessed value of the stores excluded the value of oil.

In reply to the paragraph the Department stated (December 1987) that neither in the surplus report nor in any subsequent correspondence the stock-holder had indicated that the LDO in the tanks was not to be disposed of; and the tender enquiry was duly vetted by the stock-holder.

The fact remains that there was failure both on the part of the technical committee in not taking note of the oil contained in the storage tanks at the time of inspection of the stores for assessing the value and on the part of DESU in not removing the oil from the storage tanks before tenders were invited.

63. Sale of winch assembly lever exhaust lifter

Against a tender enquiry issued by the Director General, Supplies and Disposals (DGSD), in March 1983, for the disposal of winch assembly lever exhaust lifter and rim wheel pneu tyre (3 items) declared surplus by an Ordnance Depot the highest offer of firm 'A' for lot numbers 1 and 3 for Rs. 4.09 lakhs was accepted. A sale letter was issued to firm 'A' on 5th April 1983 directing it to pay Rs. 3.88 lakhs (after adjusting the earnest money of Rs. 0.21 lakh deposited by the firm towards earnest money) plus sales tax by 21st April 1983. Since the firm did not deposit the balance amount of the sale value, a notice was issued to it on 17th June 1983, to the effect that if the amount together with the compensation charges (at the rate of 10 *per cent* of one *per cent* of the sale value per day of delay beyond 21st April 1983) was not deposited within 15 days, from the date of the notice, the sale would be cancelled at its risk and expense and the earnest money/security deposit deposited by it would be forfeited.

As the firm did not make the payment, the DGSD, on the advice of the Ministry of Law, cancelled the sale letter on 6th August 1984 at the risk and expense of the defaulting firm 'A', which was also advised of the forfeiture of earnest money/security deposit.

Against the risk sale tender enquiry dated 6th September 1984 (which was also sent to firm 'A') the highest offer received was from firm 'P' for Rs. 2.78 lakhs. This was accepted and sale letter was issued on 5th October 1984 for payment by 19th October 1984. The sale release order was issued on 22nd November 1984.

The compensation charges for storage recoverable from firm 'A' up to 14th December 1984 were assessed at Rs. 2.46 lakhs.

However, pending final decision with regard to storage charges, a demand notice for payment within 21 days, of the loss of Rs. 1.44 lakhs incurred in risk resale was issued to firm 'A' on 10th July 1987 reserving the right to claim advertisement cost and storage charges.

The matter was reported to the Department of Supply in August 1987 who have indicated in November 1987 that the storage charges remain to be determined.

The case revealed that the DGSD did not take prompt action to cancel the sale letter at the risk and cost of firm 'A' when the firm failed to deposit the balance amount by 21st April 1983. Although the extended time given to firm 'A' to pay the balance amount alongwith compensation charges had expired by the end of June 1983, the sale letter in favour of the firm was cancelled only in August 1984 and risk re-sale enquiry floated on 6th September 1984 with the result that there was deterioration in the condition of the stores leading to lower realisation of sale value. Apart from this although the risk re-sale was completed by the end of December 1984, the demand for recovery of risk re-sale loss of Rs. 1.44 lakhs was issued only in July 1987, i.e., after about 3 years, after the point had been raised in Audit.

Ministry of Energy

64. Purchase of booster pump

In order to discharge silt deposited in the Balancing Reservoir at Sunder Nagar, at a distance of 1000 metres, an order for a dredger (cost : Rs. 77.03 lakhs) was placed in February 1977 on a firm at Bombay by the Director Plant Design, BSL(P), Sunder Nagar. Subsequently, another order for booster pump with accessories (cost : Rs. 25.95 lakhs) was placed in July 1977 to increase the capacity of dredger to dredge out silt beyond 1000 metres. Both the machines were received at Nangal in Plant and Machinery Division (date of actual receipt not known). The dredger was errected at site in December 1979 while pump was received at Sunder Nagar in March 1980.

The dredger was actually used with a pipe line of 1000 metres only between March 1980 and May 1987 (5400 hours) and the booster pump was never put to use.

The Board justified the purchase on the ground of its likely use in future and also stated (October 1986) that the booster pump was an integral part of the dredger whereas the Ministry of Energy, Government of India, to whom the matter was reported in February 1987, stated (April 1987) that the running of the booster pump was being avoided as it affected the efficiency of the dredger and also being costlier to maintain. Its actual use could not be anticipated and would be needed off and on when it was not possible to dredge out the silt within 1000 metres.

The contention of the department was obviously not tenable as the dredger and booster pumps were obtained through a separate supply order confirming that it was an optional attachment and further it affects the efficiency of the dredger, was costlier to maintain and would be needed only when silt could not be dredged out within 1000 metres.

The purchase of booster pump without its definite end use much before when its utility could arise, has resulted in blockage of Government money of Rs. 25.95 lakhs.

The matter was reported to Government in September 1987; reply had not been received.

Ministry of Urban Development

(Chandigarh Administration)

65. Loss in purchase of steel

Based on an allocation made by the Government of India (February 1975), Engineering Department of Chandigarh Administration placed (March 1975) an order with a Jallandhar based firm, for supply of 140 tonnes of mild steel round bars—12 mm dia (valuing Rs. 2.70 lakhs) by 31st March 1975. As per the allocation order, full payment for supply was required to be made to the firm after taking delivery of material. Though the firm supplied only 58.60 tonnes of material valuing Rs. 1.13 lakhs (April 1975) full payment of Rs. 2.70 lakhs was made to the firm. The department did not pursue the supply of balance material with the firm beyond October 1976. Neither the balance quantity of material (81.40 tonnes) nor any refund of the balance amount of advance payment (Rs. 1.57 lakhs) made to the firm had been received so far (July 1987). In January 1983, the department decided to file a civil suit against the firm for the recovery of Rs. 1.57 lakhs but legal proceedings could not be instituted as the firm had already closed down its business and its whereabouts were not known.

Thus, by making full payment to the firm without the receipt of the material and not pursuing the matter for the recovery of the balance amount the department suffered a loss of Rs. 1.57 lakhs.

The Chandigarh Administration stated (January 1987) that the Sub-Divisional Engineer was being charge-sheeted.

The matter was reported to the Ministry of Urban Development/Home Affairs in August 1986/January 1987 and August 1987; reply had not been received (November 1987).

CHAPTER VII

Departmentally Managed Government Undertakings

66. General

On 31st March 1987, there were 37 departmentally managed Government undertakings of Commercial and quasi-commercial nature.

The financial results of these undertakings are ascertained annually by preparing *proforma accounts* outside the general accounts of Government. Trading and Profit and Loss Accounts and Balance Sheets are not prepared by the undertakings, viz. Department of Publications, Delhi and Government of India Presses, Stores Accounts were only prepared. In pursuance of the recommendation in para No. 1.107 of the Public Accounts Committee, in their Forty First Report (Fifth Lok Sabha—1971-72), Government agreed to prepare the Manufacturing, Profit and Loss Accounts and Balance Sheet for the Government of India Presses. The Format of Accounts for this purpose effective from 1st April 1983 was accordingly approved.

Proforma accounts for the year 1986-87 had not been received in respect of any of the undertakings (January 1988). A synoptic statement showing the summarised financial results of all the departmental undertakings on the basis of their latest available accounts is given in Annexure 'A'. It will be seen therefrom that in a number of cases, *proforma accounts* had been in arrears for a number of years. The delays in compilation of accounts were brought to the notice of the Administrative Ministries concerned.

ANNEXURE 'A'

Summarised Financial Results of Departmentally Managed Government Undertakings

(Figures in thousands of rupees)

Sl. No.	Name of the Undertaking	Period of Accounts	Government Capital	Block Assets (Net)	Depreciation to date	Profit(+)/ Loss(—)	Interest on Government Capital	Total return	Percentage of total return to Mean Capital	Remarks
1	2	3	4	5	6	7	8	9	10	11
	MINISTRY OF FINANCE									
1.	India Security Press, Nasik Road	1984-85	12,83,55	10,65,60	3,58,01	(+)16,57	2,74,70	2,91,27	7.46	
2.	Security Printing Press, Hyderabad	1985-86	6,38,13	5,32,30	78,33	(+)1,41,23	8,19	2,23,14	34.97	Figures based on the unaudited accounts.
3.	Currency Note Press, Nasik Road	1984-85	30,64,87	6,93,51	31,86,41	(+)2,45,44	1,93,39	4,38,83	16.92	
4.	Government Opium Factory, Ghazipur	1982-83	63,08	18,75	15,71	(-)30,23	2,60,77	(+)2,30,54	5.89	
5.	Government Opium Factory, Neemuch	1982-83	1,46,01	52,15	5,56	(-)1,56,96	1,99,96	(+)43,00	1.49	
6.	Government Alkaloid Works, Neemuch.	1982-83	3,12,32	2,44,87	53,60	(+)14,17	25,47	(+)39,64	10.37	
7.	Government Alkaloid Works, Ghazipur.	1982-83	24,56	12,20	9,17	(-)72,13	18,13	(-)54,00	..	
8.	India Government Mint, Bombay.	1980-81	14,85,09	4,43,30	*22,11	(+)1,26,01	1,78,93	(+)3,04,94	10.40	
9.	India Government Mint, Calcutta.	1980-81	1,78,66	1,27,52	2,17,97	(+)37,39	1,23,78	(+)1,61,17	7.94	
10.	India Government Mint, Hyderabad.	1984-85	5,96,77	1,52,18	1,00,93	(-)24,29	43,17	18,88	3.16	
11.	Assay Department, Bombay.	1980-81	13,00	12,76	*32	(+)8,04	43	(+)8,47	119.89	
12.	Assay Department, Calcutta.	1981-82	74	47	*3	(+)19	..	(+)19	..	
13.	Silver Refinery, Calcutta.	1981-82	58,92	23,16	90,21	(+)2,40,83	1,61,10	(+)4,01,93	15.72	
14.	Bank Note Press, Dewas.	1984-85	34,19,41	18,58,22	6,72,22	(+)2,79,52	2,50,70	5,30,22	15.78	
15.	Security Paper Mills, Hoshangabad@	1973-74	10,72,07	6,85,80	3,86,31	(-)86,29	38,42	(-)47,87	..	
	MINISTRY OF INFORMATION AND BROADCASTING									
			Capital Assets							
16.	All India Radio	1977-78	50,94,53	30,73,23	19,41,14	(-)2,27,90	1,59,68	(-)68,22	..	
			Revenue Assets							
				80,16	15,08*					

1	2	3	4	5	6	7	8	9	10	11
17.	Radio Publication, All India Radio.	1981-82	3,99,01	61	7*	(–)40,55	..	(–)40,55	..	
18.	Doordarshan Kendras.									Separated from All India Radio w.e.f. 1st April 1976 Proforma Accounts for the years 1976-77 to 1985-86 had not been received.
19.	Film Division, Bombay.	1983-84	4,16,16	2,45,14	2,46,80	(–)83,20	47,61	(–)35,59	..	(i) Due to change in accounting method from 1983-84, net loss arrived at after taking into account revenue in respect of supply of prints made to Directorate of Field Publicity and National Revenue (Rs. 19.81 lakhs) for free supply of prints to State Governments. (ii) Net loss calculated after excluding adjustments relating to previous years.
20.	Commercial Broadcasting Service, All India Radio.	1979-80	Capital Assets 1,47,47	1,00,35	41,40	(+)6,62,89	..	(+)6,62,89	..	
			Revenue Assets	5,72	1,52*					
	MINISTRY OF TRANSPORT									
21.	Lighthouses and Lightships Departments@	1983-84	33,26,44**	26,67,03	4,79,71	(+)75,10	2,42,60	3,17,70	10.32	**(1) This consisted of the balance of Government Capital Accounts and accumulated surplus. (2) Accounts for the year were not prepared in accordance with instructions contained in Ministry of Finance O.M. No. F.1(35)/B/71 dated 23-1-1974.
22.	Shipping Department, Andaman and Nicobar Islands.	1972-73	43,58	56,80	7,89	(–)80,15	4,47	(–)75,68	..	

1	2	3	4	5	6	7	8	9	10	11
23.	Ferry Service, Andamans.	1979-80	1,50,03	1,10,12	39,91	(-)59,37	2,00	(-)57,37	..	
24.	Marine Department (Dock-Yard), Andaman and Nicobar Islands	1979-80	4,72	3,48	1,25	(-)21,78	8,77	(-)13,01	..	
25.	Chandigarh Transport Undertaking, Chandigarh	1985-86	6,50,40	4,18,14	93,32	(-)1,11,03	44,67	(-)66,36	..	
26.	State Transport Service, Andaman and Nicobar Islands@	1976-77	35,87	26,83	39,30	(-)15,86	1,77	(-)14,09	..	
	MINISTRY OF AGRICULTURE									
27.	Delhi Milk Scheme	1982-83	10,67,37	4,25,84	6,57,28	(-)11,12,14	75,78	(-)10,36,36	..	
28.	Ice-cum-Freezing Plant, Ernakulam	1982-83	39,74	37,85	25,66	(-)6,15	1,21	(-)4,94	..	
	MINISTRY OF ENVIRONMENT AND FOREST									
29.	Forest Department, Andaman and Nicobar Islands	1982-83	1,96,75	1,96,75	50,91	(+)2,96,36	51,38	(+)10,67,29	147.5	
	MINISTRY OF HEALTH AND FAMILY WELFARE									
30.	Central Research Institute, Kasauli	1985-86	2,06,79	12,41	15,63	(+)4,96	15,74	(+)92,35	Awaited.	
31.	Medical Store Depots@	1977-78	64,54	45,40	28,12	(+)43,45	£93,87	(+)1,37,32	8.05	£This represents interest on Government Capital accounted for in the consolidated Profit and Loss Accounts of Medical Store Depots Profit & Loss Accounts of Factories attached to the Medical Store Depots and Workshop Accounts.
32.	Vegetable Garden of the Central Institute of Paychiatry, Kanke, Ranchi.	1984-85	31	27	0.4*	(—)11	2	(—)9	..	
	MINISTRY OF URBAN DEVELOPMENT									
33.	Department of Publications, Delhi	1978-79@@								@@Trading and Profit and Loss Accounts and Balance Sheet are not prepared; instead only store Accounts are prepared.
34.	Government of India Presses.	1977-78@@								

1	2	3	4	5	6	7	8	9	10	11
MINISTRY OF ENERGY										
35.	Electricity Department, Andaman@	1980-81	3,79,71	2,48,12	58,12	(–)1,15,92	22,36	(–)93,56	..	
36.	Electricity Department, Lakshadweep.	1982-83	1,85,80	1,10,57	36,76	(–)64,04	8,11	(–)55,93	..	
MINISTRY OF DEFENCE										
37.	Canteen Stores Departments@	1985-86	48,00	2,83,82	2,47,82	(+)14,68,67	7,96,46	(–)22,65,13	47.18	(i) From 1st April 1977, the funds of the Department have been merged with Consolidated Fund of India and the transactions were routed through the civil estimates of the grant relating to the Ministry of Defence. The Accounts were prepared in the old forms. Revision of the format had not been decided by is under consideration of the Government of India. (ii) The instructions contained in the Ministry of Finance O.M. No. F.1(35)/B/71 dated 23-1-1974 had not been followed and the Mean Capital had not been shown on the face of the Accounts. For the purpose of return on the Mean Capital, the mean of opening (a) Capital, (b) Funds and Specific Reserves and (c) Board of Control General Purposes Fund was adopted.

@Proforma Accounts have not been prepared according to the revised procedure prescribed in the Ministry of Finance O.M. No. F.1(35)/B/71 dated 23-1-1974.

*Depreciation for the year only.

Ministry of Agriculture

67. Delhi Milk Scheme

67.1 *Introduction.*—The Delhi Milk Scheme (DMS) is a Central sector scheme functioning from November 1959 under the Ministry of Agriculutre. The object of the scheme is to supply wholesome milk and milk products to the citizens of Delhi at a reasonable price and also to ensure a remunerative and steady market for milk producers in and around the capital. The scheme is a public utility undertaking and is expected to be run on 'no profit no loss' basis.

The activities of the scheme comprise processing and distribution of toned milk, standard milk and double toned milk. In addition, ghee, table butter, flavuored milk and yoghurt (curd) are also made and marketed.

The working of the DMS was reviewed in the Reports of the Comptroller and Auditor General of India for 1970 and 1974-75; Union Government (Civil). The latter report was considered by the Public Accounts Committee and its recommendations and conclusions were incorporated in its 94th Report (1978-79)—Sixth Lok Sabha.

67.2 *Scope of Audit.*—The review covers the period generally from 1982-83 to 1986-87.

67.3 *Organisational set up.*—The scheme is a departmental undertaking and functions as a subordinate office of the Ministry of Agriculture. It is managed by a Management Committee with the Additional Secretary to the Ministry as Chairman. The Managing Committee, besides providing guidance for the day to day affairs of the DMS, takes all policy decisions and accords administrative and financial sanctions.

In pursuance of the recommendation made by an Expert Committee, appointed to review the working of the DMS in 1964, a bill was introduced in the Lok Sabha in 1970 and again in 1976 for converting the DMS into a Statutory Corporation. On both the occassions, the consideration of the bill remained inconclusive due to dissolution of the House. In its report, the Public Accounts Committee had stressed that Government should pursue this matter conclusively so that the DMS was enabled to function efficiently and that in bringing forward the legislation, Government would keep in view the need for having one unified authority for procurement and distribution of milk so as to reduce the over heads and maximise the facilities available to the Public particularly those belonging to the poorer and weaker sections of the society.

In the action taken report submitted to the Public Accounts Committee (January 1977), Government had stated that the matter regarding conversion of the DMS into a Corporation was under consideration.

The Ministry stated (December 1987) that the proposal for converting the Delhi Milk Scheme into a statutory corporation was not pursued since the pricing policy would continue to be decided by Government because of its sensitive nature. The matter was, however, being re-considered in consultation with other Ministries/Departments.

67.4 *Highlights*

— The DMS established in 1959, is running in loss from its inception except in 1969-70 and 1970-71. Provisional figures of the losses in 1984-85, 1985-86 and 1986-87 were Rs. 950 lakhs, Rs. 765.70 lakhs and Rs. 740.38 lakhs respectively.

— The reasons for losses were due to :—against the installed capacity of 4.15 lakh litres per day production ranked between 3.25 lakh litres and 3.77 lakh litres during 1982-83 to 1986-87; while production had declined from 1292.81 lakh litres of milk in 1982-83 to 1185.80 lakh litres (by 8.28 per cent) in 1985-86 expenditure had increased from Rs. 3428.41 lakhs to Rs. 4651.04 lakhs (by 35.66 per cent)increase in the procurement price of raw material, viz., raw milk, milk powder, butter oil, etc. was not matched by commensurate increase in selling price of milk; additional cost of reprocessing of returned milk; and maintaining on roll staff surplus to requirements (expenditure on salary alone of the surplus staff being Rs. 70 lakhs per annum).

— The Public Accounts Committee had reviewed the working of the DMS and had incorporated its recommendations and conclusions in their 46th Report 1977-78 and Action Taken Report (94th of 1978-79) (Sixth Lok Sabha). The following recommendations of the Public Accounts Committee, accepted by Government, remained to be implemented, conversion of the DMS into a corporation streamlining of the costing system; the working of the comparative economics of substitution of fat in raw milk by butter oil; revision of selling price of milk on the basis of actual cost of production; improving the supply of milk through the cooperative system; study of the problem of fat and SNF losses; fixation of norms in the consumption of inputs; improvement in stock accounting; and working out actual cost of each job indicating cost of materials, labour and other charges in job cards maintained in the workshop.

— The expansion of pasteurising capacity from 4 lakh to 5 lakh litres of milk per day effected in 1983 could not be utilised as the packing capacity and refrigeration capacity remained at 4.19 lakh and 3.75 lakh litres respectively.

— The procurement of milk fell significantly short of requirement. Failure to procure raw milk in adequate quantity had resulted in heavy dependence on other raw materials for production of reconstituted milk so as to maintain production and supplies.

— An analysis by Audit revealed that the cost of toned milk produced from butter oil, white butter and skimmed milk powder (SMP) was Rs. 2.46 per litre against Rs. 3.10 of toned milk produced from raw milk.

— Despite the sale of milk having come down, there was increase in the number of depots from 1072 to 1225 and the number of vans deployed from 90 in 1982-83 to 107 in 1985-86 for distribution of milk, adding to distribution costs.

— An investment of Rs. 38.29 lakhs made on an Elecster plant had not augmented the packing capacity since the utilisation of the capacity had come down from 8.21 per cent in 1985-86 to 5.34 per cent in 1986-87.

— Loss of milk on account of breakage of ½ litre bottles at loading dock and in transit during 1981-82 to 1986-87 amounted to Rs. 13.66 lakhs.

— There was a difference of Rs. 4.73 lakhs between the amount of collection deposited by cash clerks and that recorded in the Machine Accounting section at the end of March 1986. Out of these, cases for Rs. 2.59 lakhs had been registered with the Police.

— The difference of Rs. 35.49 lakhs between the book balance and ground balance of stores as on 31st March 1971 had not been reconciled. The difference had increased to Rs. 43.86 lakhs as on 31st March 1984.

— Spare parts valued at Rs. 5.92 lakhs were lying surplus since 1976-77. 11 vehicles (original value Rs. 20.83 lakhs) which were off the road since August 1978/December 1985 had not been disposed of (July 1987).

— Delay in the decision to dispose of milk collection and chilling centres which were closed between 1978 and 1980 in U.P. and Haryana had entailed avoidable expenditure of Rs. 6.19 lakhs on watch and ward during 1980-81 to 1986-87.

— The decision of the Managing Committee (September 1978) to replace the existing milk booths by those of new design to be more presentable and functional had not been implemented substantially. Only 22 booths had been erected till 31st March 1987.

— As on 31st March 1987, advance amounting to Rs. 91.60 lakh were outstanding against private parties, out of which, Rs. 22.89 lakhs (13 cases) and Rs. 4.52 lakhs (9 cases) were more than 20 and 10 years old respectively.

— Delay in the construction of quarters for the Second Staff Colony and their handing over to the DMS, apart from depriving housing to 489 employees, had resulted in extra expenditure on house rent allowance of Rs. 13.89 lakhs and loss of revenue of Rs. 6.28 lakhs.

— several instances of ill-planned purchase of equipment were noticed. The equipment purchased was not put to use and were disposed of or were awaiting disposal as under:

(i) Four automatic decrating and recrating machines and 2 automatic crate stacking machines (value Rs. 7.43 lakhs) imported in 1964 to make bottle lines fully automatic could not be used as they were found unworkable by the Experts Committee and were disposed of after 18 years in November 1983 at a loss of Rs. 6.96 lakhs;

(ii) spray dried milk powder plant (value Rs. 12.45 lakhs) purchased in 1972 was declared surplus in March 1981 due to short supply of raw milk;

(iii) seven farm bulk coolers purchased in 1976 declared surplus in December 1978 (value Rs. 8.68 lakhs) were yet to be disposed of (July 1987):

(iv) four standard diesel vans purchased in 1976 were found unsuitable and sold to a Government undertaking in July/ August 1981. Sale proceeds had not been realised so far (July 1987); and

(v) machinery worth Rs. 23.51 lakhs purchased by 1970-71 for the establishment of a balancing station including a cheese plant at Bikaner (on which Rs. 3.21 lakhs were spent) remained unutilised (July 1987).

— Recovery of Rs. 9.30 lakhs for the quantity of milk supplied under the Special Nutrition Programme to the Directorate of Social Welfare was due from the Indian Dairy Corporation (IDC).

— The DMS had not realised from the National Dairy Development Board (NDDB) Rs. 36.02 lakhs on account of interest on Rs. 23.76 lakhs being the cost of land paid by it to the Delhi Development Authority (DDA) on behalf of the Board in March 1970. Besides the refund of Rs. 13.27 lakhs (paid in March 1970) from the DDA on account of cost of land not allotted to the DMS has also not been obtained.

— The DMS incurred a loss of Rs. 4.16 lakhs during 1982-83 to 1986-87 on account of shortage of coal in transit. Physical verification of stock of coal to be conducted six-monthly was not done during 1985-86 and 1986-87.

67.5 *Capacity and Expansion Programme*.—The installed capacity of the plant has been 3.75 lakh litres of milk per day since 1981 with the capacity for pasteurising being 5 lakh litres, refrigeration 3.75 lakh litres and packing 4.19 lakh litres.

In 1983, a pasteuriser of 1 lakh litre capacity at an estimated cost of Rs. 10 lakhs was added raising the overall capacity of 5 lakh litres per day. The enhanced capacity, however, could not be utilised because of imbalance in refrigeration.

A proposal was submitted by the DMS in August 1983 to increase the production of milk from 3.75 lakh litres per day to 5 lakh litres by making use of the surplus capacities in some of the sections and by addition of new eqipument. It was envisaged that on completion of the project, the DMS would :

— supply milk to all residential locatities not hitherto covered under the scheme;

— reduce overhead expenses;

— save about 9 paise per litre on the cost of production which would facilitate cost reduction to the tune of Rs. 160 lakhs per annum.

Government sanctioned the project (July 1986) at a cost of Rs. 106.52 lakhs, subject, *inter alia* to the following conditions.

— Separate proposal should be put up for the man-power requirement;

— DMS should project its requirement of fresh milk over a period of five years and enter into long term agreements with the State Cooperative Federations on year to year basis.

The implementation was stated to be according to schedule for completion within the stipulated time.

While examining the second phase expansion programme of the DMS for raising the capacity to 4.35 lakh litres, the Public Accounts Committee had observed that the programme was not drawn up properly and pushed through incoherently without, *inter alia,* ensuring the supply of the basic constituents of the scheme, namely the availability of regular and sustained supply of fluid milk. The average daily procurement of milk during 1984-85 to 1986-87 was between 1.65 lakh litres and 2.04 lakh litres. Even during the flush season in 1986, the average daily procurement of milk was 2.65 lakh litres. The DMS did not make available to Audit their programme, if any, as to how the procurement of the requisite quantity of milk would be ensured.

The Ministry stated (December 1987) that efforts were also made to get the increased quantity of raw milk from the milk producers cooperative societies in the Union Territory of Delhi, this source had also been tapped to the maximum possible extent and that the balance would be met by the use of SMP/Butter oil.

67.6 *Production and Capacity Utilisation.*—The production of milk and milk products from 1982-83 to 1986-87 was as under :—

	1982-83	1983-84	1984-85	1985-86	1986-87
(A) MILK					
(i) Production (In lakh Ltres.)					
Toned milk	1273.24	1195.63	1141.47	1049.48	1240.41
Double toned milk	14.90	0.35	Nil.	1.72	9.55
Standard Milk	4.67	84.16	138.37	134.60	125.26
Total	1292.81	1280.14	1279.84	1185.80	1375.22
Installed capacity per year (In lakh Ltres.)	1514.75	1514.75	1514.75	1514.75	1514.75
Installed capacity per day (In lakh Ltres.)	(4.15)	(4.15)	(4.15)	(4.15)	(4.15)
Percentage achieved	85.35	84.51	84.49	78.28	90.79
Per day production (In lakh Ltres.)	3.54	3.50	3.51	3.25	3.77
(B) BUTTER					
Production (In lakh kgs. per year)					
Installed capaicity (14.60 lakh Kgs. per year)	4.61	4.35	7.36	6.79	9.18
Percentage achieved	31.58	29.79	50.41	46.51	62.88
(C) GHEE					
Production (In lakh Kgs. per year)					
Installed capacity (29.20 lakh Kgs. per year).	3.00	2.55	4.68	5.34	6.16
Percentage achieved	10.41	8.73	16.03	18.29	21.10
(D) FLAVOURED MILK					
No. of bottles/pouches produced	104138	224798	342810	419612	272682
(E) YOGHURT					
Production (In Kullars)	118504	276288	462882	510340	748486

From the above table, the following points emerge :—

(i) Against the rated capacity of 4.15 lakh litres per day, production ranged between 3.25 and 3.77 lakh litres during 1982-83 to 1986-87.

(ii) The capacity utilisation of the plant for milk products ranged between 29.79 *per cent* and 62.88 *per cent* in respect of butter and between 8.73 *per cent* and 21.10 *per cent* in respect of ghee.

The DMS stated in July 1986 that the underutilisation was for the reasons that it depended upon State Federations for the supply of milk. The Ministry, however, stated in December 1987 that DMS had achieved 80 to 90 *per cent* capacity utilisation which was considered to be quite good, keeping in view the fact that DMS plant had become quite old and that the concept of installing plant for products like ghee and butter was to use available surplus fat which was seasonal in character.

67.7 *Renovation of Plant and Machinery.*—The work of renovation of various plants and machinery of the DMS was awarded to the NDDB in November 1978 on a turnkey basis at an estimated cost of Rs. 100.00 lakhs. The scope of the work was subsequently enhanced and the aggregated estimated cost of Rs. 178.87 lakhs was approved by Government in June 1981. The work was completed by NDDB in August 1981 at a total of Rs. 154.77 lakhs.

67.8 *Procurement of Milk.*—The procurement of milk is arranged by the DMS mainly through the State Cooperative Dairy Development Federations of Haryana, Punjab, U.P. and Rajasthan under agreements executed on a year to year basis, *inter alia,* indicating commitments for supply of milk separately in flush, transitory and lean seasons. The quantity produced was significantly below the refrigeration capacity during 1982-83 to 1986-87.

The Public Accounts Committee, in its 46th Report (Sixth Lok Sabha), 1977-78 had observed that the DMS preferred to make good the shortfalls in the procurement of raw milk by use of SMP and butter oil and had, *inter alia,* suggested that there was an imperative need to fix targets for procurement of milk from various sources and the Ministry might consider whether any more concessions were needed to step up procurement of milk through the cooperative system.

The Public Accounts Committee had also observed that the procurement of fresh raw milk being low, the DMS continued to resort to reconstitution of milk by recombining butter oil, white butter and SMP.

Details of the relative share of fresh raw-milk on the one hand and other raw-materials used for reconstituting milk were as under :—

Year	Raw milk (In lakh litres)	Fat content (In lakh kgs.)	SMP (in lakh kgs.)	Butter oil/white butter (In lakh Kgs.)	Milk production (In lakh ltrs.)	Percentage of butter oil/ white butter vis-a-vis total fat used.
1981-82	305.01	19.24	77.86	21.33	1179.46	52.58
1982-83	525.40	33.15	63.60	14.67	1292.81	30.68
1983-84	467.30	29.49	71.89	22.09	1280.14	42.83
1984-85	603.07	38.05	61.14	17.52	1279.84	31.53
1985-86	743.81	46.93	31.34	3.86	1185.80	7.60
1986-87	667.22	42.10	50.76	9.25	1375.22	18.01

The Public Accounts Committee, in its 94th Report (Sixth Lok Sabha; 1978-79), had advised Government that it was desirable to work out the comparative economics (including foreign exchange implications) of the substitution of fat in raw milk by butter oil in the production of pasteurised milk. The action taken on this recommendation had not been made available to Audit. An attempt was made by Audit in this context to analyse the relative cost of using raw milk and butter oil/white butter in the production of toned milk. The cost of raw material per litre of toned milk produced from raw milk was estimated to be Rs. 3.10 per litre in 1986-87 while the same was Rs. 2.46 per litre by using butter oil and SMP. This trend is supported by the following data as worked out by Audit.

Year	Expenses on processing (Rs. in lakhs)	Per litre (Rs.)	Loss (Rs. in lakhs)	Percentage of butter oil/white butter vis-a-vis total fat content
1981-82	N.A.	0.29	600.34	52.58
1982-83	316.36	0.25	1112.14	30.68
1983-84	428.82	0.25	906.47	42.83
1984-85	359.34	0.29	950.00	31.53
1985-86	478.22	0.32	765.70	7.60
1986-87	570.65	0.39	740.38	18.01

67.9 *Distribution of Milk*

67.9.1 Though the sale of milk came down from 1259.79 lakh litres in 1982-83 to 1121.91 lakh litres in 1985-86, the number of depots had increased from 1072 to 1225. Despite the quantity of supply of milk having come down in these years, the number of vans deployed for distribution of milk had increased from 90 in 1982-83 to 107 in 1985-86.

While, during 1986-87, 106 vans were deployed for distribution of 1295.68 lakh litres of milk on 141 routes, 109 and 107 vans were deployed for distributing lesser quantities on lesser number of routes during 1984-85 and 1985-86. This had added to the per litre distribtuion cost.

67.10 *Elecster Plant*.—A 1000 litres Elecster Plant capabale of filling 2000 pouches (½ litre and 200 ml.) per hour purchased at a cost of Rs. 38.29 lakhs to increase the level of distribution of the Scheme by about 10,000 litres of sterilised milk per day before Asiad and to recover part of the losses which it was incurring on the sale of pasteurised milk, was received on 31st March 1983. Installation of the plant was, however, taken up in April 1984 after a year of its receipt. It was commissioned with effect from 14th May 1984 for trial runs and actual production of sterilised milk in 200 ml. poly packs commenced with effect from 1st September 1984. The investment had not augmented the packing capacity since the utilisation of the capacity had declined from 8.21 *per cent* in 1985-86 to 5.34 *per cent* in 1986-87. The installation of the plant also did not increase the level of distribution by about 10,000 litres of milk per day as was envisaged in the proposal, thus, rendering the investment of Rs. 38.29 lakhs unfruitful.

The Ministry stated (December 1987) that the Elecster Plant was procured and installed on an experimental basis to assess the keeping quality of sterilised milk and its acceptability among the consumers in Delhi. The reply is at variance with the purpose for which the proposal to acquire the equipment was justified.

67.11 *Financial Results of the Scheme*

67.11.1 The DMS was running in loss from its inception (1959) except during 1969-70 and 1970-71. The loss had increased from Rs. 66.92 lakhs in 1971-72 to Rs. 906.47 lakhs in 1983-84. The proforma accounts for the subsequent years were in arrears. The DMS had, however, estimated the loss during these years as under :—

1984-85	Rs. 950.00 lakhs
1985-86	Rs. 765.70 lakhs
1986-87	Rs. 740.38 lakhs

An analysis of the available data indicated that while production had declined from 1292.81 lakh litres in 1982-83 to 1185.80 lakh litres (by 9.28 *per cent*) in 1985-86, expenditure had increased from Rs. 3428.41 lakhs to Rs. 4651.04 lakhs (by 35.66 *per cent*) in the corresponding period. There was an increase in the production of milk during 1986-87 by 15.97 *per cent* when expenditure increased by 18.41 *per cent.*

67.11.2 The details of expenditure and receipts were as under :—

(Rupees in lakhs)

Particulars	Years				
	1982-83	1983-84	1984-85	1985-86	1986-87
Expenditure					
Administration	78.48	86.89	103.35	109.79	122.87
Procurement	2739.76	3272.45	3673.83	3763.21	4486.69
Processing	316.36	428.82	359.34	478.22	570.65
Distribution	117.12	129.52	141.28	159.26	188.20
Land & Building	9.86	10.20	10.37	12.50	13.19
Transport	156.34	168.19	84.91	113.80	108.95
Stores	10.49	15.03	12.42	14.26	16.53
Total	3428.41	4111.10	4385.50	4651.04	5507.08
Receipts	2528.91	3095.08	3586.96	4137.20	4793.81

The DMS attributed (August 1987) the abnormal increase in expenditure in 1986-87 to the following :—

— Higher pay and allowances due to introduction of the revised pay scales in implementation of the 4th Pay Commission's recommendations.

— Increased procurement of raw material which was reflected in increased production over that of 1985-86 and escalation in purchase price of milk and other consumables.

A review of the minutes of the Managing Committee for the last five years revealed that the reasons for losses had not been examined at any stage after October 1982.

In the proposals submitted to Government (April 1986) for revision of the selling price of milk, the losses had been attributed by the department to the cumulative impact of higher cost of inputs and due to non-revision of selling prices of both toned and double toned milk marketed by the DMS at the appropriate time. It was further stated that there was little scope for substantial reduction in processing and distribtuion expenses.

67.11.3 An examination by Audit of the financial results of the working of the DMS indicated that losses were due to the following factors :—

(i) Under-pricing in the sale of milk.

(ii) Fat and SNF losses.

(iii) Loss of fat in the manufacturing products.

(iv) Additional cost of re-processing of returned milk.

(v) Loss of milk due to breakage of bottles.

(vi) Surplus staff.

Each of these factors are examined below :—

(A) Since toned milk constitutes more than 90 *per cent* of the total sales of the DMS, its sale price has the maximum impact on the financial results of the scheme. The sale price of toned milk was revised by the DMS from May 1978 onwards as indicated below :—

Date of fixation of Sale Price	Rate (Rs. per litre)
2-5-1978	1.80
9-9-1983	2.70
9-4-1985	3.30

Against the above, the cost of production of toned milk during 1981-82 to 1986-87 was as follows :—

Year	Raw material	Processing cost	Distribution cost	Administrative cost	Other charges	Total
			(In rupees)			
1981-82	1.69	0.29	0.15	0.08	0.10	2.31
1982-83	2.12	0.25	0.16	0.08	0.12	2.73
1983-84	2.44	0.25	0.16	0.09	0.13	3.07
1984-85	2.79	0.29	0.18	0.10	0.14	3.50
1985-86	3.21	0.32	0.26	0.11	0.15	4.05
1986-87 (Estimated)	3.25	0.39	0.26	0.13	0.14	4.17

The following observations are made :—

(i) Selling price was not being reviewed *vis-a-vis* cost of production and suitably adjusted to ensure that the scheme ran on 'no profit no loss' basis in running its operations as recommended by the Public Accounts Committee in Para 3.29 of its 27th Report (1967-68).

(ii) Even though the Advisory Committee had decided (May 1985) that the question of revision of price of milk should be considered in the month of April every year, revision due in April 1986 and April 1987 had not been done. With the sale price continued to be on lower side year after year, as compared to cost price, the losses sustained by the DMS were increasing year after year.

(iii) The DMS had not yet streamlined its costing system as recommended by the Public Accounts Committee in para 5.71 of its 46th Report (Sixth Lok Sabha) 1977-78 with the result that the cost of production was being determined with reference to the estimated figures of expenditure and not the figures of actual expenditure. Hence, the DMS was not able to analyse the reasons for increase in the cost of processing and distribution and to identify economies

(iv) The selling price of toned milk of the DMS (Rs. 3.30 per litre) was less than that prevailing in other cities as under :—

	Rate per litre (Rs.)
Delhi (Mother Dairy)	3.50
Bombay	4.00
Lucknow	4.20
Varanasi	4.50
Trivandrum	4.30 to 4.50
Patna	4.00
Bhopal	4.20

(B) *Fat and SNF Losses*

(i) The overall loss of fat and SNF in excess of the norms from 1980-81 to 1986-87 amounted to Rs. 109.58 lakhs (fat Rs. 69.33 lakhs and SNF Rs. 40.25 lakhs) as per details given below :—

Year	Quantity of fat available in kg.	Fat loss in kg.	Percentage of loss as per norms	Actual loss (In per cent)	Loss in excess of norm (In per cent)	Loss in terms of kg.	Rate per kg.	Loss in lakh rupees
				FAT				
1980-81	39,30,441	1,06,265	2	2.69	0.69	27,120	18.89	5.12
1981-82	40,07,559	1,02,229	2	2.55	0.55	22,042	19.31	4.26
1982-83	45,04,731	88,734	2	1.97	..	..	25.44	..
1983-84	45,55,591	1,33,575	2	2.93	0.93	42,367	25.87	10.96
1984-85	49,44,839	1,82,055	2	3.68	1.68	83,073	30.33	25.20
1985-86	46,39,265	1,22,472	2	2.64	0.64	29,691	34.70	10.30
1986-87	53,41,523	1,46,086	2	2.73	0.73	38,993	34.60	13.49
Total :								69.33
				SNF				
1980-81	95,90,877	1,82,549	1	1.91	0.91	87,277	11.06	9.65
1981-82	1,04,28,078	1,33,398	1	1.28	0.28	29,199	12.37	3.61
1982-83	1,15,56,294	1,32,288	1	1.14	0.14	16,179	16.78	2.71
1983-84	1,12,81,022	1,14,939	1	1.02	0.02	2,256	18.61	0.42
1984-85	1,13,30,100	1,68,516	1	1.49	0.49	55,517	19.61	10.89
1985-86	1,05,08,774	1,62,900	1	1.55	0.55	57,788	22.44	12.97
1986-87	1,21,59,830	92,898	1	0.76	..	..	23.06	..
Total								40.25

The DMS had not worked out the losses of fat and SNF at each stage of handling, processing, bottling and loading in vans with a view to identifying areas of excessive loss for remedial action.

The losses in excess of the norms had not so far (July 1987) been got regularised.

The Ministry had informed the Public Accounts Committee (July 1978) that the DMS was requesting the NDDB to study the problems of loss of fat in processing and to suggest measures to keep these losses to the minimum and also to suggest norms for such losses. No action had been taken in this regard.

The Ministry stated (December 1987) that the norms fixed were unrealistic and the DMS had, however, been advised to get the study done by an expert body like the NDDB.

(C) *Loss of fat in manufactured Products.*

Norms for loss of fat in the manufacture of ghee, white butter and table butter had not been fixed, though, as a working arrangement, the percentages of loss were taken as 3, 1 and 2 respectively. The actual losses in a number of months were observed to be in excess of these percentage during 1982-83 to 1986-87. Out of 69 months test checked, the losses in 37 months were below 0.5 *per cent* and in 14 months it ranged between 0.5 *per cent* and 5 *per cent* in excess of the norms. The norms adopted by the DMS were, therefore, not realistic.

(D) *Additional cost of reprocessing of returned Milk.*

The DMS incurred an expenditure of Rs. 88.22 lakhs in reprocessing the unsold milk returned as under :—

Year	Quantity of milk distributed	Quantity of returned milk	Percentage of returned milk	Reprocessing & distribution charges	Reprocessing and distribution cost
	(In lakh litres)			(Rs. in lakhs)	(Rs. in lakhs)
1980-81	1031.12	12.53	1.22	0.57	7.14
1981-82	1133.11	10.05	0.89	0.57	5.73
1982-83	1259.79	5.95	0.47	0.61	3.63
1983-84	1221.49	15.32	1.25	0.64	9.80
1984-85	1213.54	17.87	1.47	0.71	12.68
1985-86	1121.91	20.06	1.79	0.84	16.85
1986-87	1295.68	35.60	2.75	0.91	32.39
Total					88.22

Notwithstanding that the supplies fell significantly below demand, the DMS was not able to sell the quantity of milk produced. The percentage of milk returned to the quantity distributed had been increasing during the last five years. The Scheme had not analysed the reasons for the increased return of milk unsold year after year.

The Ministry stated (December 1987) that while the quantity of milk returned as percentage of the total quantity handled was reasonable, DMS was being advised to make further analysis of the matter and take steps to reduce the quantity of returned milk.

(E) *Loss of milk due to breakage of bottles*

DMS incurred a loss of 5.42 lakh litres of milk costing Rs. 13.66 lakhs due to breakage of milk filled bottles at the loading dock and in transit during 1981-82 to 1986-87. It was observed that no norms for such losses had been fixed by the DMS and there was nothing on record as to the steps taken to minimise such losses.

(F) *Surplus staff*

As per the report of the Staff Inspection Unit (SIU), 2140 posts, against the sanctioned strength of 2973 posts, were considered sufficient. 833 posts were rendered surplus in various grades (Group A-6, Group B-21, Group B(NG)-6, Group C-423 and Group-D377) over the sanctioned strength and 399 over the actual strength. After adjusting the vacancies, 399 persons were considered as surplus by the DMS as on 1st September 1985. The matter, therefore, remained under correspondence between the DMS and the Ministry of Agriculture without any result. The DMS again submitted (July 1987) a composite proposal to the Ministry of Agriculture for abolition/adjustment of surplus posts as well as filling up of the vacant posts by promotion etc. In these proposals also, after possible adjustment among various categories of posts a net surplus with reference to existing strength was worked out at 375 posts Though the DMS had accepted the existence of surplus staff, no action had been taken to retrench them or utilise them elsewhere (July 1987). The inordinate delay in the implementation of the recommendations of the SIU had burdened the scheme by unproductive expenditure of approximately Rs. 70 lakhs per annum.

The Ministry stated (December 1987) that the net surplus of posts, after taking into account the new posts recommended by SIU and 292 persons required for expansion project worked out to 319 and that 161 posts of these had been abolished. It was added that of the remaining 158 posts, only 63 posts were filled and the balance 95 were vacant and the question of surrendering the 63 filled up posts was under very active consideration.

As per the expansion project report, the entire staff for the project was to be employed in the third year of the project when the production would start after its completion in June 1988. The adjustment of 292 persons in anticipation of the expansion coming into effect was contrary to the directions given at the time of clearance of the expansion project. The surplus staff as per the SIU report had been continuing involving recurring expenditure of Rs. 70 lakhs per year.

67.12 *Non-reconciliation of Accounts of Cash Clerks.*—As at the end of March, 1986, the difference in the figures of receipts as per Machine Accounting Section and the amount deposited by cash clerks and drivers aggregated to Rs. 4.73 lakhs. Out of these, cases for Rs. 2.59 lakhs are stated to have been registered with the Police. The reconciliation work for the balance was in arrears from March 1986.

67.13 *Consumption of Utilities.*—Norms for the consumption of caustic soda, coal, furnace oil and electricity had not been fixed by the DMS. Consumption of coal, furnace oil and electricity during 1984-85 to 1986-87 was as follows :—

	1984-85	1985-86	1986-87
Average consumption per one lakh litres of milk processed			
(i) Coal (kg)	0.015	0.022	0.015
(ii) Furnace Oil (kg.)	0.005	0.005	0.005
(iii) Electricity (units)	0.066	0.063	0.056

Besides, in addition to consumption of caustic soda 3.53 lakh, 3.65 lakh and 3.90 lakh kgs. in these years, viscol was also used, its consumption could not be analysed.

In the absence of norms, it could not be said whether the consumption of the above was reasonable and within limits. In reply to the observations of the Public Accounts Committee (Sixth Lok Sabha), in its 46th Report that a thorough study should be made and norms fixed by the DMS at the earliest, in consultation with experts, and statistics regarding average consumption of steam coal, chlorine, caustic soda, etc. should be maintained for ascertaining the rate of consumption over a given number of units as also for the purpose of provisioning of their supply etc., the Ministry in the action taken note stated that the DMS was requesting the NDDB to study this aspect also. However, no norms had been fixed so far (July 1987) for consumption of these inputs.

The Ministry stated (December 1987) that DMS had been advised to get a study done in this regard by the NDDB.

67.14. *Inventory Control*

67.14.1 The Ministry had informed the Public Accounts Committee (July 1978) that the reconciliation between book and ground balance was being done regularly and the matter regarding clearance of difference shown in the Stores Adjustment Account was under consideration. It was seen from the Balance Sheet for the year 1983-84 (proforma Accounts for subsequent years were in arrears) that the difference had increased to Rs. 43.86 lakhs (31st March 1984) from Rs. 35.49 lakhs (31st March 1971) under the head Stores Adjustment Account. The difference of Rs. 43.86 lakhs had not been reconciled and adjusted so far (July 1987).

The Ministry stated (December 1987) that the DMS was being advised to make efforts to reconcile the differences and submit a report soon.

67.14.2 *Blocking up of funds in Dead Items.*—

Price Stores Ledger Cell of the DMS conducted a study of store items in March 1983 which revealed that out of 15,568 items, 5497 items did not move during the last three years. The DMS was to seggregate the items which were to be retained for future utilisation and those which could be disposed of. The latest position and action taken in this regard could not be verified in Audit, as the relevant files were not made available (July 1987).

The Ministry stated (December 1987) that screening of the spare parts was carried out and 1835 items were identified for disposal, out of which, 317 items had already been disposed of and 1518 items were still awaiting disposal.

67.14.3 *Delay in Disposal of surplus spare parts of Machines and condemned Vehicles.*—

(a) Consequent on the disposal of various machines/ equipment, spare parts valuing Rs. 5.92 lakhs were rendered surplus as per details given below :—

Description	No. of items	Amount (Rs. in lakhs)
(1) Spare parts of the TMB of the old model vans.	414	2.29
(2) Spare parts of Tempo scooters, Motorcycles and Jeeps.	—	0.23
(3) Spare parts of Grahm Enoch bottling lines/bottle washers.	489	2.31
(4) Spare parts of amonia compressor	91	0.64
(5) Starter for 125 HP Electric Motor	3	0.45
		5.92

These spares were surplus to the requirements since 1976-77 or earlier.

(b) Six tankers with trailors and 5 standard 20 vans (original purchase value Rs. 18.54 lakhs and Rs. 2.29 lakhs respectively) were off the road since August 1978/December 1985 but no action had been taken (July 1987) for their condemnation and disposal.

The Ministry stated (December 1987) that action had been initiated for the disposal of all the surplus spare parts and condemnation and disposal of old tankers and standard-20 vans.

67.15. *Workshop and Transport Equipment.*—Details of expenditure incurred on the maintenance of the Central Dairy Workshop were not made available. An analysis of the running expenses of vehicles during 1984-85 to 1986-87 revealed that the per km. running cost was as follows :—

Year	No. of vehicles on road	Total kms. run (In lakhs)	Total kms. run per vehicle on road (In lakhs)	Total expenditure (Rs. in lakhs)	Per km. running cost (Rs.)
1984-85	94	21.10	0.22	30.54	1.45
1985-86	102	20.73	0.20	33.06	1.59
1986-87	106	22.78	0.22	40.55	1.78

The Public Accounts Committee in its 46th Report (Sixth Lok Sabha) was unhappy to note that actual cost of each job indicating the cost of materials, labour and other items was not being worked out in both the workshops. In the action taken note, the Ministry stated that the above recommendations were being looked into and would be implemented for which the DMS was finalising the institutional checks. Job-wise records of expenditure with details of expenditure under various heads, viz., cost of material, labour and other items were not being kept. Hence the repair cost of each job could not be known and analysed in Audit.

The Ministry stated (December 1987) that the system of costing in respect of each job, introduced in the year 1981 could not be followed after 1983 and that the DMS was, however, being asked to re-examine the possibility of re-introducing the system of costing in respect of each job.

67.16 *Non-realisation of cost of Milk Collection and Chilling Centres.*—As a sequal to the proposal of the U.P. Cooepratives for the discontinuance of direct procurement of milk by the DMS with the assurance of increasing supplies of raw milk by them, the Managing Committee decided in June 1978 that the DMS should withdraw departmental procurement gradually both in U.P. and Haryana and the staff and equipment were to be absorbed by the State Cooperative Federations. Accordingly the milk collection and chilling centres were closed and handed over by the DMS to the State Cooperatives.

It was observed that, after closure of these centres, the supply of milk, instead of increasing, decreased considerably from 30275 kgs. per day in 1980 to 14798 kgs. per day in 1981 and to 10523 kgs. in 1982 and to 8407 kgs. in 1983 and to 7798 kgs. in 1984.

In the absence of any improvement in the supply of milk by the U.P. and Haryana Cooperatives, the issue of recommissioning of the milk collection and Chilling Centres was again considered in the 90th and

91st meetings of the Management Committee held on 15-5-1985 and 26-7-1985 in which it was decided that the DMS should submit a comprehensive proposal to the Ministry for taking a decision in the matter. Accordingly, a proposal was submitted to the Ministry in October 1985 which decided in February 1987,

(a) to hand over the remaining four milk collection and chilling centres to the Cooperative Dairy Federation, U.P. after they agreed to pay Rs. 338 lakhs being the value of the centres transferred including those proposed to be transferred;

(b) to take over the centres alongwith the plant and equipment already transferred to the Haryana Dairy and dispose them of alongwith other centres in Haryana after following the prescribed procedure; and

(c) to abolish 128 posts created in connection with the collection and chilling centres which were lying vacant.

The following points emerge :—

(i) Two collection and chilling centres i.e. Sampla in Haryana and Alipur in the Union Territory of Delhi were not commissioned and the capital invested on their establishment (Rs. 3.81 lakhs) had remained blocked from 1960-61 till date.

The Ministry stated (December 1987) that Milk Collection and chilling Centre at Alipur was commissioned but was closed after running for a short while due to non-availability of milk in the area around this chilling centre.

(ii) Delay in taking a decision in regard to the terms and conditions of transfer of the centres had entailed additional expenditure by way of watch and ward to the extent of Rs. 6.19 lakhs till date.

(iii) There was no indication as to what amount would be recoverable from the Haryana Dairy Cooperative Federation in respect of the three centres from the dates these were handed over to the date of their resumption by the DMS.

(iv) Out of 327 posts created for Milk Collection and Chilling Centres, it was decided that 128 vacant posts would be abolished. Even though these centres were closed between 1966 and 1981, the remaining 199 persons had not so far been transferred to the surplus Cell (June 1987). The salary and wages on them amounted to Rs. 40 lakhs per annum approximately.

The Ministry stated (December 1987) that 117 posts had already been abolished and the remaining posts had been retained for adjustment.

67.17 *Disposal of scrap out of broken bottles.*—From a bottle of 425 grams, 400 grams of scrap is generated. Against an estimated 49.22 lakh kgs. of scrap to be generated from 123.05 lakh broken bottles during 1980-81 to 1986-87; scrap sold was 42.20 lakh kgs. only i.e. short by 7.02 lakh kgs. valued at Rs. 4.72 lakhs.

67.18 *Delay in replacement of Milk Booths.*—Based on the design of a prototype milk booth developed by the NDDB the construction of 200 milk booths at a total cost of Rs. 104.40 lakhs was assigned to the Central Public Works Department (CPWD) in the year 1982. The CPWD was able to construct only 22 milk booths upto March 1987. In the meantime, the cost of construction per booth increased from Rs. 50,200 to 75,000 approximately. With a view to effecting economy, it was decided to have prefabricated milk booths. The Management Committee in its meeting held on 31st March 1987 approved the award of 400 prefabricated milk booths to M/s. Hindustan Pre-fab Ltd. at Rs. 21,900 each booth and payment of mobilisation advance of Rs. 21.90 lakhs.

The acceptance of the offer was communicated to the company on 31st March 1987. However, the actual work of construction had not been taken up in hand so far (December 1987).

67.19 *Delay in Adjustment of Advances*

67.19.1 A test-check of records revealed that cash advance amounting Rs. 2.34 lakhs paid to members of staff for local purchases during 1963-64 to 1986-87 remained unadjusted as on 31-3-1987 which included Rs. 41,187 given during 1986-87. The yearwise breakup of amounts outstanding for more than a year was as under :—

Advance given During	Delay in adjustment	Amount (Rupees)
1963-64 to 1969-70	16 to 22 years	26,926
1970-71 to 1975-76	10 to 15 years	22,990
1976-77 to 1980-81	5 to 10 years	1,34,451
1981-82 to 1985-86	2 to 5 years	7,909

The Ministry stated (December 1987) that the amount of outstanding advances had been reduced to Rs. 1.89 lakhs and the DMS was being advised to pursue these cases vigorously.

67.19.2 As per the objections book maintained in the Store Payment Section Rs. 91.60 lakhs comprising 236 items were outstanding against various firms to whom advances were made for supply of materials etc. upto March 1987. 13 items, amounting to Rs. 22.89 lakhs, were more than 20 years old and 9 items, amounting to Rs. 4.52 lakhs, were more than 10 years old.

67.20 *Construction of second staff colony.*—The DMS paid Rs. 15.73 lakhs (1968-69) to the DDA for 12.32 acres of land allotted at Rajouri Garden for construction of a second staff colony. The site earmarked for the DMS was, however, utilised by the DDA for its Group Housing Scheme and the DMS was offered (March 1974) an alternative land measuring 13.07 acres (costing Rs. 31.63 lakhs) at Mayapuri at the rate of Rs. 50 per sq. yd. (provisional). The balance amount of Rs. 15.90 lakhs was paid to the DDA in March 1977. The DMS after fruitless correspondence took possession of 9.777 acres of land out of the 13.07 acres allotted on 9-8-1979. Rs. 7.97 lakhs being the cost of 3.293 acres of land was refunded by the DDA in March 1982.

The DMS sent a requisition for the construction of staff quarters to the CPWD in January 1980. The estimate for Rs. 204.98 lakhs (December 1980) was revised for Rs. 307.38 lakhs in June 1981. As the lay out was changed to accommodating 489 quarters (Type I-225, Type II-210, Type III-30, Type IV-24), the CPWD again revised the preliminary estimate to Rs. 341.24 lakhs for which administrative approval and expenditure sanction of the Ministry was conveyed to the CPWD on 21-1-1983.

Work on the construction of the quarters was awarded by the CPWD to various contractors between October 1983 and May 1984 to be completed between January 1984 and November 1985. 24 Type-IV, 30 Type-III, 225 Type-I and 210 Type-II quarters were completed in December 1985, February 1986, January 1987 and February 1987 respectively.

While reasons for delay in completion of the quarters had not been given by the CPWD, it was stated that these could not be handed over to the DMS due to non-receipt of water connection from the Municipal Corporation.

It was stated that the water pipe line, laid by the DDA, was found defective and due to a controversy in the DDA/MCD for taking responsibility for rectification of the defects, the matter had been delayed and water line already laid by the DDA was not functioning. The matter was taken up by the DMS with the MCD/DDA in September 1986, but no progress has been made. While water is being provided to 130 quaters from the tubewell installed in the colony by the CPWD at DMS cost, a second tube well was under construction on DMS's request.

The date by which water supply for all the quarters would be available and the quarters would be handed over by the CPWD was not known to the DMS (July 1987).

In this connection, following comments are offered :—

(i) Even though the quarters had been completed between December 1985 and February 1987, these were not handed over by the CPWD to the DMS so far (July 1987) except 100 quarters which were released on 10-2-1987, and were allotted by the DMS to the employees in May 1987. Dates on which these were actually occupied by the employees were not made available to Audit.

(ii) Avoidable payment of house rent allowance and loss of revenue due to non-recovery of licence fee from the stipulated date of completion to actual date of completion was Rs. 6.91 lakhs and Rs. 3.33 lakhs respectively and the same from the actual date of completion to 30th June 1987 was Rs. 6.98 lakhs and Rs. 2.95 lakhs respectively.

67.21 *Other points of Interest*

67.21.1 *Loss of Rs. 6.96 lakhs due to sale of surplus Machinery as Scrap.*—Four automatic decrating and recrating machines and two automatic crate stacking machines costing Rs. 7.43 lakhs were procured on the advice of foreign experts. The installation of these machines was expected to make the four existing bottling lines in the Central Dairy fully automatic. The machines on receipt were kept in the DMS stores and were damaged partly by fire in July 1971. A committee appointed to exmaine the feasibility of use of these machines reported (March 1975) that the machines should not be used and recommended their disposal. These machines were disposed of by public auction held in November 1983 for Rs. 47.100 resulting in a loss of Rs. 6.96 lakhs.

67.21.2 *Irrational purchase of Machinery.*—(i) A Spray Dried Milk Powder Plant purchased for turning liquid raw milk into skimmed milk powder, and installed in 1972, at a cost of Rs. 12.45 lakhs, could not be operated due to short supply of raw milk and was, therefore, declared surplus by the Managing Committee in March 1981. A sale order was issued to the IDC (February 1986) for Rs. 15.00 lakhs. The IDC had, however, backed out (September 1987) and declined to take delivery of the plant.

(ii) Fifteen Farm Bulk Coolers (9 of 2000 litres capacity each per day and 6 of 4000 litres capacity each per day) valued at Rs. 18.88 lakhs were procured in May 1976 to facilitate procurement of milk at various chilling centres. Due to discontinuation of chilling centres, the equipment became surplus (June 1978). It was decided (December 1978) to dispose of the equipment. Six units each of 4000 litres capacity per day and two units of 2000 litres capacity each were sold (July 1981). The remaining seven units valued at Rs. 8.68 lakhs were yet (July 1987) to be disposed of.

The Ministry stated (December 1987) that the Rajasthan Co-operative Dairy Federation had offered to purchase these units at Rs. 1.24 lakhs each and further action for their sale was being taken.

(iii) Four standard diesel vans costing Rs. 1.48 lakhs were procured (April 1976) for sale of milk products. An expenditure of Rs. 1.26 lakhs was incurred on body building. These were received in November 1978 but were not put to use as production and sale of ice cream, flavoured milk and yoghurt had been decided to be discontinued from July 1978. These were, therefore, sold to a Government Undertaking in July/August 1981 for Rs. 4.88 lakhs but the payment had not been received (July 1987).

(iv) Plant and machinery worth Rs. 23.51 lakhs for the establishment of a cheese plant (1964-65) and a balancing station (1970-71) were procured for handling the milk to be procured by the DMS at Bikaner. An expenditure of Rs. 2.63 lakhs was incurred on acquisition of land (Rs. 0.38 lakh) construction of boundary wall (Rs. 0.78 lakh) and installation of two tube wells (Rs. 1.47 lakhs). The DMS did not establish the equipment.

The Ministry intimated in December 1987 that 9 items were disposed of by the IDC upto 2nd November 1987 and 8 items were still pending disposal.

(v) Two numbers Alfa Level HTST Milk Pasteurisers cum plate chillers (capacity 5000 litres per hour type P5-RB) alongwith accessories, procured (1970-71) at a cost of Rs. 2.43 lakhs had been lying idle in the stores.

67.21.3 *Ill-Planned purchase of Empty Cups.*—The Managing Committee, at its 92nd meeting approved the marketing of sweetened flavoured yoghurt in plastic cups through wholesale/retail dealers on commission basis. In the proposals submitted to the Managing Committe, an average sale of 10,000 cups per day (which was likely to increase to 20,000 cups) was anticipated. It was also decided to fix the cost of a cup at Rs. 2 which included 10 paise and 20 paise as commissions to the wholesaler and retailers respectively.

The records of the DMS, however, revealed that action for purchase of plastic cups had been initiated in January 1985 itself and an order for 6 lakh cups (anticipated annual requirement) with lids and spoons was placed on 24-5-1985 for Rs. 2,90,100. The supply of 6 lakh cups was completed by the firm between August 1985 and March 1986.

A scrutiny of the stores account revealed that the total consumption of empty cups from August 1985 to March 1987 was 18,420 (4320 between 24-8-1985 and 11-12-1985 and 14,100 during 1986-87), the daily average being 39 cups only. As on 31-3-1987, 5,81,580 cups costing Rs. 2.82 lakhs had remained unutilised.

The Ministry stated (December 1987) that consumption of cups had increased from September 1987 and as a result 36,000 cups were used by DMS during October 1987.

67.21.4 *Overpayment of Rs.* 46781 *as Night Duty Allowance.*—The DMS submitted a proposal to the Ministry of Agriculture in October 1977 for allowing payment of Night Duty Allowance (NDA) to 19 categories of staff who were also performing duties at night in addition to 17 categories already approved by the Ministry in October 1975. Notwithstanding the rejection of the proposal by the Ministry, the Management Committee approved payment of the allowance and orders to this effect were issued in July 1980 effective from 1st June 1980. Consequent on an Audit Objection, the matter was again referred by the DMS to the Ministry. Out of 19 categories of staff, the Ministry conveyed (March 1983) sanction for payment of allowance to only four categories.

The Ministry stated (December 1987) that the question of waiving the overpayment of night duty allowance was being taken up with the Ministry of Finance.

67.21.5 *Non-recovery of Rs.* 9.30 *lakhs for supply of Milk Under Special Nutrition Programme.*—As per decision of Government (July 1970), the DMS supplied Double Toned Milk (DTM) to the Directorate of Social Welfare, Delhi for pre-school children under special nutrition programme from 1970-71 to May 1980 for which payment was to be made by the IDC on the basis of actual cost of production. An amount of Rs. 5.73 lakhs was outstanding against the IDC (July 1987) being the difference between the actual cost of production and sale price. The IDC did not agree to pay the cost of milk on the basis of actual cost of production and loss should be borne by the DMS.

Further, while the DMS claimed the cost of 60,73,812 litres of DTM supplied to various centres, the IDC paid for 57.22,644 litres only; amount less paid being Rs. 3.57 lakhs.

67.21.6 *Establishment of a new Recombining (Mother Dairy) at Delhi.*—The establishment of a new recombining (Mother Dairy) at Delhi under the Operation Flood Programme was sanctioned by Government in August 1972 at a cost of Rs. 471.47 lakhs for processing and distribution of milk up to 4 lakh litres per day. The DMS paid an amount of Rs. 37.03 lakhs to the DDA in March 1970 towards the cost of 60 acres of land to be acquired at Patparganj. Out of the 60 acres possession of 38.5 acres costing Rs. 23.76 lakhs was taken over by the DMS in December 1972 and handed over to the NDDB in June 1975. In June 1978, the Ministry of Agriculture directed the DMS that the actual cost of land together with interest due might be worked out and refund of the cost of the remaining 21.5 acres of land obtained from the DDA direct.

In this connection, the following comments are offered :—

(i) Interest on Rs. 23.76 lakhs was worked out by the DMS from time to time and intimated to the Ministry of Agriculture for recovery from the NDDB. Capital investment of Rs. 23.76 lakhs plus interest of Rs. 36.02 lakhs accrued thereon upto 31st March 1986 was yet (March 1987) to be recovered from the NDDB.

Regarding recovery of capital investment and interest, the Ministry stated (December 1987) that the Mother Dairy having become a subsidiary unit of the NDDB w.e.f. 12th October 1987, the matter would now be re-examined in the light of this development.

(ii) The DMS did not ask for the refund of Rs. 13.27 lakhs on account of the cost of balance 21.5 acres of land from the DDA as directed by the

Ministry. The DDA was, however, asked in May 1982 for handing over possession of the remaining land.

After protracted correspondence for allotment of 21.5 acres of land, the DDA intimated (March 1987) that no land was available in Patparganj which could be handed over to the DMS and that the excess amount would be refunded. Refund of Rs. 13.27 lakhs blocked with the DDA since December 1972 was awaited (June 1987).

(iii) An amount of Rs. 0.50 lakh paid by the DMS to the NDDB (1969-70) on account of technical fee was refunded by the latter in July 1977. Interest of Rs. 0.17 lakh accrued thereon was yet to be paid (July 1987).

67.21.7 *Loss of Coal in Transit.*—According to the procedure followed by the DMS, delivery of coal rake is taken from railway authorities, by the stores officer without actual weighment. As soon as the wagons are unloaded, security staff would take over the coal for transportation to the DMS through trucks of contractors engaged for the purpose under security escort. The loaded trucks are weighed in the DMS stock yard and then the weight of the coal actually received is determined. Every time, the coal actually received is found short.

(a) Review of receipt and issue of coal account for the years 1982-83 to 1986-87 revealed that out of 11,487.30 tonnes of steam coal despatched during these years, 1122.98 tonnes (excluding 184.70 tonnes) costing Rs. 4.16 lakhs were received short; the loss of Rs. 4.16 lakhs had not yet (July 1987) been got regularised.

(b) Physical verification of coal to be conducted 6 monthly by the Controller of Stores was not done during 1985-86 and 1986-87.

Ministry of Finance
(Department of Revenue)

68. Avoidable payment—Government Opium and Alkaloid Works Undertaking, Ghazipur

Under the U.P. Sales Tax Act, 1948, the rate of purchase tax on opium was enhanced from 13 per cent to 20 per cent with effect from 7th September 1981. The Government Opium and Alkaloid Works Undertaking, Ghazipur (Uttar Pradesh) continued to deposit with the State's Sales Tax Department such tax at prescribed intervals, but at the erstwhile, lower rate of 13 *per cent* in respect of purchases made after 7th September 1981 (till March 1982), resulting in under deposit of Rs. 3.42 lakhs on which interest was payable at 2 *per cent* per month. The Undertaking had accordingly to pay interest of Rs. 4.30 lakhs (from December 1981 to February 1987), the amount having been paid in March 1987, which could have been avoided had the tax been paid at the correct rate in time.

Further, purchase tax of Rs. 39.67 lakhs on procurement of raw opium during the month of April 1982 was deposited by the Undertaking by means of a cheque in May 1982 which was dishonoured by the Bank. Consequently, this amount was paid to the Sales Tax Department on 30th August 1982. The State Sales Tax Department, therefore, issued orders (January 1987) for payment of interest of Rs. 2.38 lakhs for default in payment from 1st June 1982 to 30th August 1982, calculated at 2 *per cent* per month, which amount was also paid in March 1987.

The extra payment of Rs. 6.68 lakhs by way of interest could, thus, have been avoided had the Undertaking ensured correct and timely payment of the purchase tax dues.

The matter was reported to the Ministry in August 1987; reply had not been received (January 1988).

(S. S. ROY CHOUDHURY)
Director of Audit-I, Central Revenues.

New Delhi
The 13 APR 1988

Countersigned

T. N. Chaturvedi
(T. N. CHATURVEDI)
Comptroller and Auditor General of India.

New Delhi
The 14 APR 1988

APPENDIX I

(*Vide* Paragraph 4.2)

Extent of utilisation of supplementary grants/appropriations

Sl. No.	Grant/Appropriation	Amount of Grant/Appropriation: Original	Supplementary	Actual Expenditure	Saving
1	2	3	4	5	6
	Cases where supplementary grants/appropriations proved unnecessary				
	Revenue—Voted				
					(Lakhs of rupees)
	Ministry of Agriculture				
1.	9—Department of Fertilizers	173497.72	3600.00	173412.53	3685.19
	Ministry of Environment and Forests				
2.	27—Environment	7981.92	79.62	5255.38	2806.16
3.	28—Forests and Wild Life	7303.99	40.82	6199.99	1144.82
	Ministry of Finance				
4.	36—Currency, Coinage and Mint	22777.35	1190.86	22583.61	1384.60
5.	38—Opium and Alkaloid Factories	4423.92	62.05	3546.59	939.38
6.	40—Other Expenditure of Ministry of Finance	114705.23	70.85	94587.36	20188.72
	Ministry of Health and Family Welfare				
7.	45—Medical and Public Health	32026.54	1000.07	31084.08	1942.53
8.	46—Family Welfare	57381.45	1151.30	56419.22	2113.53
	Ministry of Planning				
9.	77—Planning	880.32	67.00	856.64	90.68
	Ministry of Science and Technology				
10.	80—Department of Science and Technology	8302.60	122.86	7337.08	1088.38
11.	82—Meteorology	2733.03	88.00	2703.99	117.04
	Ministry of Transport				
12.	89—Ports, Lighthouses and Shipping	13643.68	70.00	10545.60	3168.08
13.	90—Road and Inland Water Transport	1418.52	2.00	441.60	978.92
	Department of Atomic Energy				
14.	99—Department of Atomic Energy	149.80	4.20	148.59	5.41
15.	100—Atomic Energy Research, Development and Industrial Research	21814.47	267.36	21218.10	863.73
	Capital—Voted				
	Ministry of External Affairs				
16.	29—Ministry of External Affairs	6555.00	1512.00	6401.60	1665.40
	Ministry of Transport				
17.	88—Roads	33743.43	2207.79	33677.14	2274.08
18.	89—Ports, Lighthouses and Shipping	30672.11	22.05	26806.67	3887.49
	Ministry of Urban Development				
19.	93—Public Works	7511.06	142.92	6621.59	1032.39
	Revenue—*Charged*				
	Ministry of Transport				
20.	88—Roads	..	*3.29*	..	*3.29*

S/36 C&AG/88—20

APPENDIX II

(*Vide* Paragraph 4.4)

Savings under Voted Grants

Voted Grants where the savings (more than Rs. 5 lakhs in each case) exceeded 20 *per cent* of the total grant are given below :—

Sl. No.	Grant	Total grant	Expenditure	Saving	Percentage of Saving
1	2	3	4	5	6
	Revenue				
					(Lakhs of rupees)
1.	94—Water Supply and Sewerage	196.00	38.75	157.25	80.2
2.	90—Road and Inland Water Transport	1420.52	441.60	978.92	68.9
3.	76—Ministry of Petroleum and Natural Gas	3194.32	1227.93	1966.39	61.6
4.	51—Rehabilitation	5912.20	2401.53	3510.67	59.4
5.	5—Cooperation	2080.00	957.32	1122.68	54.0
6.	30—Ministry of Finance	2721.36	1496.79	1224.57	45.0
7.	103—Department of Ocean Development	2683.49	1629.00	1054.49	39.3
8.	27—Environment	8061.54	5255.38	2806.16	34.8
9.	4—Animal Husbandry and Dairy Development	14142.56	9957.61	4184.95	29.6
10.	3—Fisheries	2629.94	1912.17	717.77	27.3
11.	14—Overseas Communications Service	60.25	45.52	14.73	24.4
12.	89—Ports, Lighthouses and Shipping	13713.68	10545.60	3168.08	23.1
13.	38—Opium and Alkaloid	4485.97	3546.59	939.38	20.9
	Capital				
14.	28—Forest and Wild Life	10.10	..	10.10	100.0
15.	81—Survey of India	25.00	..	25.00	100.0
16.	103—Department of Ocean Development	120.00	..	120.00	100.0
17.	70—Labour and Employment	91.01	2.84	88.17	96.9
18.	38—Opium and Alkaloid	215.02	39.96	175.06	81.4
19.	33—Taxes on Income, Estate Duty, Wealth Tax and Gift Tax	3000.00	568.99	2431.01	81.0
20.	13—Ministry of Communications	1500.02	600.00	900.02	60.0
21.	80—Department of Science and Technology	12.00	5.85	6.15	51.3
22.	54—Andaman and Nicobar Islands	7414.90	4598.44	2816.46	38.0
23.	49—Police	4209.00	2973.22	1235.78	29.4
24.	51—Rehabilitation	1083.58	765.32	318.26	29.4
25.	31—Customs	5841.00	4322.97	1518.03	26.0
26.	2—Agriculture	152064.55	114907.62	37156.93	24.4
27.	82—Meteorology	1066.12	822.04	244.08	22.9
28.	36—Currency, Coinage and Mint	21348.05	16513.77	4834.28	22.6
29.	29—Ministry of External Affairs	8067.00	6401.60	1665.40	20.6

APPENDIX III

(*Vide* Paragraph 36)

Yearwise break up of Inspection Reports (IRs) and paragraphs issued up to 31st December 1986 *which remained outstanding up to June* 1987 (*Ministry of Tourism*)

Year	Deptt. of Tourism		P.A.O. Tourism		I.H.M. Pusa N. Delhi		Bhartiya Avas Vikas Samiti		Tourist Office Singapore		Tourist Office Sydney		Tourist Office New York		Tourist Office Los Angles		Toursit Office Toranto Canada		Tourist Office Chicago		Other AS.G.		Grand Total	
	IRs	Paras	IRs	Paras	IRs	Paras	IRs	Paras	IRs	Paras	IRs	Paras	IRs	Paras	IRs	Paras	IRs	Paras	IRs	Paras	IRs	Paras	IRs	Paras
1977-78	..	..	..	..	1	1	..	..	..	..	1	3	..	..	1	1	1	2	..	..	1	1	5	8
1978-79	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
1979-80	1	1	..	..	..	..	..	..	..	..	..	..	..	..	1	1	..	..	..	..	..	..	2	2
1980-81	1	2	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	1	2
1981-82	1	2	..	..	..	..	..	..	..	..	..	..	1	1	..	..	..	..	..	..	..	..	2	3
1982-83	1	1	..	..	..	..	..	..	..	..	..	..	1	1	1	4	..	..	..	..	1	1	4	7
1983-84	1	4	1	4	1	2	..	..	..	..	..	..	..	..	..	..	..	..	1	11	1	1	5	22
1984-85	1	1	1	5	1	2	..	..	..	..	..	..	..	..	..	..	1	5	..	..	2	2	6	15
1985-86	1	12	1	14	1	5	1	6	1	7	1	9	1	3	..	..	..	..	..	..	1	1	8	57
	7	23	3	23	4	10	1	6	1	7	2	12	3	5	3	6	2	7	1	11	6	6	33	116

APPENDIX IV

(*Vide* Paragraph 38)

Statement showing losses, irrecoverable revenues, duties, advances, etc. written off/waived and exgratia *payments made during the year*

In 72 cases Rs. 74.98 lakhs representing mainly losses due to theft, fire, etc. and irrecoverable revenues, duties, advances, etc. were written off/waived and in 706 cases *ex-gratia* payments aggregating Rs. 131.88 lakhs were made during 1986-87 as detailed below :—

(In lakhs of rupees)

Name of Ministry/ Department	Write off of losses, irrecoverable revenue, duties, advances, etc.						Waiver of recovery		Ex-gratia payment	
	Due to failure of system		Due to neglect, fraud, etc. on the part of individual Government officials		Due to other reasons					
	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount
Atomic Energy	..	..	..	..	9	1.13	..	..	..	..
Commerce	..	..	..	..	4	0.15	..	..	706	131.88
Energy	..	..	..	..	7	1.82	..	..	..	..
Electronics	..	..	..	..	1	0.11	..	..	..	..
Home Affairs	..	..	..	..	5	0.50	39	10.06	..	..
Space	..	..	..	..	5	1.97	..	..	..	..
Urban Development	..	..	..	..	2	59.24	..	..	..	..
	..	..	..	..	33	64.92	39	10.06	706	131.88

NOTE :—This does not include information from the Director of Audit, Defence Services, New Delhi and 9 Controllers of Accounts.

MGIPRRND S/36 C&AG/88—Sec II—2-4-88—2250.

ERRATA

Page	Column	Line	For	Read
18	1	12 from bottom	th	the
20	1	15	its own assessment. The Ministry, however,	4th December 1985 stating that cash assistance
29	2	8 from bottom	.ECR	(ECR)
38	2	19-20	Tumkar (Kurnataka,	Tumkur (Karnataka),
50	Table—Column 1	4 from bottom	Lepsory	Leprosy
53	2	18 from bottom	more than 50 *per cent* of the funds pro-	1986-87 on health education due to
62	2	3-4	M/s WEBEL Teli	M/s WEBEL Tele
66	2	18 from bottom	Comparson	Comparison
67	2	22	trails	trials
72	1	25	issue	issued
73	1	17	move	moved
79	1	6	0.78	78
80	2	21 from bottom	filling	filing
81	Annexure—Column 1 Heading	4	date	data
81	Annexure—Column 1	4-5	Nagaland, A.P., Shillong	Nagaland and Arunachal Pradesh
82	2	6	to	of
84	1	5 from bottom	42.35	42,35
91	2	2 from bottom	5.59 lakhs	0.59 lakh
107	1	10 from bottom	9" wide	9″ wide
109	2	32	prepaed	prepared
112	1	12	on the Jarawa tribes. In terms of the report of	beyond 87 km. Subsequently in July 1981 a