

REPORT

OF THE

COMPTROLLER AND AUDITOR GENERAL OF INDIA

FOR THE YEAR 1981-82

(CIVIL)

GOVERNMENT OF MAHARASHTRA

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(VII)

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PREFATORY REMARKS

This Report has been prepared for submission to the Governor under Article 151 of the Constitution. It relates mainly to matters arising from the Appropriation Accounts for the year 1981-82 together with other points arising from audit of financial transactions of the Government of Maharashtra. It also includes certain points of interest arising from the Finance Accounts for the year 1981-82.

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

3. The cases mentioned in this Report are among those which came to notice in the course of test audit of accounts during the year 1981-82 as well as those which had come to notice in earlier years but could not be dealt with in previous Reports; matters relating to the period subsequent to 1981-82 have also been included, wherever considered necessary.

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

ERRATA

This Report has been prepared for submission to the Government under Article 151 of the Constitution. It refers mainly to matters arising from the Appropriation Accounts for the year 1981-82 together with other matters arising from the annual transactions of the Government of India. It also includes certain heads of interest arising from the Balance Accounts for the year 1981-82.

The Report containing the observations of Audit on Railway Corporation, Bonds and Government Companies and the Report containing the observations of Audit on Revenue Receipts are being presented separately.

The cases mentioned in the Report are among those which came to notice in the course of audit of accounts during the year 1981-82 as well as those which had come to notice in earlier years but could not be dealt with in previous Reports' matters relating to the period 1981-82 have also been included, wherever considered necessary.

The points brought out in this Report are not intended to convey or to be understood as conveying any general criticism or the financial administration by the departmental bodies and officers concerned.

CHAPTER I

GENERAL

1.1 Summary of transactions

The receipts and expenditure of the Government of Maharashtra for the year 1981-82 are given below with the corresponding figures of the preceding year :

	1980-81	1981-82
	(in crores of rupees)	
(1) <i>Revenue—</i>		
Revenue Receipts—		
Revenue raised by State Government	15,67.67	18,86.39
Receipts from Government of India ..	4,70.39	4,99.00
Total—Revenue Receipts ..	<u>20,38.06</u>	<u>23,85.39</u>
Revenue Expenditure—		
Non-Plan	17,13.84	19,65.68
Plan	2,03.20	2,72.34
Total—Revenue Expenditure ..	<u>19,17.04</u>	<u>22,38.02</u>
Revenue Surplus (+) ..	<u>+1,21.02</u>	<u>+1,47.37</u>

				1980-81	1981-82	
				(in crores of rupees)		
(2) Debt—						
(i) Internal Debt—						
Receipts	..	..	..	5,16.33	10,55.51
Repayments	..	..	..	5,07.97	9,52.80
Increase (+)				+8.36	+1,02.71	
(ii) Loans from Central Government—						
Receipts	..	..	..	3,12.00	3,58.27
Repayments	..	..	..	46.27	93.59
Increase (+)				+2,65.73	+2,64.68	
Total Debt (Net)				Increase (+)	+2,74.09	+3,67.39
(3) Capital Expenditure—						
Non-Plan	..	..	..	47.17	3.71
Plan	..	..	..	3,01.40	3,87.62
Increase (—)				—3,48.57	—3,91.33	
(4) Loans and advances by State Government—						
Recoveries	..	..	..	38.84	50.94
Disbursements	..	..	..	2,74.52	2,95.43
Net outgo (—)				—2,35.68	—2,44.49	
(5) Inter-State Settlement—						
Receipts	..	..	..	1.05	2.00
Disbursements	..	..	..	0.01	....
Increase (+)/Decrease (—)				1.04	2.00	
(6) Transfer to the Contingency Fund—						
Receipts	..	..	..	15.00	....
Disbursements	..	..	..	....	40.00
Increase (+)/Decrease(—)				+15.00	—40.00	

				1980-81	1981-82
				(in crores of rupees)	
(7) Contingency Fund (Net)					
Increase (+)/Decrease (—)	..	..	..	—33.97	+54.28
(8) Public Account—					
Receipts	..	..	..	32,08.53	34,66.14
Disbursements	..	..	..	30,20.91	33,44.11
			Increase (+)	+1,87.62	+1,22.03
			Net surplus(+)/Deficit (—)	—19.45	+17.25
Opening Cash Balance	..	..	..	—20.00	—39.45
			Net surplus (+)/Deficit (—)	—19.45	+17.25
Closing Cash Balance	..	..	..	—39.45	—22.20
					(A)

1.2 Revenue surplus/deficit

(a) *Revenue receipts.*—The actuals of the revenue receipts for 1981-82 compared with (i) the budget estimates and (ii) the budget estimates plus additional taxation during the year along with the corresponding figures for 1979-80 and 1980-81 are shown below :

Year	Budget	Budget plus additional taxation	Actuals	Variation between columns (4) and (3)	
				Amount	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
(amounts in crores of rupees)					
1979-80	.. 16,44.56	16,49.93	17,94.33	+1,44.40	9
1980-81	.. 19,21.97	19,28.63	20,38.06	+1,09.43	6
1981-82	.. 22,26.79	22,58.44	23,85.39	+1,26.95	6

(A) The closing cash balance of Rs. —22.20 crores was made up of cash in treasuries (Rs. 0.28 crore), Deposits with Reserve Bank (Rs. —22.27 crores) and Remittances in transit (Rs. —0.21 crore). The *minus* balance under Deposits with Reserve Bank indicates an overdraft.

There was a difference of Rs. 14.13 crores (debit) between the figure reflected in the account (Rs. —22.27 crores) and that intimated by Reserve Bank of India (Rs.—36.40 crores) regarding 'Deposits with Reserve Bank' included in the cash balance. The difference is under reconciliation (February 1983).

(b) *Expenditure on revenue account.*—The expenditure on revenue account as compared with (i) the budget estimates and (ii) the budget estimates plus supplementary provision is shown below :

Year	Budget	Budget plus supplementary	Actuals	Variation between columns (4) and (3)	
				Amount	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
(amounts in crores of rupees)					
1979-80	15,12.58	16,97.22	15,98.92	—98.30	6
1980-81	18,57.39	20,26.05	19,17.04	—1,09.01	5
1981-82	20,48.38	24,01.08	22,38.02	—1,63.06	7

(c) *Revenue Surplus.*—The year ended with a revenue surplus of Rs. 1,47.37 crores against the surplus of Rs. 1,78.41 crores anticipated in the budget.

1.3 Revenue receipts

(i) The revenue receipts during 1981-82 (Rs. 23,85.39 crores) represented an increase of Rs. 3,47.33 crores over those in 1980-81 (Rs. 20,38.06 crores). The increase is analysed below :

	1980-81	1981-82	Amount of increase
(1)	(2)	(3)	(4)
(amounts in crores of rupees)			
(a) Tax Revenue	12,42.32	15,01.69	2,59.37
(b) Non-tax Revenue	4,37.34	5,02.71	65.37
(c) Grants and contributions	3,58.40	3,80.99	22.59
Total Revenue receipts	20,38.06	23,85.39	3,47.33

(ii) More information on the subject will be found in the Report of the Comptroller and Auditor General of India for the year 1981-82, Revenue Receipts-Government of Maharashtra.

1.4 Expenditure on revenue account

The expenditure of Rs. 22,38.02 crores on revenue account during 1981-82 comprised Plan expenditure (Rs. 2,72.34 crores) and non-Plan expenditure (Rs. 19,65.68 crores). Though there was an increase of Rs. 69.14 crores in the Plan expenditure during 1981-82 over the previous year's expenditure (Rs. 2,03.20 crores) it fell short of the provision as

enhanced by supplementary grants (Rs. 3,10.27 crores) by Rs. 37.93 crores. Similarly while the non-Plan expenditure of Rs. 19,65.68 crores during 1981-82 went up by Rs. 2,51.84 crores compared to the expenditure during 1980-81 (Rs. 17,13.84 crores) the non-Plan provisions to the extent of Rs. 1,25.13 crores remained unutilised.

The details of expenditure under the principal sectors and under Plan and non-Plan headings as also the provision in the budget and provision as enhanced by supplementary grants are given in Appendix I-1.

Increase in the Plan expenditure over the previous year's expenditure was mainly under "Social and Community Services" (Rs. 64.68 crores) due to increased Plan expenditure on (i) assistance to Non-Government Primary and Secondary Schools (Rs. 1.70 crores and Rs. 2.70 crores respectively), (ii) compensation under "Family Welfare" (Rs. 4.59 crores), (iii) "Prevention and control of diseases" (Rs. 5.66 crores), (iv) "Urban Water Supply Scheme" (Rs. 8.94 crores) and (v) "Rural Water Supply Programmes" (Rs. 18.68 crores). There was also increase (Rs. 2.33 crores) in the Plan expenditure on "Water and Power Development" mainly under survey and investigation (Rs. 1 crore) and on "General Economic Services" under co-operation (Rs. 5.84 crores).

The shortfall during the year in the Plan expenditure as compared to the budget *plus* supplementary provision was mainly under the "Agriculture and Allied Services" (Rs. 34.94 crores) and "General Services" (Rs. 5.89 crores). The significant shortfalls are explained in Chapter II.

The growth of non-Plan revenue expenditure is analysed in para 1.12.

1.5 Expenditure on capital account

The capital expenditure during the three years ending 1981-82 compared with the budget estimates and the budget estimates *plus* supplementary provision is indicated below :

Year	Budget estimates	Budget <i>plus</i> supplementary	Actuals	Variation between columns (4) and (3)	
				Amount	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
(amounts in crores of rupees)					
1979-80	.. 2,48.69	3,60.87	2,86.78	-74.09	21
1980-81	.. 2,97.25	6,59.74	3,48.57	-3,11.17	47
1981-82	.. 3,90.61	5,99.21	3,91.33	-2,07.88	35

The expenditure of Rs. 3,91.33 crores on capital account during 1981-82 comprised Plan expenditure (Rs. 3,87.62 crores) and non-Plan expenditure (Rs. 3.71 crores). There was an increase of Rs. 86.22 crores in Plan expenditure during 1981-82 over the previous year's expenditure (Rs. 3,01.40 crores). Compared to the Plan and non-Plan provisions of Rs. 4,17.11 crores and Rs. 1,82.10 crores inclusive of supplementary grants there was a shortfall of Rs. 29.49 crores and Rs. 1,78.39 crores respectively. The details of expenditure under the principal sectors and under Plan and non-Plan headings as also the provision in the budget and provision as enhanced by supplementary grants are given in Appendix I-2.

The increase in the Plan expenditure during the year over the previous year's expenditure was mainly on (i) "Water and Power Development" which includes "Irrigation, Navigation, Drainage and Flood Control Projects" (Rs. 48.44 crores), (ii) "Agriculture and Allied Services" (Rs. 9.99 crores), (iii) "Transport and Communications" (Rs. 8.73 crores) mainly due to increased expenditure on "District and Other roads" and (iv) "Social and Community Services" mainly under "Housing and Urban Development" (Rs. 2.77 crores).

The shortfall in Plan expenditure during the year as compared to the budget *plus* supplementary provision was mainly under "Water and Power Development" (Rs. 40.02 crores). The significant shortfalls are explained in Chapter II.

The shortfall in non-Plan expenditure during the year as compared to the budget *plus* supplementary provision was mainly under "Agriculture and Allied Services" (Rs. 1,79.46 crores) on account of larger receipts and recoveries (Rs. 5,62.44 crores) than anticipated (Rs. 3,99.12 crores) under "Capital Outlay on Food-Procurement Distribution and Price Control".

The growth of non-Plan capital expenditure is analysed in paragraph 1.12.

1.6 Loans and advances by Government

(i) The actuals of disbursements of loans and advances by Government during 1981-82 as compared with (a) the budget estimates and (b) the

budget estimates *plus* supplementary provision along with the corresponding figures for 1979-80 and 1980-81 are shown below:

Year	Budget estimates	Budget <i>plus</i> supplementary	Actuals	Variation between columns (4) and (3)	
				Amount	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
(amounts in crores of rupees)					
1979-80 ..	2,88.94	3,64.83	3,29.02	-35.81	10
1980-81 ..	2,71.28	3,26.26	2,74.52	-51.74	16
1981-82 ..	2,74.60	3,46.38	2,95.43	-50.95	15

The saving (column 5) during the year was mainly due to less release of loans under "Public Health, Sanitation and Water Supply" (Rs. 5.17 crores), "Housing" (Rs. 3.53 crores), "Urban Development" (Rs. 1.57 crores), "Social and Community Services" (Rs. 1.65 crores), "Co-operation" (Rs. 2.49 crores) and "Miscellaneous Loans—Other Programmes" (Rs. 16.10 crores).

The details of disbursement of loans and advances under the principal sectors under Plan and non-Plan headings as also the provision in the budget and provision as enhanced by supplementary grants are given in Appendix I-3.

(ii) The budget estimates and the actuals of recoveries of loans and advances for the three years ending 1981-82 are shown below:—

Year	Budget	Actuals	Variation	
			Amount	Percentage
(1)	(2)	(3)	(4)	(5)
(amounts in crores of rupees)				
1979-80 ..	56.25	74.58	+18.33	33
1980-81 ..	64.68	38.84	-25.84	40
1981-82 ..	54.13	50.94	-3.19	6

The decrease in recoveries was mainly under "Minor Irrigation, Soil Conservation and Area Development" (Rs. 17.50 crores), "Agriculture" (Rs. 0.86 crore), "Housing" (Rs. 0.33 crore) and "Education, Art and Culture" (Rs. 0.30 crore) partly off-set by more recoveries under "Power Projects" (Rs. 7.00 crores), "Co-operation" (Rs. 6.56 crores) and "Housing" (Rs. 1.25 crores).

(iii) The details of disbursements of loans and advances and recoveries made during the three years ending 1981-82 under different categories together with the outstandings at the beginning/end of each year are indicated in Table A on pages 10—11.

Table

(1)	(2)	(3)	(4)
(a) Loans for general and financial services	114.77	77.38	37.39
(b) Loans for economic services	70.00	31.13	38.87
(c) Capital financing services	117.50	10.24	107.26
(d) Agricultural and Allied services	11.05	11.57	-0.52
(e) Industry and Marine	22.58	22.58	0.00
(f) Finance and Economic Administration	1049.00	291.36	757.64
(g) Transport and Communication	6.33	6.33	0.00
(h) Loans to Government agencies	24.42	1.30	23.12
(i) Loans for educational purposes	17.03	17.03	0.00
Total	1777.32	557.03	1220.29

TABLE-A

TABLE

Categories	1979-80		
	Outstanding balance on 1st April 1979	Loans disbursed	Loans recovered
(1)	(2)	(3)	(4)
(i) <i>Loans for Social and Community Services</i>	124.52	27.18	11.13
(ii) <i>Loans for Economic Services—</i>			
(a) <i>General Economic Services</i>	70.67	51.13	5.01
(b) <i>Agriculture and Allied Services</i>	137.40	16.54	35.00
(c) <i>Industry and Minerals</i>	54.05	11.87	14.08
(d) <i>Water and Power Development</i>	780.58	211.68	3.45
(e) <i>Transport and Communications</i>	6.39	0.36	0.07
Total (ii)	10,49.09	291.58	57.61
(iii) <i>Loans to Government servants</i>	5.39	6.29	4.18
(iv) <i>Loans for miscellaneous purposes</i>	24.42	3.97	1.66
Total	12,03.42	329.02	74.58

—A

1980-81			1981-82			
Outstanding balance on 1st April 1980	Loans disbursed	Loans recovered	Outstanding balance on 1st April 1981	Loans disbursed	Loans recovered	Outstanding balance on 31st March 1982
(5)	(6)	(7)	(8)	(9)	(10)	(11)
(in crores of rupees)						
140.57	27.21	4.00	163.78	46.37	5.13	205.02
116.79	19.24	3.33	132.70	33.46	7.18	158.98
118.94	17.17	14.31	121.80	25.19	15.34	131.65
51.84	8.67	0.37	60.14	17.71	0.35	77.50
988.81	191.50	3.42	11,76.89	168.08	11.38	13,33.59
6.68	0.19	4.77	2.10	0.87	0.59	2.38
12,83.06	236.77	26.20	14,93.63	245.31	34.84	17,04.10
7.50	6.68	6.11	8.07	7.78	6.95	8.90
26.73	3.86	2.53	28.06	(-)-4.03(x)	4.02	20.01
14,57.86	274.52	38.84	16,93.54	295.43	50.94	19,38.03

(x) Minus. debit is under examination.

Further details are given in Statement Nos. 5 and 18 of the Finance Accounts 1981-82.

(iv) *Recovery in arrears.*—

(a) Of the loans and advances, the detailed accounts of which are maintained by the Audit offices and the Pay and Accounts office, recovery of Rs. 4,10.63 lakhs (principal: Rs. 2,67.91 lakhs, interest: Rs. 1,42.72 lakhs) was in arrears on 31st March 1982 as under:

From whom due	Loans out- standing as on 31st March 1982	Amount of principal overdue for recovery				Total overdue as on 31st March 1982	Interest overdue for recovery on 31st March 1982
		For 1978-79 and earlier years	1979-80	1980-81	1981-82		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
(in lakhs of rupees)							
(i) Nagpur Housing and Area Development Board	2,96.81	....	....	....	5.20	5.20	3.85
(ii) Maharashtra State Far- ming Corporation Ltd.	2,33.00	2,33.00	....	....	....	2,33.00	59.00
(iii) Municipalities ..	8,45.65	0.21	3.86	5.64	6.74	16.45	64.78
(iv) District and other local fund committees ..	25.24	2.63	1.35	1.97	1.03	6.98	4.85
(v) Panchayati Raj Institu- tions ..	23.05	0.24	0.11	0.19	0.35	0.89	5.01
(vi) Co-operative Housing Societies ..	81.50	1.33	0.54	0.88	2.64	5.39	5.23
Total ..	15,05.25	2,37.41	5.86	8.68	15.96	2,67.91	1,42.72

(b) According to orders issued by Government in February 1966, the administrative departments are required to intimate to Audit every year, by 15th July, the arrears (as on 31st March preceding) in the recovery of principal and interest on the loans for which the detailed accounts are maintained by the departmental officers. Such information was received (October 1982) from 6 out of 15 administrative departments. Of these 6 departments, 2 departments did not report any arrears. The position of arrears in respect of other 4 departments is given below:

Nature of loan	Loans outstanding as on 31st March 1982	Amounts of principal overdue for recovery			Total overdue on 31st March 1982	Interest overdue for recovery on 31st March 1982	
		For 1978-79 and earlier years	1979-80	1980-81			1981-82
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)

(in lakhs of rupees)

AGRICULTURE AND CO-OPERATION DEPARTMENT

Scheme for grant of financial assistance to the Co-operative Housing Societies of Government and Zilla Parishads Employees	..	7.78	7.78	7.78	..
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FOOD AND CIVIL SUPPLIES DEPARTMENT

Loans to Village Panchayats for distribution of food grains	..	0.54	0.19	0.19	0.34	..
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Nature of loan	Loans outstanding as on 31st March 1982	Amounts of principal overdue for recovery			Total overdue on 31st March 1982	Interest overdue for recovery on 31st March 1982	
		For 1978-79 and earlier years	1979-80	1980-81			1981-82
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)

(in lakhs of rupees)

IRRIGATION DEPARTMENT

Loans to farmers benefited under Khar Land Development	53.43	53.43	..	..	..	53.43	2.26
Loans to Irrigation Development Corporation of Maharashtra Ltd. Pune	@ 1378.11	..	..	..	19.61	19.61	..

INDUSTRIES, ENERGY AND LABOUR DEPARTMENT

Loans to Mathadi Board for preliminary expenses	4.76	0.04	0.11	0.11	0.15	0.41	0.98
Loans to Maharashtra State Textile Corporation Ltd. for modernisation programme	459.44	37.66	103.28	120.55	54.16	315.65	28.16
Loans to Maharashtra State Electricity Board	..	..	..	..	..	..	26.41

Loans to Small Scale and Cottage Industries under State Aid to Industries Rules	20.08	20.08	..	..	..	20.08	27.14
Loans under State Aid to Industries Rules given by Zilla Parishads ..	115.82	115.82	..	..	..	115.82	104.35
Loans under Rural Industries Project	52.8	52.83	..	..	..	52.83	18.46

@ Provisional, under reconciliation.

Information regarding arrears was not received (February 1983) from (i) Education and Employment, (ii) Housing and Special Assistance, (iii) Revenue and Forests, (iv) Rural Development, (v) Finance, (vi) Home, (vii) Urban Development and Public Health, (viii) Social Welfare Sports and (ix) Information, Public Relations, Tourism and Cultural Affairs Departments.

(c) The balances are communicated to the loanees/departmental officers for acceptance thereof. Out of 2332 cases, the acceptance of balances had not been received (December 1982) in 1825 cases.

(d) Loans of Rs. 1.48 crores and Rs. 0.35 crore were paid in 1972-73 and 1973-74 to the Maharashtra State Electricity Board for purchase of electrical equipment for lift irrigation schemes under the crash programme and for supplying electricity to lift irrigation schemes of Zilla Parishads respectively. The terms and conditions of these loans have not yet been finalised (February 1983). The Board had approached (March 1979) Government with a proposal to treat these loans as outright grants. The decision of Government was awaited (February 1983).

1.7 Sources of funds for capital expenditure and for net outgo under loans and advances

The sources from which the capital expenditure (Rs. 3,91.33 crores) and the net outgo under "Loans and Advances by the State Government" (Rs. 2,44.49 crores) during 1981-82 were met are given below:

	(in crores of rupees)
(1) Net addition to—	
(i) Internal debt	1,02.71
(ii) Loans from Government of India	2,64.68
(iii) Small savings, Provident Funds, etc.	40.04
(2) Miscellaneous—	
(i) Sinking Funds and Reserve Funds	27.46
(ii) Other items (mainly balances under Deposits, Suspense and Remittances)	9.11
(3) Contingency Fund	54.28
(4) Investment in securities and increase/decrease in cash balance	—9.83
(5) Revenue surplus	1,47.37
Net amount available for expenditure	6,35.82

1.8 Debt position

(a) The total debt liability of Government at the close of 1981-82 was Rs. 31,68.16 crores. A comparative analysis of the debt liability as at the end of March 1980, 1981 and 1982 is given below :

Nature of debt (1)	Balance on 31st March		
	1980 (2)	1981 (3)	1982 (4)
(in crores of rupees)			
<i>(i) Public Debt—</i>			
(a) Internal debt of State Government ..	3,63.04	3,71.40	4,74.11
(b) Loans and advances from Government of India	12,30.82	14,96.55	17,61.23
Total Public Debt	15,93.86	18,67.95	22,35.34
(ii) Small savings, provident funds, etc. ..	3,07.24	3,14.93	3,54.97
(iii) Reserve funds and deposits (interest bearing)	2.93	51.43	68.33
(iv) Depreciation reserves and other earmarked funds (non-interest bearing)	3,25.45	3,62.72	3,85.51
(v) Civil deposits and deposits of local funds (non-interest bearing)	84.63	1,05.95	1,24.01
Total Debt ..	23,14.11	27,02.98	31,68.16

(b) *Ways and means advances and overdrafts from the Reserve Bank of India.*—Under an agreement with the Reserve Bank of India, the State Government has to maintain a minimum cash balance of

Rs. 1.50 crores with the Bank on all days. The Bank makes ways and means advances upto Rs. 30 crores (clean and unsecured) and special (secured) ways and means advances upto Rs. 15 crores against pledge of Government of India securities.

The extent to which Government maintained the minimum balance with the Bank during 1981-82 is given below :

(i) Number of days on which the minimum balance was maintained without obtaining any advance	20
(ii) Number of days on which the minimum balance was maintained by obtaining ordinary and special ways and means advances	66
(iii) Number of days on which there was shortfall from the minimum balance after taking above advances but no overdraft was taken	2
(iv) Number of days on which overdraft was taken	277

In 1981-82, there were 135 occasions on which deficiency of Rs. 737.94 crores (shortfall : Rs. 8.05 crores; overdraft : Rs. 7,29.89 crores) was left uncovered. An amount of Rs. 7,24.62 crores was repaid during the year, leaving an uncovered deficit of Rs. 13.32 crores on 31st March 1982. The overdraft was cleared in June 1982.

The advances carry interest at one per cent below the Bank Rate for the first 90 days and one per cent above the Bank Rate beyond 90 days but upto 180 days and two per cent above the Bank Rate beyond 180 days. The Bank Rate which was 9 per cent till 11th July 1981 was increased to 10 per cent with effect from 12th July 1981. The Bank charges interest on the shortfalls in the minimum balance at one per cent below the Bank Rate and on overdrafts at the Bank Rate upto and including the seventh day and at three per cent above the Bank Rate thereafter.

On four occasions the overdrafts remained uncovered beyond seven days. Government had to pay interest at higher rate; the amount of additional interest paid on these occasions was Rs. 95.38 lakhs.

Rs. 5.83 crores were paid as interest to the Bank (inclusive of the additional interest of Rs. 95.38 lakhs) on the ways and means advances and overdrafts during 1981-82. The amount of interest paid in the preceding two years was as under :

Year	(in crores of rupees)
1979-80	2.27
1980-81	1.48

(c) Major liabilities relating to Reserve Funds, Deposits and other obligations were, State Road Fund (Rs. 2,86.16 crores), General Insurance Fund (Rs. 29.50 crores), Sinking Funds (Rs. 13.96 crores), Famine Relief Fund (Rs. 6.76 crores), Electricity Development Fund (Rs. 15.03 crores), Cotton Price Fluctuation Fund (Rs. 28.68 crores) and Guarantee Reserve Fund (Rs. 26.88 crores). Rs. 40.98 crores were invested from the Reserve Funds and Deposit Accounts.

(d) *Interest charges.*—Interest payments on account of the debt are analysed below :

	1979-80	1980-81	1981-82
	(in crores of rupees)		
Interest paid by State Government ..	96.55	1,10.33	1,46.40
Interest received by State Government—			
(a) Interest received on loans and advances	30.19	31.23	38.03
(b) Interest received on investment of cash balance ..	0.18	0.71	0.12
Net burden of interest on revenue ..	66.18	78.39	1,08.25
Net interest as percentage of total revenue receipts ..	3.7	3.8	4.5

In addition, there were other receipts and adjustments of interest charges (Rs. 81.62 crores) such as interest received from departmental commercial undertakings, interest realised on investment of balances in sinking funds, refunds, etc; if those recoveries are also taken into account, the net burden of interest on revenue would be Rs. 26.63 crores.

1.9 Investments

The table below indicates the position of investments made by Government during and upto 1981-82 and the dividend/interest received during 1981-82.

Categories of bodies	Investment during 1981-82		Investment as on 31st March 1982		Dividend/interest* received during the year (percentage of return to cumulative investments in brackets)
	Number	Amount	Number	Amount	
(1)	(2)	(3)	(4)	(5)	(6)
(in lakhs of rupees)					
(i) Statutory Corporations ..					
(a) Shares and debentures ..	2	360.00	3	3,927.89	197.11 (5)
(b) Loans ..	..	171.23	..	1,370.36	
Total ..		531.23		5,298.25	
(ii) Government Companies					
(a) Shares and debentures ..	20	1,027.05	36	10,372.27	20.16 (0.19)
(b) Loans ..	..	57.91	..	141.37	
Total ..		1,284.96		10,513.64	
(iii) Joint Stock Companies					
(a) Shares and debentures ..	1	0.61	39	151.08	0.01
(b) Loans ..	..	1.00	..	14.42	
Total ..		1.61		165.50	

* Information about dividend/interest received was awaited from 1 Statutory Corporation, 6 Government Companies, 7 Joint Stock Companies 4 categories of societies and 3 municipalities/Port Trusts.

Categories of bodies	Investment during 1981-82		Investment as on 31st March 1982		Dividend/ Interest* received during the year (percentage of return to cumulative investments in brackets)
	Number	Amount	Number	Amount	
(1)	(2)	(3)	(4)	(5)	(6)
					(in lakhs of rupees)
(iv) Co-operative Institutions					
(a) Shares and debentures ..	12†	1,487.40	14†	16,000.49	51.42
(b) Loans ..	..	32.52	..	149.65	(0.32)
Total ..		1,519.92		16,150.14	
Grand total ..	35	3,337.72	92	32,127.53	
(v) Municipalities and Port Trusts Shares and debentures.			6	95.52	
Grand Total ..	35	3337.72	98	32,223.05	

In addition, 15 concerns were under liquidation in which Government had invested Rs. 21.40 lakhs.

Further details are given in statement No. 14 of the Finance Accounts 1981-82.

1.10 Guarantees given by Government

(i) Government has given guarantees for repayment of loans, etc., raised by Statutory Corporations, Co-operatives and others.

The guarantees are in the nature of contingent liabilities on the State revenues. Brief particulars of these contingent liabilities based on the available information are given below (further details are given in statement No. 6 of the Finance Accounts 1981-82).

* Information about dividend/interest received was awaited from 1 Statutory Corporation, 6 Government Companies, 7 Joint Stock Companies, 4 Categories of societies and 3 Municipalities/Port Trusts.

† Represents categories of Co-operative Societies and others.

Body on whose behalf guarantee was given	Maximum amount guaranteed	Sums guaranteed outstanding on 31st March 1982
(1)	(2)	(3)
(in crores of rupees)		
Statutory Corporations and boards	12,73.22	8,82.90*
Government Companies	2,27.77	1,15.50
Banks (Other than co-operative banks)	0.03	**
Municipal Corporations, Municipalities, Zilla Parishads and other local bodies	1,07.52	24.17
Co-operative institutions including co-operative banks	10,54.83	5,46.80
Other institutions	41.00	0.21
Total	27,04.37	15,69.58

According to the orders issued by Government in September 1969, the administrative departments are required to intimate to Audit by 15th May every year the guarantees outstanding on 31st March of that year. Such information as on 31st March 1982 was not received in complete form (February 1983) in respect of loans, etc., amounting to Rs. 3,62.54†† crores guaranteed by Government on behalf of Bombay Housing and Area Development Board (Rs. 49.71 crores), Nagpur Housing and Area Development Board (Rs. 2.37 crores), Government Companies (Rs. 1.48 crores), Central Bank of India and Bank of India (Rs. 0.03 crore), Municipal Corporations/Councils and Zilla Parishads (Rs. 68.66 crores), Co-operative institutions (Rs. 2,09.19 crores) and other institutions (Rs. 31.10 crores).

* Includes statutory guarantees of Rs. 10,94.47 crores on behalf of Maharashtra State Financial Corporation (Rs. 62.55 crores; amount outstanding : Rs. 62.33 crores), Maharashtra State Electricity Board (Rs. 9,82.75 crores; amount outstanding Rs. 6,90.89 crores) and Maharashtra Industrial Development Corporation (Rs. 49.16 crores, amount outstanding : Rs. 37.80 crores).

** Information awaited.

†† The amount stands included in the maximum amount of Rs. 27,04.37 crores guaranteed above.

(ii) During the year, Rs. 3.23 lakhs were paid as a result of invocation of guarantees given in favour of a co-operative society. The total amount paid as a result of guarantees invoked upto the end of 1981-82 was Rs. 12,84.90 lakhs. Against this, Rs. 8,92.98 lakhs only were recovered from the parties concerned. Year-wise details of the amount paid on account of guarantees invoked and recoveries made against these payments are as follows :

Year	Amount paid	Amount recovered
	(in lakhs of rupees)	
1966-67 to 1977-78	10,48.11	7,11.24
1978-79	32.28	1,13.46
1979-80	1,96.97	25.01
1980-81	4.31	13.11
1981-82	3.23	30.16
Total ..	12,84.90	8,92.98

(iii) Contribution to the Guarantees Reserve Fund is made from revenue by annual assignments; fees charged for guarantees given to parties and institutions are also credited to this fund. Rupees 2.95 crores were credited to the fund during 1981-82.

The expenditure on invocation of guarantees is met from the Consolidated Fund and is treated as loan to the persons/parties on whose behalf the guarantees were given and classified under the relevant loan heads. Only the amount of loan held to be irrecoverable is finally transferred to the fund. No such transfer of expenditure was made in 1981-82. The balance at the credit of the fund at the end of 1981-82 was Rs. 26.88 crores of which Rs. 5.84 crores were invested.

1.11 Plan performance

The Annual Plan of the State for the year 1981-82 envisaged an outlay of Rs. 10,80.10 crores of which an outlay of Rs. 217.78 crores was to be met from the resources of statutory bodies. The balance outlay of Rs. 862.32 crores was to be met by the State Government from its own resources, borrowings and Central assistance.

Against the Plan provision of Rs. 9,93.35 crores made during 1981-82 in the budget estimates and through supplementary provisions, the actual expenditure was Rs. 9,14.87 crores, resulting in a saving of Rs. 78.48 crores, as shown below :

	Budget	Budget plus supplementary	Expenditure	Saving
(1)	(2)	(3)	(4)	(5)
(in crores of rupees)				
Revenue Account ..	2,40.27	3,10.27	2,72.34	37.93
Capital Account ..	3,47.30	4,17.11	3,87.62	29.49
Loans and Advances ..	2,36.60	2,65.97	2,54.91	11.06
Total ..	8,24.17	9,93.35	9,14.87	78.48

Sector-wise details are given in Appendices 1.1, 1.2 and 1.3.

The gross savings were significant under Water and Power Development (Rs. 40.14 crores), and Agriculture and Allied services (Rs. 32.66 crores). Some of the major services/schemes where provisions have remained substantially unutilised are given below :

	Provi- sion	Actual	Short- fall	Remarks
(1)	(2)	(3)	(4)	(5)
(in crores of rupees)				
I-Revenue Account				
(a) General Services—				
Administrative Services				
Public Works ..	7.35	1.58	5.77	
(b) Social and Community Services—				
(i) Medical ..	5.52	4.12	1.40	
(ii) Relief on account of natural calamities	2.10	0.76	1.34	

	Provision (2)	Actual (3)	Short- fall (4)	Remarks (5)
				(in crores of rupees)
<i>(c) Agriculture and Allied Services—</i>				
(i) Community Development—	51.15	17.57	33.58	
(ii) Agriculture ..	28.97	25.41	3.56	
(iii) Forests ..	3.68	2.68	1.00	
II—Capital Account				
<i>(a) General Economic Services—</i>				
Co-operation	17.35	15.59	1.76	
<i>(b) Agriculture and Allied Services—</i>				
Dairy Development	6.13	4.85	1.28	Mainly due to non-purchase of bottling plants in some dairies and non-purchase of rail tankers.
<i>(c) Water and Power Development—</i>				
(i) Irrigation, Navigation, Drainage and Flood Control Projects ..	2,51.19	2,17.64	33.55	
(ii) Power Projects ..	33.11	26.65	6.46	Mainly due to slow progress of construction work.
III—Loans and Advances				
<i>Social and Community Services—</i>				
Loans for Public Health, Sanitation and Water Supply	32.77	17.50	15.27	Due mainly to post-budget decision to restrict loans to Bombay Municipal Corporation for integrated water supply scheme and less payment of loan to the Maharashtra Water Supply and Sewerage Board due to delay in completion of preliminaries like opening of letter of credit, finalisation of documents, etc.

1.12 Non-Plan expenditure

The growth of non-Plan expenditure during 1979-80 to 1981-82 was as under:

	1979-80	1980-81	1981-82
	(in crores of rupees)		
Revenue	14,33.94	17,13.84	19,65.68
Capital	20.09	47.17	3.71
Loans and Advances	83.71	42.62	40.52
Total	15,37.74	18,03.63	20,09.91

The non-Plan expenditure increased by Rs. 2,65.89 crores (17 per cent) in 1980-81 and by Rs. 2,06.28 crores (11 per cent) in 1981-82 over the expenditure in the previous year.

The increase during 1981-82 over that in the previous year under revenue account was mainly on—

- (a) Interest payments and servicing of debt (Rs. 84.90 crores),
- (b) Salaries (Rs. 53.63 crores) attributed to increase in the rates of dearness allowances, creation of new posts, etc.,
- (c) Appropriation for reduction or avoidance of debt (Rs. 48.83 crores),
- (d) Education (Rs. 31.08 crores),
- (e) Dairy Development (Rs. 27.28 crores),
- (f) Social Security and Welfare (Rs. 18.84 crores),
- (g) Irrigation, Navigation, Drainage and Flood Control Projects (Rs. 17.37 crores) and
- (h) Police (Rs. 16.18 crores).

CHAPTER II

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

2.1 Summary and major variations

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

			Grants/ charged appropriations	Expendi- ture	Saving	Percen- tage
(in crores of rupees)						
Voted—						
Original	..	3593.25	4181.88	4126.60	55.28	1.32
Supplementary	..	548.63				
Amount transferred to the Contingency Fund under the Maharashtra Contingency Fund (Amendment) Act, 1981.		40.00				
Charged—						
Original	..	8,53.95	1581.25	1536.87	44.38	2.81
Supplementary	..	7,27.30				
Total	..		5763.13	5663.47	99.66	1.72

The overall saving of Rs. 99.66 crores was the result of saving of Rs. 276 crores in 207 grants (Rs. 210.79 crores) and 91 charged appropriations (Rs. 65.21 crores) partly offset by excess of Rs. 176.34 crores in 56 grants (Rs. 1,55.51 crores) and 9 charged appropriations (Rs. 20.83 crores). The details are given in Appendix II.1.

Details of grants and charged appropriations in which the final excess over or saving in provision was not less than Rs. 50 lakhs and the saving was more than 10 per cent of the total provision under the Revenue/Capital/Loan/Debt section of the grant/charged appropriation are given in sub-paragraphs (b) and (c) according as the reasons for variations have or have not been received. Details of the schemes, programmes or objectives affected by the excess/saving have also been given to the extent available.

(b) Significant variations where reasons have been received :

Serial No.	Number and name of grant/appropriation	Amount of grant/appropriation	Expenditure	Excess (+) Saving (-)
	Original (O)			
	Supplementary (S)			
	Total (T)			

(in crores of rupees)

Revenue Section

AGRICULTURE AND CO-OPERATION DEPARTMENT

1	57-Co-operation	(O)	28.29		
		(S)	8.77		
		(T)	37.06	33.15	-3.91

Saving was mainly due to payment of less assistance to co-operative institutions, less grants from Government of India, creation of less posts for recovery works and vacancies.

2	59-Soil and Water Conservation	(O)	29.45		
		(S)	0.13		
		(T)	29.58	12.94	-16.64

Saving was mainly due to less write off of soil conservation dues from the cultivators on the basis of estimates of the Revenue Officers of the districts.

Serial Number and name of grant/appropriation	Amount of grant/appropriation	Excess (+) Saving (-)
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(in crores of rupees)

FINANCE DEPARTMENT

3 93-Other Administrative (O)	36.29		
Services (S)	Token		
(T)	36.29	0.29	-36.00

Saving was surrendered in March 1982 on the ground that the expenditure on increase in dearness allowance was debitable to the respective heads of account to which pay and allowances were debitable. In the previous year also the entire provision of Rs. 46 crores was surrendered for the same reasons.

4 94-Pensions and Other (O)	29.00		
Retirement Benefits (S)	8.51		
(T)	37.51	39.84	+2.33

Excess was due to liberalisation of pension rules resulting in increase in pensionary benefits.

(O)	1.62		
(S)	0.50		
(T)	2.12	1.46	-0.66

Saving was due to the provision made on the basis of past actuals proving excessive due to fluctuating nature of expenditure.

IRRIGATION DEPARTMENT

5 117-Water and Power Deve- (O)	36.12		
lopment Services— (S)	7.20		
(T)	43.32	46.70	+3.38

Excess was mainly due to purchase of materials such as cement, steel etc., in a number of Irrigation Circles for works under the Employment guarantee scheme and due to increased cost of fuel, tyres, lubricants, spare parts, etc.

Serial No.	Number and name of grant/appropriation	Amount of grant/appropriation	Expenditure	Excess (+) Saving (-)
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(in crores of rupees)

RURAL DEVELOPMENT DEPARTMENT

6	145-Education	(O)	7.90	4.72	-3.18
		(T)	7.90		

Saving was due to late finalisation of the agency for supply of manufactured food, loss of feeding days and non-payment of agency charges.

FOOD AND CIVIL SUPPLIES DEPARTMENT

7	155-Interest Payments	(O)	2.38	4.02	-0.63
		(S)	2.28		
		(T)	4.65		

Saving was due to less payment of interest charges consequent to less withdrawals from the cash credit account.

PLANNING DEPARTMENT

8	172-Aid materials and equipments	(O)	1.93	-1.93
		(T)	1.93		

Saving was due to non-receipt of World Food Programme commodities from the World Food Programme authorities, New Delhi.

9	178-Area Development	(O)	5.76	3.85	-1.91
		(S)	Token		
		(T)	5.76		

Saving mainly occurred under World Food Programme and was due to non-supply of commodities under the programme by the World Food authorities.

HOUSING AND SPECIAL ASSISTANCE DEPARTMENT

10	182-Other Taxes and Duties on Commodities and Services	(O)	3.10	6.33	+3.22
		(S)	0.01		
		(T)	3.11		

Excess was due to more transfer to the Bombay Building Repairs and Reconstruction Fund on account of more collection of cess by the Bombay Municipal Corporation.

Serial No.	Number and name of grant/appropriation	Amount of grant/appropriation	Expenditure	Excess (+) Saving (-)
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(in crores of rupees)

11	185-District Administration	(O)	2.73	2.16	-0.57
		(S)	Token		
		(T)	2.73		

Saving was due to less expenditure on the newly created posts under the six Divisional Commissioners.

12	189-Social Welfare	Security and	(O)	7.21	14.45	-1.76
			(S)	9.00		
			(T)	16.21		

Saving was due to sanction of less number of applications by the Taluka level Sanjay Gandhi Yojana Committees.

Capital Section

AGRICULTURE AND CO-OPERATION DEPARTMENT

1	204-Capital Outlay on Dairy Development	(O)	5.50	4.41	-1.29
		(S)	0.20		
		(T)	5.70		

Saving was mainly due to non-purchase of bottling plant in some dairies, slow progress of work and non-purchase of rail tanker.

2	205-Capital Outlay on Fisheries	(O)	1.72	1.22	-0.50
		(S)	Token		
		(T)	1.72		

Saving was due to less expenditure on work of construction of fishing harbour at Mirkarwada in Ratnagiri District and providing infrastructural facilities at Rajpani Village in Raigad District.

Serial No.	Number and name of grant/appropriation	Amount of grant/appropriation	Expenditure	Excess (+) Saving (-)
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(in crores of rupees)

IRRIGATION DEPARTMENT

3	217-Capital Outlay on Irrigation, Navigation, Drainage and Flood Control Projects	(O) 350.23 (S) 52.80 (T) 402.83	479.04	+76.61
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Excess was due to purchase of materials and heavy machinery for various projects, completion of earth work resulting in increased expenditure on operation, maintenance and repairs, increased expenditure on fuel and spare parts.

INDUSTRIES, ENERGY AND LABOUR DEPARTMENT

4	220-Capital Outlay on Villages and Small Industries.	(O) 1.91 (T) 0.50	1.29	-0.62
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Saving was mainly due to post budget decision not to release share capital contribution to the Maharashtra Small Scale Industries Development Corporation, owing to its sound financial position and due to less release of share capital contribution to leather Industries Development Corporation.

5	223-Investments in Industrial Financial Institution	(O) 0.50 (T) 0.50	-0.50
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Saving was due to non-release of share capital contribution to the Maharashtra Financial Corporation as it had reached its maximum authorised capital limit.

6	224-Capital Outlay on power Projects	(O) 68.02 (S) Token (T) 68.02	50.58	-17.44
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Saving occurred mainly under Sardar Sarovar Project, Pench and Bhira Projects due to revised construction programmes, slow progress of construction work on the projects and non-receipt of debits for supplies.

Serial No.	Number and name of grant/appropriation	Amount of grant/appropriation	Expenditure	Excess(+) Saving(-)
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(in crores of rupees)

Loan Section**HOME DEPARTMENT**

1.	234-Loans for Housing	(O) 4.20		
		(T) 4.20	0.60	-3.60

Saving was due to not taking up for execution of a number of projects of the Maharashtra State Police Housing and Welfare Corporation owing to non-finalisation of certain formalities for sanction by the Housing and Urban Development Corporation and non-preparation of revised detailed plans.

REVENUE AND FORESTS DEPARTMENT

2.	239-Loans for Other	(O) 0.50		
	Social and Community Services	(S) 0.91		
		(T) 1.41	0.83	-0.58

Saving which occurred under 'Relief for Natural Calamities' was due to less demands than anticipated for loans from the victims of natural calamities.

URBAN DEVELOPMENT AND PUBLIC HEALTH DEPARTMENT

3.	253-Loans for Public Health, Sanitation and water Supply	(O) 32.89		
		(T) 32.89	17.78	-15.11

Saving was due mainly to (i) post budget decision to restrict the loans to the Bombay Municipal Corporation for Integrated Water Supply Scheme to a smaller amount and (ii) less payment of loan to the Maharashtra Water Supply and Sewerage Board due to delay in completion of preliminaries like opening of letter of credit, finalisation of tender documents, etc.

Serial No.	Number and Name of grant/appropriation	Amount of grant/appropriation	Expenditure	Excess (+) Saving (-)
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(in crores of rupees)

4	254-Loans for Urban-Development	(O)	3.69	2.89	-1.57
		(S)	0.78		
		(T)	4.46		

Saving was mainly due to post budget decision to give assistance to Municipal Councils for integrated development of small and medium towns in the form of grant instead of as loan and less release of loan due to receipt of less Central assistance.

FINANCE DEPARTMENT

5	257-Loans and Advances from the Central Government	(O)	57.11	93.59	0.77
		(S)	35.71		
		(T)	92.82		

Excess occurred mainly due to repayment of ways and means advances obtained from the Government of India during the current year to clear overdrafts resulting from imbalances between the flow of receipts and expenditure.

INDUSTRIES, ENERGY AND LABOUR DEPARTMENT

6	267-Loans for Social and Community Services	Other (O)	5.64	4.75	-0.90
		(S)	0.01		
		(T)	5.65		

Saving was due to less number of applications entertained by Banks for loans for seed money assistance due to credit squeeze.

7	270-Loans for Village and Small Industries	(O)	1.95	1.11	-0.84
		(T)	1.95		

Saving was due to provision for the India International Fair, New Delhi having been made under "321-Village and Small Industries (Grant No. 135)" and non-receipt of adequate number of applications from artisans.

Serial No.	Number and name of grant/appropriation	Amount of grant/appropriation	Expenditure	Excess (+) Saving (-)
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(in crores of rupees)

Debt Section**FINANCE DEPARTMENT**

1	256-Internal Debt of the State Government	(O) 324.62 (S) 606.45 (T) 9,31.07	9,47.59	+16.52
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Excess occurred under ways and means advances from the Reserve Bank of India. Government stated that the expenditure was of a fluctuating nature and hence accurate estimates could not be formulated.

FOOD AND CIVIL SUPPLIES DEPARTMENT

2	279-Internal Debt of the State Government	(O) 47.00 (T) 47.00	-47.00
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Saving was due to surrender of the entire budget provision made for repayment of cash credit availed from the State Bank of India for purchase of foodgrains in March 1982 due to non-issue of orders by Government for repayments.

(c) *Significant variations where reasons have not been received :*

Revenue Section**HOME DEPARTMENT**

1	18-Taxes on Vehicles	(O) 3.67 (S) 0.21 (T) 3.88	2.55	-1.33
2	19-Other Taxes and Duties on Commodities and Services	(O) 2.92 (T) 2.92	1.19	-1.73

Serial No.	Number and name of grant/appropriation	Amount of grant/appropriation	Expenditure	Excess(+) Saving(-)
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(in crores of rupees)

REVENUE AND FORESTS DEPARTMENT

3	41-Public Works	(O)	18.47	16.71	-7.08
		(S)	5.32		
		(T)	23.79		

Saving mainly occurred under the provision made for acquisition of land for Government purposes.

(O)	0.30		
(S)	1.44		
(T)	1.74	....	-1.74

EDUCATION AND EMPLOYMENT DEPARTMENT

4	67-Education	(O)	3,74.09	4,20.64	+1.78
		(S)	44.77		
		(T)	4,18.86		

URBAN DEVELOPMENT AND PUBLIC HEALTH DEPARTMENT

5	78-Medical	(O)	76.25	86.84	+0.50
		(S)	10.09		
		(T)	86.34		
6	80-Public Health, Sanitation and Water Supply	(O)	62.97	67.95	+0.67
		(S)	4.31		
		(T)	67.28		

PUBLIC WORKS DEPARTMENT

7	103-Housing	(O)	7.91	11.93	+3.74
		(S)	0.28		
		(T)	8.19		

Excess mainly occurred under 'Machinery and Equipment' and 'Direction and Administration'.

Serial Number and name of grant/appropriation Amount of Expenditure Excess (±) / Saving (←)

(in crores of rupees)

8	109-Roads and Bridges	.. (O)	53.06		
		(T)	53.06	58.35	+5.29
9	110-Public Works	.. (O)	86.94		
		(S)	39.27		
		(T)	1,26.21	1,46.14	+19.93

IRRIGATION DEPARTMENT

10	118-Irrigation, Navigation, Drainage and Flood Control Projects	(O)	94.00		
		(S)	3.84		
		(T)	97.84	1,00.21	+2.37

INDUSTRIES, ENERGY AND LABOUR DEPARTMENT

11	138-Power Projects	.. (O)	55.16		
		(S)	15.81		
		(T)	70.97	76.86	+5.89

RURAL DEVELOPMENT DEPARTMENT

12	147-A-Relief on account of Natural Calamities	(S)	2.10		
		(T)	2.10	1.28	-0.82

SOCIAL WELFARE, CULTURAL AFFAIRS, SPORTS AND TOURISM DEPARTMENT

13	617-Social Security and Welfare	(O)	31.83		
		(S)	4.50		
		(T)	36.33	38.40	+2.07
14	171-Revenue Expenditure on Tribal Area Development Sub-Plan	(O)	28.59		
		(S)	4.38		
		(T)	32.97	23.47	-9.50

Saving mainly occurred under 'Community Development'.

Serial No.	Number and name of grant/appropriation		Amount of grant/appropriation	Expenditure	Excess (+) Saving (-)
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(in crores of rupees)

PLANNING DEPARTMENT

15	173-Labour and Employment	(O)	15.00		
		(T)	15.00	....	-15.00
16	179-Community Development	(O)	1,00.99		
		(S)	24.34		
		(T)	1,25.33	1,35.85	+10.52

HOUSING AND SPECIAL ASSISTANCE DEPARTMENT

17	187-Housing	(O)	31.54		
		(S)	0.51		
		(T)	32.05	19.05	-13.00

Capital Section

REVENUE AND FORESTS DEPARTMENT

1	197-Capital Outlay on Social Security and Welfare	(O)	1.00		
		(T)	1.00	2.32	+1.32

Excess occurred under the head 'D-Other Rehabilitation Schemes—
(i) Acquisition of Lands from benefited zones for distribution to the project-affected persons'.

2	199-Capital Outlay on Forests	(O)	4.05		
		(S)	1.04		
		(T)	5.09	4.45	-0.64

Saving mainly occurred under 'Social Forestry'.

URBAN DEVELOPMENT AND PUBLIC HEALTH DEPARTMENT

3	209-Capital Outlay on Urban Development	(O)	1.85		
		(T)	1.85	2.95	+1.10

Excess mainly occurred under "(b) Land Reclamation, A-I Works and Acquisition (i) Original Works".

Serial No.	Number and name of grant/appropriation	Amount of grant/ appropriation	Expenditure	Excess (+) Saving (-)
(in crores of rupees)				
PUBLIC WORKS DEPARTMENT				
4	210-Capital Outlay on Housing	(O) 5.21 (S) 0.26 (T) 5.47	6.67	+1.20
5	212-Capital Outlay on Roads and Bridges	(O) 23.59 (S) 4.01 (T) 27.60	34.11	+6.51
6	213-Capital Outlay on Public Works and Administrative and Functional Buildings	(O) 13.88 (S) 2.18 (T) 16.06	23.50	+7.44
IRRIGATION DEPARTMENT				
7	215-Capital Outlay on Minor Irrigation, Soil Conservation and Area Development	(O) 11.60 (S) 4.12 (T) 15.72	16.64	+0.92

2.2 Excess over grants/charged appropriations requiring regularisation

The excess expenditure over sanctioned grants/charged appropriations in 65 cases (Revenue : 44, Capital : 12, Loans : 7 and Debt : 2) requires regularisation under Article 205 of the Constitution. These are listed in the summary portion of the Appropriation Accounts 1981-82 and in the grant/appropriation-wise Appropriation Accounts. The more important cases are detailed in sub-paragraphs (b) and (c) of paragraph 2.1; others are given in Appendix II-2.

2.3 Supplementary grants/charged appropriations

During the year the supplementary grants of Rs. 2,68.48 crores, Rs. 2,08.43 crores and Rs. 71.72 crores were obtained under 130 grants (Revenue), 28 grants (Capital) and 21 grants (Loans and Advances) respectively.

Similarly, supplementary appropriation of Rs. 84.22 crores, Rs. 0.18 crore, Rs. 0.05 crore, Rs. 6,42.18 crores and Rs. 0.67 crore were obtained under 30 appropriations (Revenue), 3 appropriations (Capital), 1 appropriation (Loans and Advances), 3 appropriations (Public Debt) and 1 appropriation (Inter-State Settlement) respectively.

The details of significant cases of unnecessary, excessive and inadequate supplementary grants/appropriations are included in sub-paragraphs (b) and (c) of paragraph 2.1.

2.4 Unutilised provision

(i) Rupees 210.79 crores remained unutilised in 142 grants in the Revenue Section (Rs. 138.40 crores), 28 grants in the Capital Section (Rs. 36.07 crores) and 37 grants in the Loans and Advances Section (Rs. 36.32 crores). Rupees 65.21 crores remained unutilised in 74 charged appropriations in the Revenue Section (Rs. 17.27 crores), 4 charged appropriations in the Capital Section (Rs. 0.01 crore), 3 charged appropriations in Loans and Advances Section (Rs. 0.05 crore), 8 charged appropriations in the Public Debt Section (Rs. 47.21 crores) and 2 charged appropriations in Inter-State Settlement Section (Rs. 0.67 crore).

(ii) In 26 grants and 5 charged appropriations, the savings (Rs. 50 lakhs and above in each case) were more than 10 per cent of the total provision. The details of these grants and charged appropriations are given in sub-paragraphs (b) and (c) of paragraph 2.1.

(iii) Substantial budgetary allocations are made every year for welfare activities and rural development under Social and Community Services and various Economic Services like Water and Power Development and Agriculture and Allied Services, etc. The provision of funds and the expenditure incurred during the year 1981-82 and the two preceding years together with savings under Social and Community Services and Agriculture and Allied Services are given below :

(a) *Social and Community Services—*

Year	Provision	Expenditure	Saving
	(in crores of rupees)		
1979-80			
Revenue	674.53	630.04	44.49
Capital	23.48	18.36	5.12
1980-81			
Revenue	724.79	695.59	29.20
Capital	22.65	20.71	1.94
1981-82			
Revenue	855.93	827.78	28.15

(b) Agriculture and Allied Services—

Year				Provision	Expenditure	Saving
				(in crores of rupees)		
1979-80						
Revenue	..	..	..	477.01	455.74	21.27
Capital	..	..	..	268.10	252.42	15.68
1980-81						
Revenue	..	..	..	492.77	490.64	2.13
Capital	..	..	..	558.59	491.14	67.45
1981-82						
Revenue	..	..	..	580.78	552.70	28.08
Capital	..	..	..	6,22.63	608.54	14.09

The shortfall in expenditure compared to provision in 1981-82 in the above two sectors occurred mostly in Grant Nos. 145-Education, 173-Labour and Employment; 187-Housing; 59-Soil and Water Conservation (all revenue) and 227-Capital Outlay on Food (Capital). Some of the major schemes where the provision remained substantially unutilised are mentioned below :

Serial number	Number and name of grant and scheme	Provision	Saving (and its percentage)	Reasons for saving and remarks
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(in lakhs of rupees)

Revenue Section**AGRICULTURE AND CO-OPERATION DEPARTMENT**

1 58-Agriculture—

Subsidised distribution of fertilizers	420.00	2,35.02 (56 per cent)	Saving was stated to be due to lack of response to the scheme from the cultivators. The position in 1980-81 was as under: (provision: Rs. 700 lakhs; expenditure: Rs. 63.67 lakhs; saving: Rs. 636.33 lakhs).
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Serial No.	Number and name of grant and scheme	Provision	Saving (and its percentage)	Reasons for saving and remarks
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(in lakhs of rupees)

2 58-Agriculture—

	Plant Protection Scheme	88.94	66.09 (74 per cent)	Reasons for the saving have not been intimated (January 1983). The position in previous two years was as under: 1980-81: provision : Rs. 52.29 lakhs; expenditure: Rs. 39.31 lakhs; saving: Rs. 12.98 lakhs; 1979-80 : provision : Rs. 69.22 lakhs; expenditure: Rs. 35.20 lakhs; savings: Rs. 34.02 lakhs.
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RURAL DEVELOPMENT DEPARTMENT

3 145-Education—

	Primary-Other expenditure—Mid-day meals under School Feeding Programme	773.99	306.50 (40 per cent)	Saving was due to late finalisation of the agencies for supply of manufactured food and loss of feeding days. The position in previous two years was as follows: 1980-81; provision: Rs. 626.86 lakhs; expenditure: Rs. 499.39 lakhs; saving: Rs. 127.47 lakhs; 1979-80; provisions: Rs. 514.47 lakhs; expenditure: Rs. 332.49 lakhs; saving: Rs. 181.98 lakhs.
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Serial No.	Number and name of grant and schemes	Provision	Saving (and its percentage)	Reasons for saving and remarks
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(in lakhs of rupees)

HOUSING AND SPECIAL ASSISTANCE DEPARTMENT

4 187-Housing—

D-Bombay Building Repairs and Reconstruction Scheme-Transfer of Bombay Municipal contribution and tenants' share etc., to the Bombay Building Repairs and Reconstruction Fund	258.00	258.00 (100 per cent)	Reasons for the saving have not been intimated (January 1983). The position in previous two years was as under: 1980-81; provisions: Rs. 240 lakhs; expenditure: Nil; saving: Rs. 240 lakhs. 1979-80; provision: Rs. 240 lakhs; expenditure: Nil; saving: Rs. 240 lakhs.
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5 B-Housing Schemes—

Slum Improvement Fund	3,98.95	2,60.86 (65 per cent)	Reasons for the saving have not been intimated (January 1983). The position in the previous two years was as under: 1980-81; provision: Rs. 338.23 lakhs; expenditure: Rs. 73.39 lakhs; saving: Rs. 2,64.84 lakhs. 1979-80; provision: Rs. 394.15 lakhs; expenditure: Rs. 72.51 lakhs; saving: Rs. 321.64 lakhs.
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Capital Section

AGRICULTURE AND CO-OPERATION DEPARTMENT

1 201-Capital Outlay on Agriculture—

Purchase and distribution of improved and high yielding variety seeds	109.39	21.46 (20 per cent)	Saving was reportedly due to less purchase of seeds. The position in the previous two years was as follows:
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Serial number	Number and name of grant and schemes	Provision	Saving (and its percentage)	Reasons for saving and remarks
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(in lakhs of rupees)

				1980-81: provision: Rs. 86.51 lakhs; expenditure: Rs. 66.28 lakhs; saving: Rs. 20.23 lakhs. 1979-80 provision : Rs. 3,22 lakhs; expenditure: Rs. 1,85.32 lakhs; saving: Rs. 136.68 lakhs.
2	Scheme for purchase and distribution of Ammonium Sulphate and fertilizers	50	41.38 (83 per cent)	Saving was due to non-receipt of sanction from Government of India for settlement of claims of the co-operative societies. The position in previous two years was as under: 1980-81: provision: Rs. 1,00 lakhs; expenditure: Rs. 37.24 lakhs; saving: Rs. 62.76 lakhs 1979-80:provision: Rs. 100 lakhs; expenditure: Rs. 56.10 lakhs; saving: Rs. 43.90 lakhs.

2.5 Advances from the Contingency Fund

The corpus of the Contingency Fund was increased to Rs. 80 crores from Rs. 40 crores. The Fund is placed at the disposal of the Governor to enable the advances to be made from it for meeting unforeseen expenditure pending authorisation of such expenditure by the State Legislature.

Advances from the Fund can be made only to meet expenditure which is of such emergent character that postponement of it, till vote of the Legislature is taken, would be undesirable.

Four hundred and eighteen sanctions were issued during 1981-82 advancing Rs. 85,23.56 lakhs from the Contingency Fund. It was noticed that—

(i) 187 sanctions for Rs. 12,74.96 lakhs were neither operated upon nor cancelled;

(ii) 6 sanctions for Rs. 32.01 lakhs were not operated upon and were subsequently cancelled;

(iii) 58 sanctions for Rs. 4,67.61 lakhs were subsequently reduced to Rs. 2,53.26 lakhs;

(iv) 9 sanctions for Rs. 1,13.33 lakhs were subsequently increased to Rs. 1,59.09 lakhs and

(v) the actual expenditure against 93 sanctions (Rs. 3,89.09 lakhs) was less than 50 per cent of the amount sanctioned.

2.6 Non-receipt of explanations for savings/excesses

For the year 1981-82, explanations for savings/excesses were either not received or, where received, were incomplete (January 1983) in respect of 358 heads (393 during 1980-81). These formed 64 per cent of the number of heads, the variations under which needed to be explained. Such delay in submission of material for the Appropriation Accounts results in the Audit Report remaining incomplete in certain essential respects.

2.7 Shortfall/excess in recoveries

Under the system of gross budgeting followed by Government, grants and charged appropriations authorised by the Legislature are for gross expenditure and exclude all credits and recoveries which are adjusted in the accounts in reduction of expenditure. The anticipated recoveries and credits are shown separately in the budget estimates. During 1981-82, such recoveries were anticipated at Rs. 1299.49 crores (Revenue: Rs. 424 crores; Capital: Rs. 6,08.98 crores and Loans and Advances: Rs. 266.51 crores). Actual recoveries during the year, however, were Rs. 1652.30 crores (Revenue: Rs. 495.07 crores; Capital: Rs. 876 crores and Loans and Advances: Rs. 281.23 crores). Some of the major shortfalls/excesses in recoveries are detailed below; reasons therefor have not been intimated (January 1983).

Department and number and name of grant	Budget estimates	Actuals	Shortfall(—) Excess(+) over estimates
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(in crores of rupees)

Revenue Section**AGRICULTURE AND CO-OPERATION DEPARTMENT**

62-Dairy Development	1,01.27	76.16	-25.11
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PUBLIC WORKS DEPARTMENT

110-Public Works and Administrative and Functional Buildings.	64.96	1,16.75	+51.79
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IRRIGATION DEPARTMENT

117-Water and Power Development Services	25.66	34.52	+8.86
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INDUSTRIES, ENERGY AND LABOUR DEPARTMENT

138-Power Projects	0.56	7.16	+6.60
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SOCIAL WELFARE , CULTURAL AFFAIRS, SPORTS AND TOURISM DEPARTMENT

171-Revenue expenditure on Tribal Area-Development sub-Plan.	9.88	-9.88
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PLANNING DEPARTMENT

173-Labour and Employment	15.00	-15.00
179-Community Development	75.50	1,20.42	+44.92

HOUSING AND SPECIAL ASSISTANCE DEPARTMENT

187-Housing	14.88	24.46	+9.58
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Capital Section**IRRIGATION DEPARTMENT**

217-Capital Outlay on Irrigation, Navigation Drainage and Flood Control Projects	1,62.34	2,72.09	+1,09.75
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INDUSTRIES, ENERGY AND LABOUR DEPARTMENT

224-Capital Outlay on Power Projects	34.84	23.89	-10.95
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FOOD AND CIVIL SUPPLIES DEPARTMENT

227-Capital Outlay on Food	3,99.12	5,62.44	1,63.32
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2.8 Defective budgeting and inadequate control over expenditure

An overall assessment of the excesses and savings during 1979-80, 1980-81 and 1981-82 revealed the following:

(a) Excess of Rs. 1,76.34 crores occurred in 65 grants during 1981-82 against the excess of Rs. 76.96 crores in 70 grants in 1980-81 and of Rs. 40.72 crores in 44 grants in 1979-80. Excess has been a regular feature in the grants for (i) Public works and Administrative and Functional Buildings in the Revenue Section (1979-80: Rs. 22.11 crores, 1980-81: Rs. 20.58 crores and 1981-82: Rs. 20.21 crores) and (ii) Capital Outlay on Irrigation, Navigation, Drainage and Flood Control Projects (1979-80: Rs. 8.17 crores, 1980-81: Rs. 19.23 crores and 1981-82: Rs. 76.61 crores).

(b) Large savings too have occurred year after year as shown below:

Year	Amount of of saving	Number of cases			
		Grants	Charged- appropri- ations		
(in crores of rupees)					
1979-80	2,60.28	206	80		
1980-81	4,22.63	179	85		
1981-82	276.00	207	91		

Large savings persistently occurred in the following grants/ appropriations:

Serial Number	Grants	Saving		
		1979-80	1980-81	1981-82
(in crores of rupees)				

FINANCE DEPARTMENT

1	Other Administrative Services	15.00	45.86	36.00
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During 1979-80, the entire provision of Rs. 15 crores for expenditure on implementation of Pay Commission's recommendations was surrendered on the ground that the expenditure was debitable to heads (in other grants) to which the pay and allowances of Government/Zilla Parishad

employees were debited. Provision of Rs. 45.86 crores during 1980-81 and Rs. 36 crores during 1981-82 meant for covering expenditure on account of enhanced rates of dearness allowance was surrendered for similar reason.

Serial No.	Grants	Saving		
		1979-80	1980-81	1981-82

(in crores of rupees)

SOCIAL WELFARE, CULTURAL AFFAIRS, SPORTS AND TOURISM DEPARTMENT

2	Revenue expenditure on Tribal Area Development Sub-Plan	8.25	7.93	9.50
3	Capital Outlay on Tribal Area Development Sub-Plan	2.05	2.52	1.48

REVENUE AND FORESTS DEPARTMENT

4	Public Works	5.10	5.22	7.08
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AGRICULTURE AND CO-OPERATION DEPARTMENT

5	Capital Outlay on Agriculture	6.09	1.11	0.49
6	Co-operation	2.66	8.43	3.91

INDUSTRIES, ENERGY AND LABOUR DEPARTMENT

7	Capital Outlay on Power Projects ..	11.89	5.24	17.44
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Serial number	Appropriation	Saving		
		1979-80	1980-81	1981-82

(in crores of rupees)

HOME DEPARTMENT

1	Taxes on Vehicles	3.74	4.21	0.32
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REVENUE AND FORESTS DEPARTMENT

2	Other Taxes and Duties on Commodities and Services.	4.07	3.50	2.14
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FOOD AND CIVIL SUPPLIES DEPARTMENT

3	Internal Debt of the State Government	47.50	16.16	47.00
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(c) During the three years 1979-80 to 1981-82, supplementary grants/appropriations of Rs. 8,49.78 crores (1979-80) Rs. 986.63 crores (1980-81) and Rs. 12,75.93 crores (1981-82) were obtained. Of these, supplementary grants/ appropriations of Rs. 25.62 crores (1979-80), Rs. 21.19 crores (1980-81) and Rs. 16.80 crores (1981-82) proved unnecessary as the expenditure did not come up even to the original provision. Supplementary grants/appropriations of Rs. 107.83 crores (1979-80) and Rs. 319.19 crores (1980-81) and Rs. 289.12 crores (1981-82) proved excessive by Rs. 34.11 crores (1979-80), Rs. 71.71 crores (1980-81) and Rs. 54.57 crores (1981-82) respectively. Recurring excesses/saving, over the years were indicative of the need for more realistic budgeting.

2.9 Withdrawal of funds in advance of requirements

Rule 282(2) of the Maharashtra Treasury Rules 1968, requires that no money shall be drawn from the treasury, unless it is required for immediate disbursement. It is, therefore, not permissible to draw money from the treasury in anticipation of demand or to prevent lapse of budget grants. In some cases, however, funds were drawn from the treasury/ Pay and Accounts office towards the end of the financial year and were retained without disbursement beyond the financial year. Certain illustrative and important cases are given in Appendix -II-3.

CHAPTER III

CIVIL DEPARTMENTS

SOCIAL WELFARE AND SPORTS DEPARTMENT

3.1 Schemes for Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes

3.1.1 *Introductory.*—Promotion of the educational and economic interests of the Scheduled Castes, Scheduled Tribes and Other Backward Classes and their protection from social injustice and all forms of exploitation is a Constitutional obligation of the Governments at the Centre and the States. According to 1971 Census, the total population of Maharashtra was 504 lakhs and the Scheduled Castes constituted 6 per cent, Scheduled Tribes 5.86 per cent and Other Backward Classes 11.52 per cent of the total population. The Other Backward Classes included *Neo-Buddhas* (6.48 per cent), Scheduled Tribes outside specified areas of Vidarbha (1.66 per cent), Nomadic Tribes (0.87 per cent) and Denotified Tribes known as *Vimukta Jatis* (2.51 per cent). Various schemes for amelioration and development of the Backward Classes were implemented from the First Five Year Plan onwards and a total expenditure of Rs. 425.29 crores was incurred on the implementation of 191 schemes (Centrally Sponsored Schemes: 158, State Schemes : 33), to the end of March 1982. The Social Welfare Department of the State Government implemented the schemes falling under (i) Education, (ii) Housing, (iii) Economic Uplift, (iv) Other schemes and (v) Research and Training (Tribal Research and Training Institute). During 1951-52, *i.e.*, the

beginning of the First Five Year Plan to 1981-82, a total expenditure of Rs. 164.81 crores was incurred on various schemes for which central assistance provided was Rs. 37.78 crores.

3.1.2 The implementation of the schemes in the various offices of the State Government, controlling authorities, Heads of Departments and Mantralaya was reviewed during November 1981 to June 1982 in Audit and the important findings noticed are given in the succeeding paragraphs. The details of the schemes reviewed are given in Appendix III-1.

3.1.2.1 *Education. (I) Post-matric scholarships.*—A scheme for grant of scholarships to the Scheduled Castes, Scheduled Tribes and Other Backward Classes for post-matric education was started by Government of India from the year 1944-45. The scheme was entrusted in 1959-60 to States for implementation to avoid delays in disbursement of scholarships. The scheme envisaged grant of scholarships to cover maintenance expenses of students, depending upon the courses selected and all types of fees compulsorily payable by the students for prosecuting post S.S.C. education/courses. The scheme initially applicable to the Scheduled Castes and Scheduled Tribes was extended to *Vimukta Jatis* and Nomadic Tribes and to the students from the lower income groups subject to the availability of funds. The Scheduled Castes students embracing Buddhism (*Neo-Buddhas*) were made eligible for the benefits under this scheme in 1971-72. These benefits were further extended (1966-67) from the State funds to the Scheduled Tribes residing outside specified areas of Vidarbha and consequent to the withdrawal of assistance by Government of India in 1969-70 for the students belonging to *Vimukta Jatis* and Nomadic Tribes and lower income groups the assistance was continued to these classes out of State funds.

The beneficiaries of the scheme during Fourth Five Year Plan to 1981-82 were 7.25 lakhs (Scheduled Castes: 5.51; lakhs; Scheduled Tribes: 0.58 lakh; Other Backward Classes: 1.16 lakhs).

A system of index cards for all students in receipt of scholarships from the year 1959-60 onwards was introduced to facilitate detection of irregular payments to a student, such as double payment for the same stage of education, any previous breaks/failure in educational careers etc. On an average, 300 cases of students were thus detected every year trying to

claim irregular payment of scholarships to the tune of Rs. 2 lakhs approximately annually. This check system was discontinued by Government (1974-75) reportedly due to shortage of staff.

Government had directed (November 1981) the Director, Tribal Research and Training Institute, Pune to verify caste of candidates selected for various posts by the Maharashtra Public Service Commission and also of the students seeking admissions in the Engineering/Medical courses. The results of verification conducted during 1981-82 were as under:

Course	Total number of cases verified	Number of cases held valid	Number of cases held invalid	Number of cases doubtful
(with percentages in bracket)				
Cases referred by the Maharashtra Public Service Commission	364	254 (70)	98 (27)	12 (3)
Engineering	84	13 (16)	71 (84)	..
Medical	188	30 (16)	144 (76)	14 (8)

Thus, in the absence of proper verification of the credentials of candidates, the extent of financial assistance availed of by ineligible persons was not ascertainable.

Personal Ledger Accounts were opened in the district treasuries for each institution and scholarships as well as *ad hoc* grants paid to the institutions were to be credited in these accounts. In respect of these accounts except in Bombay Division, where negligible number of inspections were carried out, the Department did not exercise any control to ensure that the scholars were actually in receipt of their monthly scholarships and that no hardships were caused to them due to inordinate delays in disbursement of money by the institutions. The consolidated utilisation certificates of grants released were accepted by the Department without exercising any checks. One institution in Chandrapur District credited the Government scholarship money to the accounts of the

institution instead of to the Personal Ledger Account opened for the purpose. Money was disbursed to the students after retaining examination fees in the accounts of the institution. The applications of eight out of nine eligible Backward Class students for standard XII examination of the Nagpur Board of Examination for 1982, were withheld by the institution for non-payment of Examination fees by the students which were actually retained by the institution. The matter was reported to be under the consideration of Government for suitable action in the matter (February 1983).

(2) *Girls' hostels*.—A scheme for extending financial assistance for additions and extensions to existing girls' hostels run by voluntary agencies and construction of new Government Hostels at places of concentration of Scheduled Castes/Scheduled Tribes population where educational facilities were inadequate was sponsored by Government of India in October 1970 and was wholly financed by the Central Government till 1979-80 and on 50 : 50 basis thereafter. As against the total Central assistance of Rs. 18.35 lakhs received during the years 1971-72 to 1981-82, the actual utilisation was Rs. 13.88 lakhs leaving the unspent balance of Central assistance of Rs. 4.85 lakhs with the State Government (December 1982).

During 1971-72 to 1981-82, funds amounting to Rs. 64.07 lakhs were provided as financial assistance to the voluntary agencies for which proposals for 26 projects with 829 beneficiaries at the total cost of Rs. 25.57 lakhs were received and sanctioned. However, grants payable in tow instalments, amounting to Rs. 17.96 lakhs were paid. Less utilisation of funds was attributed to difficulties in acquisition of lands and lack of adequate response by voluntary agencies to the scheme. Though the financial assistance under the scheme was admissible for construction of Government Hostels, no proposals were initiated by the Department till March 1980, and proposals (cost : Rs. 3.70 lakhs) sent to Government (March 1980) were returned for revision of plans and estimates of the works (September 1982). The following were noticed during audit :

(a) The Department did not identify the pockets of Scheduled Caste/Scheduled Tribe population where girls' hostels or additions or extensions to the existing structures were necessary and could be made within the framework of the scheme,

(b) No plan of action was prepared by the Department and proposals for opening girls' hostels were submitted to Government for approval as and when they were initiated by the subordinate offices.

(c) The Department did not evolve any procedure for follow-up action to ensure that the grants under the scheme were properly utilised by the voluntary agencies for extension works to accommodate additional inmates.

(d) Out of 12 hostels to which grants were released to end of 1980-81, only five were completed but information regarding utilisation of funds and progress in construction was not available with the Directorate in respect of the remaining hostels. In 5 cases, the second instalment was released after a lapse of 1 to 5 years from the stipulated date for completion of the extension works.

(3) *Supply of text books to students.*—A scheme to provide through the educational institutions, prescribed text books to students in medical and engineering degree colleges was introduced in 1978-79 and the expenditure was to be shared between the Central and the State Governments on 50 : 50 basis. The expenditure on text books (one set for seven students at various stages; cost not exceeding Rs. 2,300 per set), steel almirah at a cost not exceeding Rs. 1,000, and incidental charges (maximum Rs. 100) was reimbursible.

As against the Central assistance of Rs. 8.99 lakhs during 1978-79 to 1980-81, the State budget provided for funds to the extent of Rs. 5.70 lakhs only. In 1981-82, the Central allocation was Rs. 0.69 lakh and the State Government released Rs. 1.15 lakhs as grant-in-aid to 11 institutions.

Of the total expenditure of Rs. 6.51 lakhs on payment of grant-in-aid to 47 educational institutions to end of 1981-82, the share of the Central Government worked out to Rs. 3.26 lakhs against the Central assistance of Rs. 9.68 lakhs to the State leaving a balance of Rs. 6.42 lakhs remaining unutilised with the State. The reasons for underutilisation were not on record. Total beneficiaries of the scheme were 3374 students (same was also the target). The State Government reported (January 1983) that the utilisation certificates for Rs. 1.91 lakhs from 24 institutions were awaited.

(4) *Pre-matric scholarship for children of those engaged in unclean occupations.*—To provide good school education to the children of persons, irrespective of religion, traditionally engaged in unclean occupations viz., scavenging of dry latrines, tanning and flaying, Government of India started (March 1977) a scheme of pre-matric scholarships to children in classes VI to X whose parents'/guardians' income did not exceed Rs. 500 per month and restricted to one child in a family. It was initially applicable only to institutions with attached hostel facilities but subsequently extended to inmates in hostels run by Government/voluntary agencies. The financial assistance contemplated scholarships at Rs. 100 per month for meeting expenses on tuition fees, boarding, lodging, books, etc. and special allowance of Rs. 45 per month for school uniform and clothing. One hundred scholarships per annum were allotted to the State by the Central Government which were equally distributed between Aurangabad and Nagpur Divisions.

The scheme was not implemented during 1977-78 and 1978-79 as the admissibility of scholarships to the inmates in Government hostels/ hostels of voluntary agencies was under correspondence with Government of India. Total expenditure of Rs. 2.37 lakhs was incurred on 163 scholars (target: 300 scholars) during 1979-80 to 1981-82. The scheme was extended to Pune Division during 1981-82 but did not get any response and funds provided (Rs. 0.38 lakh) were surrendered.

The shortfall in achievements was attributed to the limited scope of the scheme, restriction imposed on taking any employment or rendering any help to the parents in their work during the course of studies and availability of similar benefits under other schemes without remaining away from their parents.

(5) *Ashram Schools.*—The State Government introduced in 1953-54 a scheme of financial assistance to voluntary agencies conducting residential schools (*Ashram* Schools) for *Vimukta Jatis* and Nomadic Tribes with free lodging and boarding to the inmates. The scheme envisaged opening of Standards I and II with 30 inmates in the first year of recognition and adding one standard in each subsequent year upto standard VII with 120 inmates and further to post-Basic School upto standard X with more emphasis on training in agriculture and crafts. The *Ashram* Schools were paid a flat grant of Rs. 20,000 in the first year of recognition and cent

percent grant on the approved items of recurring expenditure and 90 percent on the non-recurring items in addition to the stipend of Rs. 25 and Rs. 30 per month per boy and girl inmates respectively. In March 1982, there were 128 *Ashram* Schools including 18 post Basic *Ashram* Schools. As against the total provision of Rs. 278.41 lakhs the actual expenditure during the years 1976-77 to 1981-82 was Rs. 284.05 lakhs.

Important points noticed in Audit were as under :

(i) In three districts there was delay of one to seven years in developing *Ashram* Schools into post-Basic *Ashram* Schools. Forty *Ashram* Schools already developed upto Standard VII between 1977-80 were not developed into post-Basic Schools till 1981-82. Government clarified (August 1982) that generally one out of five *Ashram* Schools was upgraded into post-Basic *Ashram* Schools to provide secondary education and that the problem was to be tackled by the District Planning and Development Councils, within the usually limited funds.

(ii) The *Ashram* Schools did not provide the prescribed agricultural and craft training for want of cultivable land and trained teachers.

(iii) Administrative inspections carried out during 1981-82 in four districts were far below the prescribed number (prescribed : 217; carried-out : 57). The Department admitted (August 1982) that no regular inspections were carried out in the past due to shortage of inspection staff; the proposals for additional staff were under consideration of Government.

(iv) In *Ashram* Schools in four districts there was inordinate delay in supplying essential material like text books, note books, compass boxes, etc., to the inmates. Laboratory facilities were not provided in two districts.

(v) In Aurangabad Division out of 21 *Ashram* Schools and 3 post-Basic *Ashram* Schools for which building grants to the extent of Rs. 11.26 lakhs were paid, only 9 buildings were completed to the end of 1981-82. Of the 15 incomplete buildings, one was under construction for over 7 years and the remaining 14 for periods ranging from 3 to 5 years.

(vi) In respect of aided *Ashram* Schools for tribals in Dhule District, it was noticed that with the grant-in-aid of Rs. 1 lakh sanctioned and paid prior to 1975-76 for the post-Basic *Ashram* School at Malagi,

the construction work started in 1974-75 continued till 1979-80 but remained incomplete (December 1982). The Director of Tribal Welfare reported (November 1982) an unspent balance of Rs. 0.70 lakh with the School. In the case of post-Basic *Ashram* School at Kochare, grant-in-aid of Rs. 0.54 lakh was paid for the school building in 1974-75. In reply to an audit query, the Director of Tribal Welfare stated (November 1982) that an expenditure of Rs. 0.32 lakh was incurred leaving an unspent balance of Rs. 0.22 lakh with the School and that the building was not completed (December 1982). The *Ashram* School at Vajjali was sanctioned and paid grant of Rs. 0.27 lakh in 1973-74 but the construction was taken up only in 1981-82. The work was expected to be completed by the end of 1982-83. The *Ashram* School at Khokase was sanctioned and paid building grant of Rs. 0.27 lakh in 1976-77 but construction had not been completed (December 1982).

(6) *Hostels*.—Government had been providing hostels for students of Backward Classes by opening Government hostels and also encouraging voluntary agencies to do so by providing grants-in-aid to them for this purpose. Besides free food and furnished accommodation, other amenities like text books, school uniforms, bus passes, hair cuts and medical facilities were provided. While 20 per cent seats were reserved for economically Backward Classes the balance seats in the hostels were allocated to backward communities according to their percentage in the Backward Class population of the district. The voluntary agencies were given grant-in-aid for covering maintenance allowance at the prescribed rates separately for boys and girls, 50 per cent of Superintendent's salary, 75 per cent of the approved rent and at Rs. 750 per inmate for construction of hostel buildings. By the end of 1981-82, 1688 hostels (Government hostels: 127; aided hostels: 1561) having strength of 68,558 inmates (Government hostels: 7236; aided hostels: 61322) were opened. The expenditure during 1974-75 to 1981-82 on Government hostels was Rs. 748.55 lakhs (budget provision: Rs. 652.42 lakhs) while on aided hostels it was Rs. 1702.22 lakhs (budget provision : Rs. 1697.91 lakhs).

Review conducted in respect of 684 hostels in 13 districts indicated that compared to the number of school going population of Scheduled Castes, the number of hostels (316) in 5 districts was inadequate; 455 hostels in 5 districts were overcrowded but 193 hostels in 4 districts could not reach the sanctioned strength of the inmates; the percentage of Scheduled

Caste inmates ranged from nineteen to ninety-two and of Scheduled Tribes between one and eighty-one.

In 178 hostels in 4 districts the sleeping and dining space was inadequate, the students were accommodated in common dormitories with areas ranging between seven square feet and eighty-one square feet, the distance between the hostel and the educational institution was between one and twenty kilometres, essential articles of furniture (table, chairs etc.) were provided in 26 hostels only, sanitary arrangements like bathrooms (39 hostels), lavatories (61 hostels) were not provided, extra curricular activities (play ground: 42 hostels; sports both indoor and outdoor: 58 hostels) and emergency medical aid (71 hostels) were not provided.

An evaluation conducted (1965) by the Planning Department of the State Government indicated non-assessment of potential demand and proper location of hostels, predominance of particular caste/community among the beneficiaries, observance of malpractices such as demanding donations from the inmates, non-verification of essential details before giving admissions, increasing the number of hostels by the voluntary agencies without administrative and financial arrangements and locating hostels at places where facilities were not fully utilised and sub-standard quality of amenities and maintenance of hostels. Inadequacy of the staff of the Department to rectify these defects was also pointed out. Government initiated (August 1982) action on the recommendations/suggestions of the Planning Department, by re-enforcement of the additional inspection staff of the Social Welfare Department, arranging review of the quantum of grants to the voluntary agencies to arrest inadequacy in providing essential amenities and delegating powers to local bodies (Zilla Parishads) to recognise/derecognise hostels to curb tendency of increasing number of hostels without proper arrangements.

The evaluation conducted (1977-78) by the Tribal Research and Training Institute, Pune also pointed out inadequacy of Backward Class hostels to meet the educational needs of Backward Classes, under utilisation of available hostel facilities due to mushroom unbalanced areawise growth of hostels, emphasising need for short term or long term plans based on the district survey and demands of people for opening of new hostels, need for more hostels for girls, etc. Inadequacy of grants to voluntary agencies to maintain efficiency and expected standard of hostels was also brought out.

Government stated (July 1982) that despite standing orders issued, the recognition of new hostels was guided by local political consideration than by any precise plan for location of new hostels and effective steps would be taken in this regard. The imbalance in the boys and girls hostels was attributed to the reluctance of voluntary agencies to open hostels for girls. To check sub-standard amenities and malpractices by the voluntary agencies appointment of Government Officials as Superintendents of Hostels was under consideration. Remedial action on other suggestions of the Tribal Research and Training Institute was also under consideration of Government.

Information received in Audit from 72 Government hostels in 13 districts indicated that the admissions in these hostels ranged between 42 and 86 per cent of the sanctioned strength. While aided hostels in Aurangabad, Pune and Solapur districts were overcrowded; the Government hostels in these districts were underutilised; percentage of reservation of Scheduled Castes exceeded the prescribed limit in Kolhapur (71 against 62) and Sangli (71 against 66); hostel facilities were dominantly enjoyed by *Mahars/Neo-Buddhas*, their percentage as compared to the total admissions ranged between 50 and 87; percentage of inmates of Scheduled Tribes as compared to their school going children was negligible (Kolhapur 1.2, Parbhani 0.1 and Pune 5).

Information received from 26 Government hostels (out of 127) in regard to the working conditions indicated that the square feet area allotted per inmate was between 25 and 40 square feet; tables and chairs were provided in 10 hostels whereas in 4 hostels only lockers were given and sanitary conditions were inadequate; 9 hostels did not provide such facilities; no bathrooms were provided in 4 hostels; uniforms were not provided in 3 hostels; extra curricular activities (playground, etc.) were not available in 8 hostels. Government hostel at Jat (Sangli District) did not provide bathroom, lavatory, furniture, etc.

Thus, the amenities provided in Government hostels were no better than those available in aided hostels.

(7) *Merit scholarships*.—The State Government introduced in August 1966 a scheme of award of scholarships to Backward Class students, to be implemented through Zilla Parishads, who ranked first and second in order of merit in standards V to X, among Backward Class students

and secured not less than 50 percent marks in the previous years' annual examination. The first preference for grant of scholarship was given to students of X standard and thereafter to those in lower standards. Rupees 57.18 lakhs were spent during 1975-76 to 1981-82. The Department stated that the award of scholarships was not only restricted to the availability of funds but also to the limited numbers of scholarships and hardly one per cent of Backward Class students and that too in higher standards could be benefited. A revised scheme aimed at arresting heavy drop-out of Backward Class students in the secondary schools extending benefit to all Backward Class students securing fifty percent or more marks in the annual examination was under consideration of Government (December 1982).

(8) *Special maintenance allowance to students of Sainik Schools.*— A scheme for award of special maintenance allowance to Backward Class students in three Military/*Sainik* Schools was sanctioned by the State Government in May 1974 to be administered through the Director of Social Welfare, Pune. A special maintenance allowance (Rs. 150 per month in institutions at Nashik and Pune and Rs. 40 per month in Satara) was admissible to Backward Class students whose parents'/guardians' income from all sources did not exceed Rs. 750 per month and who were taking education in three *Sainik* Schools in the State. The main object of the courses was to prepare the students for selection to the National Defence Academy (NDA). No quota was fixed for Backward Class students for admission in these institutions.

The State Government decided that from the academic year 1978-79 instead of granting special maintenance allowance the entire expenditure charged by the above institutions on account of training of the eligible Backward Class students was to be paid to the institutions directly.

Expenditure of Rs. 26.24 lakhs (Pune : Rs. 4.97 lakhs; Nashik : Rs. 7.13 lakhs and Satara : Rs. 14.14 lakhs) was incurred during the years 1975-76 to 1981-82 on 991 Backward Class students admitted in these institutions (Nashik : 311 Pune : 165. and Satara : 515). Of these, only 60 students appeared for the entrance examination of the NDA except one (Satara), none could qualify for the NDA or any other military service. The Department attributed (April 1982) the failure to the lack of interest among Backward Class students to join defence services and their low achievement level.

3.1.2.2 *Housing*.—(1) *Co-operative Housing Societies*.—The Post-War Reconstruction Scheme, introduced by the State in 1949 for Scheduled Castes, was subsequently extended to the Scheduled Tribes and Other Backward Classes. As a step towards integration of Hindu Community, the membership to the extent of 10 per cent of total membership of the Backward Class co-operative societies was available to caste Hindus who were also entitled to the financial assistance. The assistance was made available in the form of interest-free loan and subsidy for cost of land (if not given to the societies free of cost), development of land, construction cost of houses and management subsidy as prescribed. The scheme was reorganised in April 1971 by introducing institutional finance through the Maharashtra Co-operative Housing Finance Society Ltd., (financing agency) under Government guarantee for which no guarantee fee was charged. Both the Old and New schemes were under implementation since 1971. While under the old scheme the construction of houses was to be undertaken by the societies themselves, under the New scheme the construction was to be undertaken by the Housing Boards in the State. The borrowing society after its enrolment as member of the financing agency was eligible for loan of 80 per cent of the estimated cost or 45 times the monthly income of the members whichever was less. The difference between the cost of construction and the loan assistance was to be covered by the personal contribution of the members. The subsidy was directly payable by Government at the sanctioned rates and the balance, if any, was to be borne by the beneficiaries. Since the loans by the financing agencies were guaranteed by Government as admissible on the basis of prescribed ceiling cost, the concerned borrowing society was responsible for repayment of loan along with interest on the difference between the loan amount actually released by the financing agency and the loan amount admissible to the said societies on the basis of ceiling cost. The expenditure incurred by the State Government on the scheme (Old and New) to end of March 1982 as reported by the Divisional Social Welfare Officers was as under :

	Construc- tion loan (1)	Construc- tion subsidy (2)	Land develop- ment loans (3)	Cost of land (4)	Manage- ment subsidy (5)	Other expenses (6)
	(in lakhs of rupees)					
Old scheme ..	307.71	133.93	19.39	15.42	0.32	0.59
New scheme ..	Nil	233.67	14.03	0.01	Nil	1.01

The details of Co-operative Housing Societies financed to the end of 1981-82 as furnished by the Divisional Social Welfare Officers were as under :

	Old scheme		New scheme			
	Number of societies	Number of beneficiaries	Construction through Housing Boards		Construction by societies	
			Number of societies	Number of beneficiaries	Number of societies	Number of beneficiaries
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Scheduled Castes	434	14,185	57	2,259	77	1,686
Scheduled Tribes	44	1,130	1	20	25	736
Other Backward Classes	222	1,821	2	69	73	2,520
Total ..	700	17,136	60	2,348	175	4,942

The amount guaranteed by Government was Rs. 232.45 lakhs.

Out of 700 societies financed upto 31st March 1982, 528 societies were financed upto 31st March 1971. From the details furnished by the Divisional Social Welfare Officers, in respect of 492 societies financed by the State to the tune of Rs. 4,49.94 lakhs (construction loan : Rs. 3,15.46 lakhs; construction subsidy : Rs. 1,26.04 lakhs; cost of land : Rs. 8.44 lakhs), to the end of March 1971, it was observed that 269 societies involving the State assistance of Rs. 82.45 lakhs (construction loan : Rs. 48.67 lakhs; construction subsidy : Rs. 33.78 lakhs) had completed construction of buildings to the end of March 1971 benefiting 10,360 Backward Class persons.

Building construction of 86 housing societies out of 223 societies remaining incomplete as in April 1971 was incomplete even at the end of 1981-82.

Of the 528 societies financed upto 31st March 1971, 465 housing societies were in arrears of loan repayment. The amount of overdue

instalments of loan was Rs. 129.28 lakhs (as on 31st March 1982). Agewise details of arrears furnished by Aurangabad Division, Ahmadnagar, Kolhapur, Sangli and Solapur districts indicated that of 235 Co-operative Housing Societies in arrears of loan repayment, 206 housing societies were in arrears for more than 15 years, 9 societies between 5 years and 7 years, 10 societies between 7 years and 10 years and 10 societies between 10 years and 15 years. Non-repayment of loan instalments was attributed by the Department (July 1982) to poor economic condition of the members of the housing societies and inadequate field staff at Divisional and District level to follow-up loan recovery.

The Planning Department of the State Government in their evaluation report (1965) observed that the tenements in certain housing societies were found to be occupied by the non-members which led to misuse of financial assistance. The Department admitted (July 1982) that no investigations were so far carried out by them.

Although the New scheme envisaged the construction of tenements by the Housing Boards, owing to the inability of the Housing Boards to undertake the construction, Government relaxed (November 1974) this condition, allowing the societies to undertake construction on their own after obtaining no objection certificate from the Housing Boards. However, according to the Department the progress of work was hampered due to involvement of various agencies in implementation of the scheme, difficulties in development of land and getting no objection certificates to the construction works in Corporation and Municipal areas from the concerned local body, approval of plans and estimates, valuation certificate, completion certificate by the Buildings and Communications Department, lack of technical guidance for execution of works, delay in getting loan from the financing agency due to cumbersome procedure, increase in the price of materials and labour and low ceiling cost fixed by Government.

Under the "Old scheme", interest-free loans were granted by Government while in 'New scheme', institutional finance was made available to the Backward Class Housing Societies and the interest burden on the loans paid in excess of ceiling limit was passed on to the members of the housing societies.

(2) *Assistance to landless labourers in rural areas.*—The scheme for financial assistance to individual or group housing introduced in 1970-71 was essentially for landless Scheduled Caste/Scheduled Tribe labourers residing in rural areas holding less than half acre of land. Against the estimated cost of Rs. 1,000 per house, subsidy of Rs. 750 was available and the balance was to be arranged by the beneficiary from his own resources either in cash or in the form of manual labour.

The scheme envisaged construction of houses for these Backward Classes by forming a group of seven families (minimum) into a co-operative registered society. Ten per cent of the economically Backward Classes (non-*harijan* Hindus) could also join group housing on the same pattern of financial assistance. The scheme was implemented through the Zilla Parishads (Z.Ps.).

Out of 27 districts, the details received in Audit from 14 districts indicated that the benefit of the scheme was normally availed of by the individuals and no group housing societies were formed; two Z.Ps., had no knowledge of the present condition of houses while one Z.P., stated that of 187 houses constructed to end of 1981-82, 71 houses required repairs; five Z.Ps., stated (May-July 1982) that the financial assistance required enhancement in view of rising prices of materials and labour.

A proposal for the revision of the scheme by enhancing the financial assistance from Rs. 750 (subsidy) to Rs. 5000 (50 per cent loan and 50 per cent subsidy) and extending the benefit of the scheme to the *Vimukta Jatis* and Nomadic Tribes submitted by the Directorate of Social Welfare to Government in December 1979 is under the consideration of Government (February 1983).

3.1.2.3 *Economic Uplift (1) Mahatma Phule Backward Class Development Corporation Ltd.*—In order to take up various schemes programmes aimed at amelioration of the economic condition of the Scheduled Castes, Scheduled Tribes, *Vimukta Jatis* and Nomadic Tribes, the Mahatma Phule Backward Class Development Corporation Ltd., (Corporation) was incorporated (July 1978) with an authorised share capital of Rs. 2.50 crores which was increased to Rs. 10 crores in July 1982. Fifty-one per cent of the share capital was provided by the State and forty-nine per cent was provided by the Central Government as grant-in-aid.

The physical and financial achievements made by the Corporation during the years 1978-79 to 1981-82 were reported by Government as under :

		(in lakhs of rupees)	
(1)	Share Capital Contribution .. ..	..	247.68
(2)	Expenditure on—		
	(i) Direction and Administration .. ..	..	93.43
	(ii) Margin money scheme .. ..	..	100.46
	Total .. ..	..	193.89
(3)	Amount secured from banks .. ..	..	1056.72
(4)	Physical performance—Margin money scheme (beneficiaries)		(Number)
	(i) Target .. ..	..	1,26,300
	(ii) Achievement .. ..	..	27,163
	(iii) Percentage of achievement .. ..	..	21.5
(5)	Special Central Assistance—Special Component plan		(in lakhs of rupees)
	(i) Assistance received .. ..	..	10,65.41
	(ii) Expenditure .. ..	..	5,09.53
			(48 per cent)
	(iii) Physical achievements (beneficiaries) .. ..	..	(Number)
	(a) Target .. ..	..	1,04,750
	(b) Achievement .. ..	..	39,800
	(c) Percentage .. ..	..	38

(2) *Assistance for purchase of agricultural implements and development of land.*—A scheme for purchase of agricultural implements and development of land was introduced by Government in 1963-64, to be implemented by the Agriculture Department. In 1972, it was transferred to the Social Welfare Department, for implementation through the Z.Ps., and had coverage throughout the State (except Bombay). The scheme envisaged assistance at the rate of Rs. 100 and Rs. 500 for purchase of implements and development of land respectively with loan elements varying from 50 per cent to 75 per cent and subsidy from 25 per cent to 37.5 per cent, the balance being met from personal contribution.

Of 27 Z.Ps., in the State, the details regarding loans paid under the scheme and their recovery to end of 1981-82 received in Audit from 13 Z.Ps., indicated that out of outstanding loan of Rs. 14.46 lakhs as on 31st March 1982 an amount of Rs. 8.03 lakhs was overdue for recovery, which included a sum of Rs. 4.65 lakhs outstanding for more than five years. Six Z.Ps., had not made any recovery so far. No Z.P., had made any survey to assess the additional lands brought under cultivation as a result of the scheme (except Solapur : 460 acres and Yavatmal : 410 acres).

The Director of Social Welfare stated (April 1982) that the scheme could not make any real impact due to meagre financial assistance for purchase of agricultural implements (Rs. 100) and for development of land (Rs. 500) considering the escalation in the prices of implements and the fact that the lands allotted to Backward Class agriculturists were generally uneven waste lands requiring heavy expenditure on developments. A revised scheme submitted (August 1978) by the Director of Social Welfare for enhancing the ceiling of financial assistance to Rs. 1,000 for agricultural implements and Rs. 1,000 for land development and for entrusting the land development works to the Agriculture Department (Soil Conservation) on priority basis was pending with Government.

(3) *Supply of oil engines and electric motor pumps in underdeveloped rural areas.*—The State Government sanctioned a scheme of supply of oil engines and electric motor pump sets in underdeveloped rural areas in 1959-60 (revised in 1961-62). It envisaged payment of subsidy at Rs. 2,000 for oil engines and Rs. 1,000 for electric motor pump sets (per beneficiary per engine/pump) to the Backward Class agriculturists in underdeveloped rural areas, with yearly income of less than Rs. 1,800 and holding less than 16 acres of land. The difference between the cost price and the subsidy was to be borne by the beneficiaries. Preference was given to tribal agriculturists over Other Backward Class agriculturists. The scheme was implemented in 13 districts by the Z.Ps., under the control of the Director of Social Welfare. Expenditure of Rs. 4 lakhs was incurred on the above scheme from 1974-75 to 1981-82 and the number of beneficiaries was 213 as reported by the Director of Social Welfare.

The Social Welfare Officer, Z.P., Thane stated (July 1982) that out of 25 electric motor pump sets installed under the programme, to end

of March 1982, 5 electric pumps were not in use for want of electric connection (December 1982). The Z.Ps., Ahmadnagar, Aurangabad and Nashik stated (June/July 1982) that the present position of the oil engines and electric motor pump sets provided under the scheme was not known to the Department as no survey was made by them (December 1982). The Department did not have any information about the additional lands brought under irrigation/cultivation and the annual increase in agricultural production as a result of the scheme.

The Department reported to Government (November 1981) that due to inadequate pattern of subsidy some of the Z.Ps., had passed a resolution deciding not to implement the scheme with inadequate pattern of assistance. The Z.Ps., Ahmadnagar and Jalgaon had surrendered the grants in 1980-81 stating that the beneficiaries did not come forward despite efforts made by them.

(4) *Construction and repairs of irrigation wells.*—Government framed (August 1963) a scheme for construction of new irrigation wells and repairs to old wells by giving interest-free loans and subsidy to Backward Class agriculturists having four to sixteen acres of land. The scheme was implemented by the Agriculture Department till November 1972 and thereafter by the Social Welfare Department through Z.Ps. According to the Department an expenditure of Rs. 34.19 lakhs was incurred during Fifth Five Year Plan on 2269 irrigation wells.

The scheme was implemented throughout the State (except in Bombay). The information (relating to period from 1974-75 to 1981-82) as on 31st March 1982 received from 9 out of 27 districts showed that out of 1034 wells for which loans amounting to Rs. 18.43 lakhs were disbursed, 614 wells had been completed, 160 wells were taken up but not completed, while information about the balance 260 wells was not available.

None of the implementing authorities had assigned any reasons for delay in completion/taking up of the construction work of wells. An amount of Rs. 7.90 lakhs (excluding that related to Aurangabad District) released during the period 1974-75 to 1981-82 in 8 districts was locked up on this account.

It was observed in Audit that no survey of the scheme was conducted by the Directorate to assess the benefits derived by the Backward Class

agriculturists from the scheme. The Directorate did not have the details about the additional lands brought under irrigation and increase in the agricultural production *vis-a-vis* incremental income to Backward Class agriculturists.

According to the Directorate the increase in the cost of material, equipment, etc., made it difficult for the agriculturists to dig and construct irrigation wells within the limit of Rs. 2,000 to Rs. 4,000 fixed in August 1963.

(5) *Scheme of training in motor driving*:—As motor driving offers appreciable employment potential, Government sanctioned (September 1972) a scheme of training course in motor driving for the deserving Backward Class persons to be implemented through the Maharashtra State Road Transport Corporation (MSRTC).

The scheme envisaged training of 75 candidates per course at 15 centres as selected by the Directorate and the MSRTC was to be paid at Rs.500 per student towards training charges (inclusive of tuition fees and other incidental charges but exclusive of lodging and boarding charges). During 1972-73 to 1981-82, (target: 2100), 1056 candidates were selected for the course but only 592 candidates actually participated in the course and only 530 candidates could complete the training at a total cost of Rs. 2.65 lakhs. The shortfall in achievement was attributed by the Directorate (June 1982) to the inability of the candidates to bear lodging and boarding expenses and non-assurance of gainful employment on completion of training. The Department stated (March 1982) that of 389 candidates trained upto March 1977 none could get gainful employment. Government stated (January 1983) that the scheme did not provide for employment to the trained candidates.

(6) *Labourers' Co-operative Societies*: According to Government orders of December 1970, out of 20 per cent profit earned by the Forest-Labourers' Co-operative Societies (FLCS) for working the forest coupes, 10 per cent was to be treated as grant-in-aid to these societies to be spent on the welfare of the members. Further, as per Government orders of August 1972, the amount of grant-in-aid was recoverable if it was not utilised within one year of finalisation of accounts. Of Rs. 228.55 lakhs paid as grant-in-aid, Rs. 67.66 lakhs were utilised upto 1975-76 leaving unspent balance of Rs. 160.89 lakhs with FLCS (1980-81). The reasons for non-utilisation were not available with the Department (July 1982).

(7) *Utilisation of assigned resources by the Z.Ps., for Backward Classes:* According to instructions issued by Government in September 1973, the Z.Ps., were to spend every year a minimum amount of 15 per cent of the assigned resources on the welfare scheme for the Backward Classes. If during any year the expenditure incurred was less than 15 per cent, it was required to be carried over to the next year.

The amount spent by 16 Z.Ps., during 1972-73 and 1973-74 was Rs. 42.19 lakhs as against Rs. 68.03 lakhs (15 percent of income from increased cess) leaving a backlog of Rs. 25.84 lakhs.

Government, therefore, again issued (November 1976) revised directions to the Z.Ps., to ensure that minimum expenditure on welfare schemes for Backward Classes was not less than 15 per cent of total increased cess assignable and the backlog was carried forward to the next year and suitably provided in the budget.

Information regarding the expenditure incurred out of assigned resources for the period from 1975-76 to 1981-82 received from 24 Z.Ps., (out of 27 Z.Ps.,) indicated that in respect of 7 Z.Ps., there was a backlog of Rs. 24.39 lakhs to end of 1981-82. This did not include the backlog to end of 1974-75. Information regarding the total backlog to end of 1974-75 and action proposed to be taken is awaited from Government (February 1983).

3.1.2.4 *Other Schemes (I) Committees to watch offences under 'Untouchability Offences Act'*—For ensuring strict watch on the offences under 'Untouchability Offences Act, 1955' and prompt action against the offenders Government decided (March 1973) to establish District Level Vigilance Committees consisting of official and non-official members, the District Collector being the Chairman and the Social Welfare Officer being the Secretary of the Committee and the Committee was to meet at least once in a month. Information relating to the working of these Committees between 1974-75 and 1981-82 received in Audit from 15 districts revealed that against the minimum number of 12 meetings expected to be held in a year, the yearly average of meetings actually held was only 6. Only two districts (Aurangabad and Satara) assigned reasons for the shortfall in the meetings as due to the Chairman of the Committee remaining extremely busy with law and order problems;

no recommendations were made by any of the Committees (March 1982) except in case of Sangli district where the Committee made 171 recommendations. Government stated (January 1983) that while four District Level Vigilance Committees had made suggestions to Government, no suggestions were received from other twenty-four Committees. Action taken by Government on these suggestions is awaited (February 1983).

(2) *Registration of offences*:—In March 1980, Government of India suggested various steps for elimination of atrocities on Backward Classes, so that every crime committed against these Castes should receive deterrent punishment with noticeable rapidity.

According to the Home Department (March 1982), 6,447 offences were registered during 1976-77 to 1981-82 under the Protection of Civil Rights Act, 1955. 3,867 cases were registered by Police between 1979 and 1981, of which 2,925 were charge-sheeted, 537 cases disposed of by Police and 405 cases were pending (June 1982).

Of 2,925 cases charge-sheeted, 198 cases were convicted, 411 cases acquitted, 222 cases compounded, 2 cases abated/withdrawn and 2,092 cases were pending trial. Thus, a large number of cases were pending trial. The Deputy Inspector General of Police (Protection of Civil Rights) stated (September 1981) that the investigations could not be completed within the 15 days stipulated by Government mainly because of non-finalisation of reports from other departments *viz.*, medical, chemical analysis, etc.

(3) *Scheme of propaganda for eradication of untouchability*.—Under the scheme of grants-in-aid to voluntary agencies for propaganda through *Pracharaks/Sevaks* towards eradication of untouchability and apprising Backward Classes of the various welfare schemes expenditure at approved scales on salaries and other admissible expenses was reimbursed as grants-in-aid. During the last three years ending 1981-82, expenditure of Rs. 3.03 lakhs was incurred on the work carried out through seven agencies covering 7,125 villages in 1979-80 and 7,529 each in subsequent two years. The Department reported in May 1979 to Government that the scheme was neither effective nor gave desired results due to inadequacies in the scheme like meagre pay scales of *Pracharaks*, non-effective control of the Department on the field work of the voluntary agencies and lack of co-ordination.

(4) *Evaluation of welfare schemes.*—Government of India directed (August 1975) all the State Governments to undertake periodical evaluation of schemes for welfare of Scheduled Castes/Scheduled Tribes/Backward Classes. In response to Audit query, the Directorate intimated (July 1982) that it had not taken up any evaluation of schemes so far and that the Divisional Offices were now being instructed to undertake such an evaluation. Subsequently (February 1983), the Directorate intimated that the evaluation was usually undertaken by the Tribal Research and Training Institute and it was not considered proper for the implementing officers themselves to do so. Remarks of Government in this regard are awaited (February 1983).

3.1.2.5 *Research and Training.*—The Tribal Research and Training Institute was set up with a view to undertaking research in the general and specific areas of economic activities affecting tribal life and maintenance of effective Data Bank thereon, pilot studies with a view to devising suitable schemes for the socio-economic development and amelioration of living condition of tribals, case studies and sample surveys during the course of actual implementation of the schemes under the Tribal Sub-Plan and maintenance of Data Bank. The Institute incurred total expenditure of Rs. 33.10 lakhs during 1976-77 to 1980-81. Government of India released Central assistance of Rs. 8.87 lakhs during the same period.

55 items were taken up for evaluation study/research during 1976-77 to 1980-81 and reports submitted to Government and also sent to the heads of the concerned implementing departments for necessary action. No action was taken by Government on the reports of the Institute. On the recommendations of the Governing Council (October 1979), Government appointed (April 1981) a State Level Committee (Follow-up-Committee) of high officers with the Tribal Commissioner as its chairman to ensure the implementation of the recommendations made in the evaluation reports. The Director of the Institute stated (October 1982) that the first meeting scheduled on 13th August 1982 could not be held for want of quorum. No meeting was held till October 1982.

Tribal Sub-Plan

3.1.3 *Introductory.*—To accelerate development in areas of tribal concentration, the Tribal Sub-Plan (T.S.P.) was introduced in 1976-77.

The provision and expenditure incurred on various programmes included in the T.S.P. since 1976-77 to 1981-82 are detailed below:

	Provision	Expenditure
	(in crores of rupees)	
1 Social and Community Services ..	109.13	99.65
2 Agriculture and Allied Services ..	49.51	42.96
3 Co-operation ..	12.16	10.92
4 Transport and Communications ..	48.17	44.44
5 Water and Power Development ..	61.16	62.22
6 Industry and Mining ..	0.69	0.29
Total ..	280.82	260.48

3.1.3.1 *Social and Community Services (I) Alienation of land.*—Two enactments were made by the State Government in 1974 for restoration of tribal lands which had gone into the hands of non-tribals despite restrictions imposed under the Maharashtra Land Revenue Code. Details collected in Audit up to the end of December 1981 from 19 districts indicated that of the 12,079 cases registered under invalid transfers under Act XXXV of 1974, 11,831 cases were decided, restoration of land was ordered in 5,150 cases and 6,681 cases were dropped being transfers of land between tribals. Of the 5,150 cases ordered for restoration, actual possession of land took place in 4,383 cases. In 583 cases, the land could not be restored due to stay orders issued by various authorities. Other reasons for non-restoration of land (58 cases) were, refusal to take possession, lack of information concerning owners, fragmentation of land and land belonging to Government. In 126 cases (290 hectares), the possession of land remained to be handed over. Of the 30,578 cases registered under Act XIV of 1975, 28,892 cases were decided and restoration of land was ordered in 11,997 cases, possession was handed over in 7,253 cases; in 4,320 cases the possession could not be handed over due to stay orders of the courts and other authorities. In 424 cases (1,051 hectares), the possession of land was to be given. Of the 30,578 cases registered, 16,895 cases were dropped by Inquiry Officers, on the ground that transfer of land was effected between tribals, land recorded as transferred in village

records to a non-tribal was actually possessed by the tribal owner, transferor was not a tribal and transactions of transfer were beyond the purview of the Act.

In order to ensure that all dropped cases were properly dealt with, the State Government instructed (1981-82) the District Collectors to scrutinise the cases for revision. Of 8,099 dropped cases scrutinised, 4,133 cases were taken up for revision (1981-82).

The Tribal Research and Training Institute (TRI), Pune, observed (1979) that in majority of land restored cases, the land restored was less than five acres and in most of the cases though the land was restored to the tribals, actual cultivation was done by the non-tribals.

(2) *Ashram Schools Complex*—Residential schools providing free education, lodging and boarding to the students with agricultural demonstration farm, a dairy husbandry unit, a health unit and a pre-vocational training centre were to be set up under the scheme. The *Ashram* Schools with educational facilities (school, hostel and balwadi) were sanctioned since 1976-77 when the T.S.P. was introduced. Against the requirement of 613 *Ashram* Schools, 313 *Ashram* Schools were established to the end of 1981-82 (of which 143 *Ashram* Schools had already been established prior to 1976-77). According to the Directorate of Tribal Welfare (November 1982) the rate of opening of *Ashram* Schools was deliberately slowed down on account of non-availability of buildings, lands and other infrastructure in many of the interior villages. Following points were noticed in Audit:

(a) Of 1,183 teachers appointed in the *Ashram* Schools, 533 were untrained teachers (September 1981). The Department stated (November 1982) that as the trained teachers having knowledge of tribal languages were not ready to work in the tribal areas, local candidates having knowledge of local tribal language were given preference for appointment as teachers.

(b) Of 166 students of first batch who appeared for the S.S.C. examination in 1980-81, only 4 students passed the examination. The poor results were attributed (August 1981) by Government to the absence of school buildings, lack of qualified teachers to teach English, Science and Mathematics and lack of Science laboratories. The results during 1981-82 were stated to be more than 18 per cent.

(c) Of 300 *Ashram* Schools established (upto 1980-81), only 40 were housed in permanent structures. Government approved (November 1979) construction of 46 *Ashram* School buildings at a cost of Rs. 21.97 lakhs plus 16 per cent towards centage charges. To the end of 1980-81 not a single structure was completed. On 9 structures, an amount of Rs. 6.02 lakhs was spent for preliminary and foundation works while in the case of remaining 37 buildings, even the agencies for construction were not fixed. Government stated (August 1981) that the problem was being resolved by construction of temporary sheds. According to the Directorate (November 1982), 150 temporary sheds in 11 districts were sanctioned and completed during 1980-81 at a cost of Rs. 19.50 lakhs. As the walls of these sheds constructed with locally available materials collapsed in the rainy season, proposals were submitted by the Directorate (July 1982) for providing additional funds of Rs. 16.50 lakhs for replacement of walls; sanction of Government was awaited (December 1982). One building (Pune District) constructed in 1977-78 completely collapsed (June 1981) due to use of cheap type of local materials and non-maintenance. According to the Tribal Welfare Officer, all the buildings of *Ashram* Schools were in similar deteriorated condition and were likely to collapse. In respect of another building (Pune District) needing immediate repairs, the estimates for repairs (value : Rs. 1.46 lakhs) submitted to Government in July 1981 were awaiting approval (December 1982).

(d) Twelve Pre-vocational Training Centres to cater to the needs of 2 to 3 *Ashram* School complexes for imparting training in various trades like carpentry, blacksmithy, tailoring, etc., were sanctioned in January 1973. Eleven could not be established due to non-availability of suitable accommodation. Workshop sheds for 11 Centres were completed by October 1977 and tools and equipment worth Rs. 1.75 lakhs were also purchased in 1976-77 for 7 Centres but these remained idle (December 1982). The Department ascribed (November 1982) absence of hostel facilities, remoteness of the Centres and lack of students as the reasons for not establishing the 11 Centres. The workshop sheds were utilised as dormitories and Government orders for writing off the tools and equipment were awaited (November 1982). In respect of the only Centre established, it was observed that during 1977-78 to 1981-82 as against the sanctioned strength of 200 trainees only 66 sought admission and 39 successfully completed training at a cost of Rs. 0.44 lakh.

(e) An Agricultural Demonstration Farm(ADF) was to be established in each *Ashram* School complex at a cost of Rs. 1.52 lakhs (recurring : Rs. 0.26 lakh; non-recurring : Rs. 1.26 lakhs). 52 such farms were established to the end of 1980-81. In respect of 25 ADFs., in 13 districts, out of 253.6 hectares of land allotted only 148.6 hectares were brought under cultivation and the remaining 105 hectares were lying idle. Technical staff envisaged in the scheme was not in position. In respect of one ADF in Amravati District, it was reported that during 1978-79 no crop was sown due to heavy rains and in 1980-81 crop was eaten up by wild pigs. The Directorate stated (November 1982) that the farm was situated in dense forest and the land was unsuitable for cultivation due to wild life. For one ADF in Dhule District, 6.4 hectares of land was transferred by the Forest Department in February 1973 but it was not brought under cultivation during last 8 years as a part of land was encroached upon by three tribal cultivators (July 1978) for which a complaint was lodged with police (July 1978); further action by the Police Department was not known (December 1982). Of 8 ADFs in 7 districts on which an expenditure of Rs. 2.54 lakhs was incurred during 1978-79 and 1979-80, actual yield from 3 farms was hardly 36 quintals (two years) while there was no yield from the other 5 farms. In Dhule District, 11 farms were not cultivated but an expenditure of Rs. 2.47 lakhs was incurred (November 1978 to May 1981) on pay and allowances of senior clerks appointed in lieu of Agricultural Officers. Their services were, however, utilised in *Ashram* Schools and in the office of the Tribal Welfare Officer which was awaiting regularisation by Government (November 1982).

(3) *Supply of electric motor pumps (EMPs,) and oil engine sets.*— Government introduced. (January 1977) a scheme for supply of oil engines with pump sets(estimated cost : Rs. 4,000 per set) on 100 per cent subsidy basis to tribal cultivators in the T.S.P. area which was not electrified and was not likely to be electrified in the next one or two years. These pumps were to be replaced by EMPs., as and when electricity supply became available to the villages and replaced oil engine sets were to be transferred to other eligible cultivators.

(i) To the end of October 1981 out of 3846 EMPs., sanctioned till 1979-80, 3,769 were installed and 3,194 of these were energised at a total cost of Rs. 234.11 lakhs. 575 EMPs., installed were not energised for

periods over 18 months, as the area was not electrified and the cultivators did not apply for electricity. The Department stated (November 1982) that the backlog would be cleared by March 1983.

(ii) An enquiry made in Thane District by Government revealed that out of 402 EMPs., supplied only 175 were in working order. Of the remaining 227 pumps, 119 were not at all installed. The Department stated (November 1982) that as there was no provision for maintenance of EMPs., and oil engines, the work could not be undertaken.

(iii) Details collected from 7 districts indicated that out of 3,937 EMPs., installed and energised till 30th October 1981, only 2,966 were in working condition and the balance 971 (25 per cent) were not in use for want of electric supply (612 numbers) and repairs (99 numbers), due to inadequate water source (31 numbers), lack of interest on the part of beneficiaries (25 numbers) and other reasons (204 numbers).

(iv) Test-check of the records in Amravati District (March 1982) indicated that payment of electricity charges amounting to Rs. 0.77 lakh upto September 1981 was found to be in arrears in a large number of cases and out of 753 pumps sanctioned till 31st March 1981, the Maharashtra State Electricity Board had cut off electricity connections in 231 cases. In Nashik District 44 connections were cut off (arrears : Rs. 0.25 lakh upto November 1982).

(v) The Maharashtra State Co-operative Tribal Development Corporation (T.D.C) was entrusted with the work of supply of electric/oil engine pumps from February 1981 and subsequent maintenance. Rs.42.87 lakhs and Rs. 37.50 lakhs (along with the list of beneficiaries) were placed at the disposal of the T.D.C. during 1980-81 and 1981-82 respectively. Government observed (December 1981) that not a single pump was supplied by the T.D.C. till December 1981, nor was any scheme for the maintenance and repairs of pumps formulated. The Department stated (November 1982) that there was backlog of installation and energisation of pumps supplied during the past years and hence it was not considered proper to supply additional pumps in 1980-81. No assessment of additional areas brought under irrigation or double cropping or of incremental income earned by the beneficiaries was made by the Department.

3.1.3.2 *Agriculture and Allied Services.*—As against the budgeted provision of Rs. 620.07 lakhs for the various agricultural programmes under the T.S.P., the actual expenditure was Rs. 319.23 lakhs.

(I) *Agricultural Programme (Crop Husbandry)*.—A test-check of some of the schemes revealed the following :

(i) *Gobar Gas Plants*.—The scheme of *Gobar Gas Plants* was implemented since 1977-78 through the Maharashtra State Khadi and Village Industries Board to increase the production of organic manure and also to make available gas for domestic use of the farmers. Fifty per cent of the capital cost was borne by Government as subsidy. During the period 1977-78 to 1981-82, Rs. 5.54 lakhs were spent against the budget provision of Rs. 13.05 lakhs in implementing the scheme in three districts. The Department intimated (November 1982) that the low response was due to absence of credit-worthiness of tribals for getting institutional finance. No follow up action was taken to assess the working condition of the *Gobar Gas Plants* and utilisation of improved quality of compost obtained from the cattle dung.

(ii) *Distribution of subsidised seeds and chemical fertilizers and pesticides and raticides*.—Twelve schemes under the High Yielding Varieties Programme, were implemented at a cost of Rs. 94.66 lakhs. The benefits derived by adoption of improved techniques of agricultural practices under the scheme for distribution of seeds and fertilisers were reported by the Department (November 1982) as follows:

	Unit	1976-77	1977-78	1978-79	1979-80	1980-81	1981-82
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Cultivators benefited	Number	6,510	14,571	20,942	15,791	18,717	21,210
Area covered	Hectares	3,395	8,701	9,175	9,398	12,247	14,308

Information regarding the utilisation of inputs, increases in yield of food production, etc., was not available with the Department. To induce the tribal cultivators to adopt improved plant protection measures they were given 50 per cent subsidy on the cost of pesticides used in the campaigns undertaken in their fields. Subsidy at 50 per cent of the cost of plant protection appliances was also given from 1978-79. The expenditure under subsidy for pesticides and raticides was 29 per cent

of the budget provision (provision : Rs. 28.52 lakhs: expenditure Rs. 8.38 lakhs) and under subsidy for plant protection appliances 22 per cent (budget provision : Rs. 12.95 lakhs; expenditure: Rs. 2: 87 lakhs). The Department stated (July 1982) that the low utilisation of the provision for plant protection appliances, pesticides and raticides was mainly due to less demand from cultivators on account of their poor economic conditions.

(iii) *Demonstration of oil seed crops.*—To educate the farmers about the production technology for higher yields by modern practices, demonstrations were organised by the District Agricultural Officers incurring an expenditure of Rs. 0.51 lakh (as against the budget provision of Rs. 1.46 lakhs). The targeted demonstrations were not held under Safflower and Niger during 1978-80. The Department stated (June 1982) that generally the response from the cultivators was poor due to the inadequacy in the rate of subsidy (50 per cent).

(iv) *Training of young couples and study tours of farmers.*—Under the special training programme for young farmers, 25 young tribal couples were trained at a cost of Rs. 0.35 lakh during 1978-79 to 1980-81. The Department did not have the information about number of meetings held, demonstrations organised, number of farmers induced by these trained couples to adopt the new technology and serving as extension officers; Rs. 0.86 lakh were incurred on study tours of farmers during 1978-82 (budget provision: Rs. 2.58 lakhs) but the scheme did not evoke response. The scheme of training young couples was discontinued from 1981-82 as the tribal area was covered from 1980-81 by "Training and Visit" Programme under which village level extension workers were appointed for each unit of 8,000 farm families. Crop husbandry schemes did not help in raising non-subsidised portion by the tribal cultivators as they were defaulters to *Adivasi* Co-operative Societies.

(2) *Animal Husbandry.*—The basic strategy was to increase the production of animal protein to fulfil the nutritional need of the tribals and to create potential for generating subsidiary employment among them.

The provisions and expenditure under various components under Animal Husbandry from 1976-77 to 1981-82 were as follows :

	Budget provision	Expenditure	Percentage utilisation
(1)	(2)	(3)	(4)
(in lakhs of rupees)			
Veterinary Education and Training ..	2.31	1.25	51
Veterinary Services and Animal Health ..	125.72	101.95	81
Cattle Development ..	139.98	105.49	75
Poultry Development ..	11.81	11.27	95
Sheep Development ..	8.80	2.59	29
Piggery Development ..	0.95	0.30	32
Fodder Development ..	1.67	0.95	57
Publicity and Propaganda ..	1.36	1.33	98
Total ..	292.60	225.13	77

(a) The Department stated (September 1982) that the shortfall in utilisation of funds under the cattle development programme was due to the socio-economic conditions of the tribals and the conditions under which the staff posted in tribal areas had to work.

(i) To supplement the income of small and marginal farmers having land holding upto 5 acres and agriculture labourers through milk production, a scheme for distribution of milch cows/buffaloes with half-cost subsidy was implemented in 12 districts. The main thrust of the scheme was in Nashik, Thane and Yavatmal districts. The scheme hardly made any headway in Thane District; Rs. 1.69 lakhs were spent against the provision of Rs. 10.37 lakhs. The shortfall was attributed by the District Animal Husbandry Officer, Thane (March 1980) to non-availability of institutional finance to the tribal beneficiaries from

whom even otherwise the response was inadequate. In Nashik District the benefit of the scheme was irregularly given to cultivators with land-holding exceeding 5 acres. The Department had no records to indicate whether the cows/buffaloes supplied were maintained or sold by the beneficiaries.

(ii) To provide employment by way of agricultural farming and supplement the income of the *advisis*, half-cost subsidy scheme for the supply of bullocks was sanctioned by Government in January 1977 and implemented in two districts of Ahmadnagar and Nashik. The amount of subsidy was limited to Rs. 1,000 per bullock and the balance amount was to be met through institutional finance. An expenditure of Rs. 8.81 lakhs was incurred (against the budget provision of Rs. 12.35 lakhs) during 1976-82. The scheme was discontinued from 1981-82 on account of inadequate response due to non-availability of institutional finance to small and marginal farmers who were defaulters. The Department did not maintain any records to indicate whether the bullocks were maintained or sold by the beneficiaries.

(iii) Key Village Centres provide facility to the farmers to train themselves with breeding, feeding and management of livestock. The semen supplied to these centres from the District Artificial Insemination Centres was distributed in the villages through the Key Village Centres for production of cross-bred calves. Centres were established in Ambadi and Trimbak. According to the Department approximately 35 to 45 per cent of the cows were expected to breed every year. The expected and actual number inseminated during the period is given below:

Key Village Centre	Breedable population	Cows inseminated during 1976-82		
		Expected	Actual	Percentage
(1)	(2)	(3)	(4)	(5)
Ambadi	29,146	11,658	142	1.2
Trimbak	53,837	21,535	2,040	9.5

The Department attributed (June 1982) the low results to vacant posts of veterinary officers.

(iv) Performance of the two Regional Artificial Insemination Centres at Samadoh (Amravati District) and at Deori (Bhandara District) established in the T.S.P. area was as follows :

Particulars	Regional Artificial Insemination Centre			
	Samadoh (1977-78 to 1980-81)		Deori (1979-80 to 1980-81)	
	Targets	Achievements	Targets	Achievements
(1)	(2)	(3)	(4)	(5)
Breedable population				
Cow	*	24,377	*	15,904
Buffalo	*	6,925	*	1,158
Total	*	31,302	*	17,062
Artificial insemination performed				
Cow	850	265	1,340	1,117
Buffalo	750	448	110	73
Total	1,600	713	1,450	1,190
Calves born				
Cow	240	42	25	26
Buffalo	155	143	5	1
Total	395	185	30	27

The shortfall in achievements was attributed by the Department (June 1982) to vacant posts of veterinary officers. The Department also stated that the process of development of cross breed cows was slow even in the non-tribal areas in the initial period. Constant extension work, campaign and propaganda were required to obtain the co-operation of the people for agreeing to breed their *deshi* cows by artificial insemination.

(b) *Dairy Development Programme*.—As against the total budget provision of Rs. 477.96 lakhs (Rs. 161.11 lakhs under revenue and

*No specific targets were fixed.

Rs. 316.85 lakhs capital) an expenditure of Rs. 342.31 lakhs (Rs. 90.12 lakhs revenue and Rs. 252.19 lakhs capital) was incurred for implementation of the various schemes under the programme.

The following points were noticed in Audit:

(i) Utilisation of managerial subsidy for assisting the dairy co-operatives (Rs. 3.46 lakhs) was only 19 per cent of the budget provision (Rs. 18.09 lakhs) during 1977-82. The Department stated (July 1982) that the shortfall was due to non-organisation of new dairy co-operatives till 1979-80 within the jurisdiction of the *Adivasi* Co-operative Societies (ACS).

(ii) In respect of the scheme of subsidised distribution of dry pregnant buffaloes, the subsidy disbursed (Rs. 2.69 lakhs) was only 25 per cent of the budget provision (Rs. 10.68 lakhs during 1977-82). Low achievement was attributed by the Department (July 1982) to low quantum of subsidy (Rs. 1200 or 50 per cent of actual cost, whichever was less).

(iii) In respect of supply of one year old high progeny buffalo calves at the rate of Rs. 50 each, the Department could not indicate (July 1982) whether calves so supplied were reared by the beneficiaries.

(iv) Of 46, 61 and 39 dairy co-operatives to whom transport subsidy (total amount paid Rs. 29.98 lakhs as against budget provision of Rs. 38.75 lakhs) was paid during 1979-80, 1980-81 and 1981-82 respectively; 7, 17 and 5 dairy co-operatives discontinued procurement of milk.

Of 1796 Dairy Co-operatives registered as on 31st December 1981, 724 dairy co-operatives were either defunct or not functioning.

(v) The main thrust of the dairy development programme was to create infrastructural facilities by establishing chilling plants and dairy plants. In 8 districts 15 chilling centres were commissioned up to March 1982 at a total cost of Rs. 252.19 lakhs. The capacity of these chilling centres ranged from 5,000 litres to 20,000 litres. In 8 centres as against 44,000 litres expected collection per day, the actual collection per day was only 34,347 litres during 1981-82. Similar information in respect of remaining 7 centres was not available. The Department reported (July 1982) that there were no chilling centres in the T.S.P. areas of Amravati, Jalgaon, Nanded, Pune and Raigad.

In most of the chilling centres the actual collection was far below the capacity of the plants. In the case of 5 chilling plants the technical feasibility reports indicated that there was no milk collection in these areas. Specific reasons for setting up chilling centres at these places could not be ascertained from the records made available to Audit.

The Department stated (July 1982) that in order to provide subsidiary occupation to tribals it was decided to establish chilling centres in the heart of the tribal areas. There was inadequate milk collection and as such there was difficulty in organising the routes.

(vi) On the basis of the fat content etc., the milk is graded by the Government dairies and payment is made accordingly through the District Federations. Testing of milk supplied by individual producers was not done in 51 per cent cases in December 1981 (Dairy Co-operatives functioning: 2,872; not conducting individual testing: 1,466). The Department stated (June 1982) that utmost efforts were being made to ensure that the actual producers got proper rates for the milk supplied.

3.1.3.3 *Co-operation.*—(I) *Adivasi Co-operative Societies.*—258 *Adivasi Co-operative Societies (ACS)* were formed in a phased manner by amalgamating 1,372 existing Primary Agricultural Credit Societies (out of 1,753 then existing) for providing credit needs of *Adivasi* agriculturists both for raising crops and for improvement of lands, agricultural inputs ensuring remunerative price of the agricultural as well as forest produce of the *Adivasis* by undertaking marketing activities and providing credit in cash and kind for consumption purposes especially consumption requirements arising in lean months and helping landless labourers by undertaking subsidiary agricultural activities or labour contract works in their areas of operation. Financial assistance of Rs. 1,153.54 lakhs was given by Government during 1976-82.

Analysis of the operational details during 1976-77 to 1979-80 indicated that (i) the percentage of default to outstanding loan ranged between 60 and 70 in the case of short term loans and between 45 and 60 in the case of medium term loans, (ii) the average loaning capacity of the ACS and the average amount of loans granted to their borrowing members was far below the standards envisaged in the scheme, (iii) to the end of 1980-81, about 59 per cent of the membership was out of Government

loan and (iv) the financial position of the ACS during 1976-80 indicated that the percentage of societies in loss ranged between 82 and 97, compared to 1976-77 the management expenses and other expenses in 1979-80 recorded an increase of 366 per cent and 260 per cent respectively and out of 258 societies, 80 societies did not have any borrowing capacity during 1980-81 and the increase in overdues from Rs. 66.70 lakhs to Rs. 167.29 lakhs during the period weakened the financial position of the ACS.

With a view to minimising the operational losses, and thereby increasing the borrowing power of the societies, the State Government decided (October 1981) to convert the operational loan amount advanced to the ACS during first three years of their operation into subsidy and sanctioned Rs. 258.20 lakhs for the purpose.

The precarious financial position prevented the societies from becoming effective instruments for amelioration of the economic conditions of the tribals.

A scheme was introduced in March 1980 to pay off the defaulted dues of small and marginal farmers to the respective Co-operative Societies and Banks. To end of June 1979, 7.81 lakhs small and marginal farmers had about Rs. 40 crores outstanding against them. Of this, the *Adivasi* defaulters were 1.27 lakhs and the amount of default was Rs. 346 lakhs. An amount of Rs. 144.01 lakhs (principal) plus Rs. 79.22 lakhs (interest) was written off by Government (October 1981) benefiting 0.36 lakh tribals.

(2) *Construction of Godowns.*—Government sanctioned (August 1976) the scheme of construction of a godown of 300 M.T. capacity per ACS at a cost of Rs. 1.20 lakhs (subsidy : Rs. 0.90 lakh; interest-free loan: Rs. 0.30 lakh). Out of 232 ACS financed (Rs. 278.40 lakhs) till 1978-79, 104 godowns were completed, 47 godowns were in progress and work on remaining 81 godowns was not started, (December 1979). Out of 151 godowns on which work was done, 21 godowns completed within the ceiling cost of Rs. 1.20 lakhs while in respect of 95 godowns the excess cost worked out to Rs. 25.20 lakhs. The details of remaining 35 godowns were not available. An amount of Rs. 97.20 lakhs relating to 81 godowns not taken up for construction was lying idle with the Public Works Department. Government decided (November 1979) to scale down the

capacity of these 81 godowns to 80 M.T. each at the estimated cost of Rs. 0.82 lakh each. The societies were required to refund the excess amount of Rs. 30.78 lakhs already released by Government at the rate of Rs. 1.20 lakhs each after meeting the cost of construction of these godowns of small size. Information regarding the progress of construction, expenditure incurred till March 1982 and the excess amount refunded to Government was awaited from the Department (December 1982).

(3) *Construction of staff quarters.*—The scheme for construction of staff quarters sanctioned by Government in January 1981, provided for financial assistance to 50 societies at estimated cost of Rs. 40,000 per twin type design for each society (total Rs. 20 lakhs). Based on the schedule of rates for 1980-81 (Pune Division) and the proposals of the Department (March 1981) Government approved (November 1981) the revised cost of Rs. 53,540 for the twin type design. However, in pursuance of Government sanction of January 1981 an amount of Rs. 20 lakhs was drawn and deposited with the Public Works Divisions (1980-81) for which work was not taken in hand in the absence of approval of Government to the revised plans and estimates.

(4) *Consumption Finance.*—To meet the credit requirements of tribals, Government created the Consumption Finance Disbursement Revolving Fund (CFDRF) of Rs. 300 lakhs and introduced the scheme of Consumption Finance (1978-79), to be implemented by the Maharashtra State Co-operative Tribal Development Corporation Ltd., (TDC). Loan assistance between Rs. 100 and Rs. 250 (depending on the status of the tribal family) bearing interest at 7 1/2 per cent per annum was admissible to tribal families who were members of the ACS but were not covered by the Palemod Eradication Scheme which had been introduced by Government in 1965 but progressively discontinued from 1979-80.

It was seen in Audit (June 1981) that 63 per cent of the loan amount disbursed in 1978-79 was not recovered (amount disbursed : Rs. 177.74 lakhs, recovered : Rs. 65.58 lakhs), the number of beneficiaries progressively declined from 1.61 lakhs in 1978-79 to 0.49 lakh in 1980-81 and disbursement from Rs. 177.74 lakhs to Rs. 61.18 lakhs in the same period. The mounting overdues of Rs. 206.29 lakhs towards principal consumed 69 per cent of the CFDRF. The details of overdues of interest were not available with TDC (December 1982).

The TDC stated (July 1982) that no specific reasons could be attributed for the decline in the number of beneficiaries and efforts were being made to effectively recover the dues.

(5) *Forest Labourers' Co-operative Societies.*—The main object of the scheme was to eliminate the forest contractors who exploited the *Adivasi* labourers by organising Forest Labourers' Co-operative Societies, (FLCS), allotting coupes to them for taking over the work entrusted to forest contractors and giving a fair wage and share of profit to the *Adivasis* and imparting training to *Adivasis* in the management of these societies. 378 FLCS with 65,000 members, formed till end of 1980-81 were working on 553 coupes out of 1,259, constituting 44 per cent of the total.

(6) *Labour Contract Co-operative Societies.*—To the end of 1979-80, (co-operative year) 2,847 Labour Contract Co-operative Societies (LCS) were registered with a total membership of 1,61,515 (labour members: 1,50,249; others belonging to weaker section of community : 11,266). During 1976-82, financial assistance of Rs. 48.37 lakhs (share capital : Rs. 22.11 lakhs; subsidy: Rs. 18 lakhs and loans : Rs. 5.67 lakhs for purchase of tools and Rs. 2.59 lakhs for shares) were given by Government.

It was noticed in Audit that :

(i) Number of dormant societies ranged between 42 and 49 for which no specific reasons were assigned by the Department (November 1982).

(ii) While the total number of members was 1,13,456; 1,19,775; 1,53,209 and 1,50,249 the actual number of members employed on works was 73,739; 1,10,687; 93,505 and 93,367 during 1976-77, 1977-78, 1978-79 and 1979-80 respectively. The Department explained (June 1982) that since the work-awarding agencies did not have sufficient works, about 30 to 40 per cent members remained idle. Thus, the objective of societies to provide gainful employment to their members could be achieved only partially.

(iii) The number of societies earning profit during 1976-77 to 1979-80 varied between 52 per cent and 65 per cent. The average amount of profit per society was about Rs. 2000/3000 and the magnitude of losses in relation to the profits made by the societies was substantial

Low profits and heavy losses made by the societies were attributed by the Department (June 1982) to non-receipt of sufficient works throughout the year, availability of technical know-how in time, insufficient Government financial assistance and its outdated pattern.

3.1.3.4 *Transport and Communications.*—At the commencement of T.S.P. the Public Works Department estimated an outlay of Rs. 250 crores for construction of new road length of 9,313 km and improvements in the existing roads by construction of cross drainage works, bridges, improvement of road surface and other standards etc. Against the target of 9,313 km and budget provision of Rs. 30.33 crores, actual coverage to the end of March 1981 was 2,736 km at a cost of Rs. 30.90 crores.

Government (Public Works Department) stated (June 1982) that since the road activity was not considered as priority activity, allocation for road development was very meagre as compared to actual requirements and the deficiencies in the existing road net work were not detailed out as there was no likelihood of allocation of funds in the near future.

3.1.3.5 *Summing up—Education.*—Various schemes for promoting educational interests of Scheduled Castes/Scheduled Tribes and Other Backward Classes with a total expenditure of Rs. 72.15 crores (against the outlay of Rs. 76.77 crores) were implemented during 1976-82.

Irregular payments of post-matric scholarships were noticed; the system of index cards for detection of irregular scholarship payments was, however, discontinued; no effective measures were evolved by the Department to ensure that the scholarship money was actually disbursed in time to the scholars and that there was no misutilisation in disbursements.

The pockets where Scheduled Caste/Scheduled Tribe population resided were not identified before construction of hostels or additions or extensions to existing structures. No plan of action for construction of hostels was prepared although funds amounting to Rs. 64.07 lakhs were provided as assistance for the purpose during 1971-82.

There was no proper supervision by the Department on the management of aided hostels which led to complaints about sub-standard food, deficient amenities, false attendance, etc.

The scheme of book banks for Scheduled Caste/Scheduled Tribe students in medical and engineering degree colleges benefited only 3,374 students. Despite the financial assistance of Rs. 9.68 lakhs provided by Government of India (being 50 per cent of the expenditure on implementation of the scheme) the actual expenditure was Rs. 6.51 lakhs only during 1978-82.

The number of pre-matric scholarships given to the children of persons engaged in unclean occupations fell short of targets.

Conversion of *Ashram* Schools into post-Basic *Ashram* Schools was left to the District Planning and Development Councils who could not organise courses in prescribed agricultural and crafts training etc., in view of the limited resources; two post-Basic *Ashram* Schools did not have laboratory facilities; there was inordinate delay in providing text books, note books, etc., to the students; and buildings of at least 15 schools remained incomplete for periods varying from 3 to 7 years.

Although special maintenance allowance to Backward Class students in the *Sainik* Schools was given, only one could qualify for National Defence Academy.

Housing.—An expenditure of Rs. 3.02 crores was incurred during 1976-77 to 1981-82 in providing housing facilities to these communities.

Delays of over 10 years in completing construction of 86 housing societies were noticed. Inadequate financial assistance, lack of technical guidance, delays in obtaining institutional finance, involvement of various agencies for implementation of the scheme, etc., were reasons advanced for the delay in completion of the housing scheme.

465 societies were in default in repayment of loans, the overdue amount being Rs. 129.28 lakhs as on 1st March 1982.

The benefit of assistance to landless labourers in rural areas was availed of by individuals and no group housing societies were formed.

Economic Uplift.—An expenditure of Rs. 0.74 crore was incurred against the targeted outlay of Rs. 1.09 crores during 1976-77 to 1981-82 on various schemes for promoting the economic interests of the Scheduled Castes/Scheduled Tribes and Other Backward Classes.

The Corporation established for ensuring quick economic development of Backward Classes was able to provide assistance to 29 per cent of the targeted beneficiaries despite share capital contribution of Rs. 2.48 crores, institutional finance of Rs. 10.57 crores and special Central assistance of Rs. 10.65 crores.

The Zilla Parishads did not actively participate in the welfare programme for the Backward Classes to the extent envisaged. Rs. 8.03 lakhs were overdue for recovery on 31st March 1982 on account of loans disbursed through ZPs., for purchase of agricultural implements and development of land. No survey had been done to assess the additional land brought under cultivation.

In 9 districts out of 1,034 wells for which loans amounting to Rs. 18.43 lakhs were disbursed during 1974-82, only 614 wells had been completed.

As against the target of 2,100, only 530 candidates completed training course in motor driving during 1972-82 incurring a total expenditure of Rs. 2.65 lakhs.

No evaluation of departmental schemes for Scheduled Castes/Scheduled Tribes/Other Backward Classes, implemented in the sphere of education, economic uplift, housing and others was ever taken up by the Director of Social Welfare.

Tribal Sub-Plan.—An expenditure of Rs. 260.48 crores was incurred against the budget provision of Rs. 280.82 crores during 1976-77 to 1981-82 for implementation of various schemes.

In 36 per cent cases of land restoration, the possession was not handed over due to stay orders of courts, etc., where the land was restored to the tribals the actual cultivation was found to be by non-tribals.

The *Ashram* Schools were not found functioning multi-purpose as envisaged in the schemes; as against the target of opening 613 *Ashram* Schools, only 313 *Ashram* Schools were opened; only 40 were found housed in permanent structures; absence of science laboratories and shortage of qualified teachers were the common difficulties faced by the *Ashram* Schools which in turn produced poor results.

Rs. 42.96 crores were spent on Agriculture and Allied Services (against an outlay of Rs. 49.51 crores).

To end of October 1981, 575 electric motor pumps out of 3769 installed at a total cost of Rs. 234.11 lakhs were not energised for periods over 18 months. There was no provision for maintenance and repair of the installed pumps.

No assessment of the additional areas brought under irrigation or double cropping or of the incremental income earned by the beneficiaries was made by the Department.

Under the scheme of distribution of milch cows to small and marginal farmers, Rs. 1.69 lakhs only were spent against the provision of Rs. 10.37 lakhs in Thane District ; in Nashik District, the scheme was extended irregularly to farmers holding land in excess of the prescribed acreage of land. Out of 1,796 dairy societies in eight districts, 724 societies were defunct. The actual milk collection was found to be below capacity in most of the chilling centres.

Crop husbandry schemes did not help in raising non-subsidised portion by the tribal cultivators as they were defaulters to *Adivasi* Co-operative Societies.

Co-operation.—Over 95 per cent of the societies formed under the scheme for providing credit needs of *Adivasi* agriculturists were in loss during 1981-82; Rs. 167.29 lakhs were overdue for recovery from them at the end of June 1980.

The percentage of default was very high both in the case of short-term and medium-term loans. The object of individual beneficiary schemes could not be realised as majority of the tribals were defaulters.

44 per cent of the coupes had been made available for working to the Forest Labourers' Co-operative Societies.

The review was referred to Government in September 1982; reply was awaited (February 1983).

HOUSING AND SPECIAL ASSISTANCE DEPARTMENT

3.2 Small loans to unemployed and under-employed persons

3.2.1 *Introductory.*—Government sanctioned (September 1980) a scheme for providing small loans to unemployed and under-employed

needy persons to enable them to undertake gainful self-employment ventures in small trade, business, service, industry, etc. Interest-free loans upto Rs. 2,500 in each individual case were to be granted, without security and on execution of a bond, to persons who were residents of the State for not less than fifteen years and who were unable to provide security or margin for loans and the loans were repayable within maximum period of 10 years.

Application for loans in the prescribed form, duly recommended by competent* authority, were to be submitted to the *tahsildars* of the respective area. All the applications were to be placed by the *tahsildar* before the area loan sanctioning Committee for each *tahsil* for necessary scrutiny and sanction. The Committee was to consist initially of five non-official members including a chairman to be appointed by Government and the *tahsildar* functioned as the Secretary of the Committee. In some *tahsils*, Committee comprised three or four members. The Committees were to meet at least once in a month and take decisions on the loan applications on the basis of simple majority, the quorum being at least two members out of three and three members out of four or more members. The *tahsildars* were the drawing and disbursing officers for the loans which were sanctioned by the Committees. The Collectors of districts were the controlling officers for the implementation of the scheme and were required to attend at least one meeting in a month to inspect records and to check a few cases at selected centres to ascertain that loans were granted only in deserving cases. In November 1981, Government issued orders providing for the Commissioners of the Divisions to oversee the working of the scheme.

3.2.2 *Outlay and expenditure.* Rs. 1028.40 lakhs were disbursed as loan to over 2 lakhs individuals upto the end of March 1982 as sanctioned by 463 Committees formed in various *tahsils*.

* Members of Parliament/Legislature/Zilla Parishad/Municipal Corporation or Council/Chairman and member of Panchayat Samiti.

Particulars of number of Committees constituted, number of applications received and scrutinised upto October 1981, are given below:

Serial number	Name of Division	Number of Committees	Number of applications received upto October, 1981	Number of applications scrutinised upto October 1981
(1)	(2)	(3)	(4)	(5)
1	Amravati ..	88	2,41,800	38,200
2	Aurangabad ..	78	2,91,600	52,700
3	Konkan ..	89	2,00,000	53,300
4	Nagpur ..	74	2,21,800	27,500
5	Nashik ..	62	2,80,100	71,200
6	Pune ..	72	4,06,700	1,25,800
	Total ..	463	16,42,000	3,68,700

Implementation of the scheme in 39 *tahsils* and Collectorates in ten districts was test-checked by Audit in July-August 1982. The results of review are given in the succeeding paragraphs.

3.2.3 *Sanctions for Loans (i)*. In 17 *tahsils* (7 districts), sanctions relating to 7,215 loanees who had been paid loans totalling Rs. 35.79 lakhs between October 1980 and July 1982, were not traceable in the minute books. The connected applications were not made available to Audit for verification.

(ii) In 25 *tahsils* (9 districts), 2,149 applications for a total loan amount of Rs. 12.79 lakhs had been recommended by authorities other than those specified by Government as the 'competent authority' and/or 'competent authority' not belonging to that area. Some applications had not been recommended by anyone. In several cases in Bombay, recommendations were made by members/Chairman of the Committee though Government had clarified (April 1982) to the Collectors that loan applications recommended by members/Chairman of the Committee could not be accepted.

(iii) In 34 *tahsils* (10 districts), loans totalling Rs. 9.14 lakhs had been disbursed to 894 persons who were already established in business, trade,

etc., or were employed or had other source of income (under the scheme priority was to be given to those in whose family there was not a single earning member).

(iv) In 24 *tahsils* (8 districts), loans totalling Rs. 9.09 lakhs were disbursed to 622 loanees for undertaking activities not authorised under the scheme or in excess of amounts prescribed.

(v) In 3 *tahsils* (Bombay), 111 loanees were granted loans of Rs. 2 lakhs for opening stalls on footpaths, etc., in violation of municipal regulations.

(vi) Though the scheme provided that knowledge/experience of persons in trade/business to be undertaken was to be assessed, in 14 *tahsils* (4 districts), loans totalling Rs. 1.89 lakhs had been disbursed to persons who had no experience/training in the trade/business, etc., for which the money was asked for.

(vii) In 21 *tahsils* (8 districts), loans amounting to Rs. 2.99 lakhs had been paid in 308 cases to more than one member of the same family. In 4 *tahsils* (2 districts) in 11 cases (loan paid: Rs. 0.10 lakh), loans had been given to same persons twice on two different applications for the same/different purpose.

(viii) Although the members of the Committee were required to record their decision on the application form in writing, it was noticed in almost all the *tahsils* inspected that the decision to sanction loan applications had not been recorded by all the members. In most cases, they were signed by the Chairman only. The entries in the minutes books of the Committees meetings in several cases, did not indicate the Chairman having attended the meetings though the connected applications bore the Chairman's signatures in token of sanction by the Committee (5 districts; 7 *tahsils*; 1,205 loanees; loan paid : 16.79 lakhs).

(ix) In 8 *tahsils* (6 districts), loans totalling Rs. 6.15 lakhs had been sanctioned to 999 loanees at meetings which did not have the prescribed quorum.

(x) The capacity of loanees to repay loans, nature of activity, etc., was not kept in view while fixing period of repayment of loans. The period of repayment of loan was, therefore, generally mentioned by the *tahsildars* in the agreements as ten years (including two years moratorium).

(xi) Proper scrutiny of the bonds executed by the loanees was not conducted by the *tahsildars*, before loans were disbursed. It was noticed

that in several cases of applications scrutinised in the *tahsils* in Greater Bombay, the bonds were incomplete and particulars such as signatures of witnesses/the signature in token of acceptance of bond by competent authority were wanting. In Nagpur District no bonds had been obtained.

(xii) In 12 *tahsils* (Aurangabad, Bombay, Nagpur and Solapur Districts), loans totalling Rs. 0.71 lakh had been paid by *tahsildars* to loanees even before the formation of Committees and consideration of the applications at meetings.

(xiii) In a *tahsil* (Aurangabad city), 1,100 cases sanctioned by the Committee in December 1981 were cancelled by it in March 1982, on the ground that the applications sanctioned earlier needed proper scrutiny. In another *tahsil* (Bombay), payments to 73 loanees who had been sanctioned (October 1981) loans totalling Rs. 1.15 lakhs had been withheld by the Committee as per its subsequent decision (June 1982) on the ground that the applications needed further scrutiny.

(xiv) A Committee (Pune District) had not followed the prescribed procedure for sanctioning loan applications. The Committee members were reported (by the Collector to Government in December 1981) to have accepted loan applications directly, sanctioned loan (without placing them before the Committee) to ineligible persons who included a member of the Committee, his near relatives, etc. Many of these applications had been recommended by a Special Executive Magistrate, who had obtained loan under the scheme for himself and his wife. 155 applications of ineligible persons received by the *tahsildar* were awaiting enquiry. Government ordered cancellation of sanctions/recovery of loans paid in certain cases.

(xv) Though the loan sanctioning Committees were to meet at least once a month for scrutinising loan applications, meetings were held, in almost all *tahsils* in the districts test-checked, at intervals/gap of three to six months.

3.2.4 *Drawal of funds.*—The financial rules of Government stipulate that money should not be drawn from treasury unless it is required for immediate payment. The following instances where funds were drawn in advance of requirements were noticed:

(i) In a *tahsil* (Bombay), loans totalling Rs. 0.41 lakh had been paid between March 1981 and August 1981 to 17 loanees before the loans were sanctioned.

(ii) In a *tahsil* (Thane District), Rs. 1.63 lakhs had been drawn on an abstract bill on 30th March 1982; loans totalling Rs. 0.90 lakh had been paid on 30th and 31st March 1982, leaving a cash balance of Rs. 0.79 lakh including undisbursed cash of Rs. 0.06 lakh on another account. The cash book was, however, closed with a 'nil' balance on 31st March 1982; two pages had been left blank before recording the closing entry. The *tahsildar* stated (July 1982) that the amounts could not be disbursed fully as the Committee had not sanctioned the applications well in time.

(iii) In a *tahsil* (Aurangabad) Rs. 2.50 lakhs allotted for 1982-83 had been drawn from the treasury and kept in a nationalised bank. Cheques were issued as and when loans were sanctioned by the Committee. At the time of audit (August 1982), the balance in the bank as per cash book was Rs. 2.30 lakhs. It was stated that the account was opened with the bank as per directives of the Committee. It was irregular to draw funds without valid sanctions or in advance of requirements and to deposit the same in a bank without proper authority.

(iv) There was no uniformity in drawal of money from treasury. While some drawing and disbursing officers drew money on abstract bills, others drew it on simple receipts. Lists of sanctions accorded to loan applications considered by Committees at their respective meetings were generally not submitted along with bills presented for drawal of money, thereby infringing the provisions contained in the Treasury Rules.

3.2.5 One of the Divisional Commissioners pointed out that the scheme did not provide any guidelines for identification of needy persons, incorporation of details of family members of the applicant and his financial status in his loan application form, the manner in which the competent authority satisfied itself about the eligibility for loans, repayment of loan amount, its utilisation, etc. Information regarding action taken by Government is awaited (December 1982).

3.2.6 In June 1982, the State Level Conference of the District Collectors, held that the main purpose of granting small loans to the poor for undertaking some industry/business had been totally defeated as the scheme contained loopholes; guidelines to judge the viability of an applicant's proposal, or for scrutinising the applications were absent; in

order to accommodate as many members as possible, sanctioning of paltry and inadequate amounts rendered self-employment scheme inviable, the loans being treated as gratuitous relief by many borrowers; disposal of applications was poor compared to large number of applications received and there were numerous cases where loans had been given to undeserving persons.

The Conference recommended that the function of sanctioning loan should be entrusted to a financing agency and not to local committees or revenue officers; the period of repayment laid down by Government needed to be reviewed and persons below poverty line should be identified with reference to surveys already conducted and reservations should be made for persons belonging to weaker sections of the community. Although the minutes of the Conference were circulated (June 1982) to the Collectors and Divisional Commissioners, specific orders of Government are awaited (December 1982).

3.2.7 To ensure that the benefit of the scheme did not go to undeserving persons and malpractices were checked, Government constituted (June 1981) a High Power Committee to oversee the implementation of the scheme and to suggest measures to plug loopholes, if any. The Committee was also to suggest modifications calculated to achieve the objectives desired. According to its interim report submitted (January 1982) to Government, the Committee had observed that the working of the loan sanctioning Committees was not satisfactory. Loans had been granted to ineligible persons and deserving cases had not been considered. In many cases, applications of the relatives of the Chairman and members of the Committee were considered and loans granted. Cases of corruption had also been noticed by the Committee. To eliminate the defects in the scheme, the Committee recommended a number of measures covering registration of applications, time-limit for scrutiny/sanction, manner of scrutiny by Committee, fixing period of repayment, enquiry into utilisation, provision for summary recovery, etc. Government issued orders (September 1982) modifying the procedures in regard to maintenance by *tahsildars* of a register to record applications, completion of scrutiny/submission of applications to their respective Committees within two months, recording of decisions within two months, by Committees to sanction/reject loan and verification of utilisation of loans by *tahsildars*,

Government also ordered that the period of repayment should be flexible and could start six months after the disbursal of loan, depending on the nature of business. The Committee's final report is awaited (December 1982).

3.2.8 *Disbursement.*—(i) In the absence of a connected record containing details of serial number of application sanctioned, amount sanctioned, date of meeting at which sanctioned, etc., linking of total payments recorded in the *tahsildar's* cash books with sanctions made by the respective Committees was not possible. Differences, as shown below, both in regard to number of loanees as well as amounts paid were noticed :

Office	Period	Number of loanees		Difference	Sanctioned as per minute book	Paid as per cash book	Difference
		As per cash book	As per minute book				
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
(in lakhs of rupees)							
<i>Tahsildar</i> No. I Bombay	October 1980 to July 1982	954	996	42	17.29	18.22	0.93
<i>Tahsildar</i> No. III Bombay	October 1980 to July 1982	1577	1361	216	14.68	17.12	2.44
<i>Tahsildar</i> Nag- pur (Rural)	1981-82	186	69	117	0.71	1.58	0.87
Total ..		2717	2426	375	32.68	36.92	4.24

The *tahsildars* concerned could not clarify the reasons for the difference or circumstances under which more persons were paid loans than those sanctioned by the Committees.

(ii) In a *tahsil* (Pune District), payment of loans totalling Rs. 4.82 lakhs to 1358 loanees between July and September 1981 had not been reflected in the cash book.

(iii) In a *tahsil* (Aurangabad District), loans totalling Rs. 0.87 lakh had been disbursed out of money drawn from treasury under another scheme for grant of pension.

(iv) In a *tahsil* (Aurangabad City), 201 entries (loans paid : Rs. 0.54 lakh) were found to have been inserted in the minute book by assigning duplicate numbers. In the absence of supporting details of sanction, etc., and proper attestation, it could not be ascertained in Audit whether the amount paid to these loanees had been sanctioned by the Committee.

(v) In a large number of cases in *tahsils* in Greater Bombay, proper acquittances had not been obtained by the *tahsildars* in token of payment made by them.

3.2.9 *Utilisation of loans.*—Government had communicated (October 1980) a note to the District Collectors suggesting that some machinery should be devised to supervise the end-use of loans sanctioned, but no specific procedure for ensuring this was laid down. In September 1982, sample verification by *tahsildars* of utilisation of loans was prescribed. Barring a few cases checked by revenue officials in *tahsils* in Greater Bombay, as so indicated in the application forms concerned, no further follow-up action was found to have been taken in other *tahsils*. The *tahsildars* pleaded paucity of staff for the inability to check large number of cases involved. Test-check by revenue officials in Bombay disclosed cases where loans had not been utilised for the purpose for which they were granted, loanees had never stayed at the address mentioned in the application or had migrated from the place (19 cases : Rs. 0.31 lakh). Though Government prescribed (July 1981) examination of such cases of irregular payments by Collectors/Commissioners, a scrutiny of the records by Audit indicated that these cases had not been placed before the Collector subsequently. No action was taken for recovery of amounts involved.

3.2.10 *Supervision of the implementation of the scheme.*—According to the orders issued by Government in April 1981, Collectors were to attend at least one meeting every month and to report to Government their findings on the proper functioning of the Committees. A scrutiny of the Government files indicated that only 17 reports were received from 11 out of 28 District Collectors during May 1981 to August 1982 as against 448 reports due. While confirming this position, Government stated (September 1982) that monthly receipt of reports would be watched and follow up action taken in future.

According to the instructions issued by Government (June 1981), the Collectors are also required to send a monthly progress report to Commissioners on the position of applications received, considered and pending at the end of the month, loans disbursed, number of meetings held, number of members present, etc. While the Commissioners of Amravati, Bombay and Nagpur stated (August-September 1982) that they had called for the details from the respective Collectors, information from the remaining three Commissioners (Aurangabad, Nashik and Pune) was awaited (December 1982).

3.2.11 *Maintenance of records.*—(i) Applications had not been recorded in any prescribed register and subsequent action thereon indicated, reportedly, due to rush of work, paucity of staff in the initial year, etc. Action was also pending on some applications received prior to January 1982.

(ii) As per instructions issued by Government in September 1981, each loanee was to be supplied with a pass book indicating all details regarding the loanee and loan sanctioned, with a copy containing identical details, being retained by the *tahsildar*. None of the *tahsils* had issued/maintained such pass books; it was stated (August 1982) that printed pass books had not been supplied by Government.

(iii) Loan ledgers had not been maintained in most of the *tahsils*; in some *tahsils* they were kept in *takkavi* loan forms.

3.2.12 *Summing up.*—The scheme of loan assistance intended to provide gainful self-employment to needy persons was implemented by disbursing loans amounting to Rs. 10.28 crores to 2.23 lakh persons during 1980-82.

Loans (Rs. 9.14 lakhs) were sanctioned to 894 ineligible persons; Rs. 2.99 lakhs were also paid to the members in the same family in 308 cases.

Premature drawal of funds resulting in retention of undisbursed balances even after three months of drawal was noticed. Several irregularities were noticed in the drawal, disbursement and accounting of money; Rs. 36.92 lakhs were disbursed to 2717 persons as against Rs. 32.68 lakhs sanctioned to 2426 persons. Rs 1.12 lakhs were disbursed

before sanction and without formation of the Committee to sanction the loan. Rs. 35.79 lakhs sanctioned to 7215 persons could not be verified with reference to the entries in the connected minute book.

No followup action was taken after disbursement to verify proper utilisation of the assistance.

The matter was reported to Government in September 1982 and Government stated (January 1983) that they were considering modification of the scheme in the light of the observations made in the review pending verification of comments thereof by the Collectors concerned.

AGRICULTURE AND CO-OPERATION DEPARTMENT

3.3 Integrated Cotton Development Project, Amravati

3.3.1 The integrated Cotton Development Project (ICDP) sponsored by Government of India with the World Bank assistance was taken up for implementation in Amravati District by the State Government in July 1976. The project envisaged (i) accelerated research to breed more suitable and higher yielding varieties of cotton by ICAR, New Delhi and agricultural Universities at Akola, Parbhani and Rahuri, (ii) improved production from the use of certified seeds, more intensive plant protection services and cultural practices, modernisation and expansion of ginning and cotton seed processing by the State Government, (iii) provision of revolving fund for incremental seasonal credit to growers by Maharashtra State Co-operative Bank and Agricultural Refinance and Development Corporation (ARDC) and (iv) training programme by Government of India. As against projected outlay of Rs. 318.43 lakhs during 1976-77 to 1980-81, the expenditure incurred upto March 1982 was Rs. 323.29 lakhs vide details in Appendix III-2.

Records of the project authority at Amravati and of the Agricultural Universities at Akola, Parbhani and Rahuri for the period from 1976-77 to 1981-82 were checked, and the important points are given in the following paragraphs :

3.3.2 *Targets and achievements.*—While the targets in hectares set out in the appraisal report of the World Bank were 20,000 (1976-77), 40,000 (1977-78) and 50,000 in each of the years from 1978-79 to 1981-82, those set out by the State Government progressively increased from

15,000 hectares in 1976-77 to 60,000 in 1981-82. As against this, achievements during the same period were 12,840, 24,474, 47,326, 53,287, 53,472 and 63,539 in respective years.

3.3.3 *Varieties of cotton grown.*—Before the commencement of the project many varieties of cotton were grown by the cultivators in the project area and about 78 per cent of the cotton growing area of the district was covered by L-147 and B-1007 varieties of cotton. In order to follow the pattern prescribed by the World Bank, Cotton Control Act was made applicable in the project area and notification was issued (July 1976) allowing only one variety from each of the groups namely L-147, AK--235 and H-4 to be grown so as to keep the number of varieties grown to the minimum. Table below gives the position of varieties of cotton grown in the project area.

Variety of Cotton	1976-77	1977-78	1978-79	1979-80	1980-81	1981-82
(1)	(2)	(3)	(4)	(5)	(6)	(7)
	(figures in hectares)					
L-147 ..	9,524	5,684	6,333	3,007	1,539	1,087
B-1007 ..	....	12,048	25,614	31,221	36,536	38,164
H-4 ..	3,118	5,995	7,728	9,491	12,394	15,372
AK-235 ..	198	747	2,929	4,326	3,160	251
SRT-1 ..	X	X	4,722	5,242	2,047	1,172
AKH-4 ..	X	X	X	X	796	4,236
Others ..	X	X	X	X	X	3,257

The cultivators continued to use B-1007 variety to the maximum extent (59 per cent in 1981-82), despite the issue of notification. The project authorities stated (July 1982) that Government had withdrawn the restriction in 1981-82.

Though the appraisal report envisaged evolving new varieties of cotton to suit the soil, water and climatic conditions of the project and developing

(X) — Not introduced

medium staple high yielding short seasoned varieties of the compact plant type with acceptable staple length and textile qualities, no new variety was introduced upto 1979-80. The area covered upto March 1982 by one hybrid variety namely AHH-468 introduced in the year 1981 was also negligible. None of the varieties actually grown during the project period conformed to the envisaged specifications.

3.3.4 *Yield of cotton.*—The project was expected to increase per hectare yield from 380 kgs in 1976-77 to 620 kgs per hectare in the year 1980-81. The actual yield was as under :

Year	Per hectare yield as per appraisal report	Actual yield
(1)	(2)	(3)
	(Figures in kilograms)	
1976-77	380	469
1977-78	440	557
1978-79	500	614
1979-80	560	609
1980-81	620	513
1981-82	680	Not available

While there was an increase in per hectare yield during 1976-77 to 1979-80, there was a fall in per hectare yield in 1980-81. The Project Officer stated that the steep fall in production in 1980-81 was due to unfavourable season i.e., dry spell in July, 1980 and excessive rain in August 1980 and again dry spell in September 1980 and onwards. He attributed the failure of crop in 1980-81 season to erratic monsoon, boll formation which reportedly adversely affected the cotton crop.

Even though the project authorities contended that there was increase in yield over the base year, the Indian Institute of Management, Ahmedabad, which conducted (May-June 1979) and independent evaluation of the project, reported (October 1980) that the project failed to achieve the target.

3.3.5 *Demonstrations.*—To demonstrate the practical and effective means of increasing cotton yields and create confidence among cultivators to follow full package of practices for increasing the yield of cotton, pilot

demonstration plots were organised on cultivators' fields. Subsidy in the form of inputs to the extent of Rs. 500 per hectare was made available to small and backward cultivators for fertilisers and pesticides. Year-wise expenditure incurred and area covered under demonstration are given in the following table:

Year	Total hectares covered by ICDP	Total hectares covered by demonstrations	Number of cultivators covered by ICDP	Number of cultivators covered by demonstration	Expenditure incurred on demonstration (in lakhs of rupees)	Percentage covered
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1977-78 ..	24,474	750	14,042	865	3.52	6.16
1978-79 ..	47,326	1,200	28,563	1,706	5.93	5.97
1979-80 ..	53,287	1,100	29,803	1,614	5.39	5.41
1980-81 ..	56,472	750	31,852	1,347	3.75	4.22
1981-82 ..	63,539	680	34,547	879	3.38	2.54

Varieties of cotton demonstrated

1977-78	H-4, L-147, AK-235
1978-79	H-4, SRT-1, B-1007, L-147
1979-80	H-4, SRT-1, B-1007, L-147
1980-81	H-4, SRT-1, B-1007
1981-82	Not made available.

The coverage under demonstrations was meagre both in respect of number of farmers as well as area. While the number of cultivators covered under the programme increased progressively, the number of cultivators covered by demonstration declined. The project Officer stated (July 1982) that it was not possible to give demonstration plot to each small holder as the number of small holders was huge. It was noticed (July 1982) that L-147 and AK-235 varieties of cotton initially notified for inclusion in the project area were being discouraged by the project authorities in as

much as there were no demonstrations of these varieties in small holders' plots (from 1978-79 onwards in the case of AK-235 and in 1980-81 and 1981-82 in the case of L-147). The Project Officer stated (July 1982) that L-147 was a low yielder and the demonstrations were held according to the choice of the cultivators regarding the variety of cotton to be demonstrated.

3.3.6 *Production and distribution of seed.*—Production of important varieties of foundation and breeder seeds for use in the project area was entrusted to the Punjabrao Agricultural University, Akola. The distribution of certified seeds in the project area was the responsibility of the Maharashtra State Seed Corporation, Akola (Corporation). The availability of certified seeds with the Corporation was found to be insufficient. Consequently, the Corporation was not in a position to supply certified seeds to the cultivators in the project area. During 1979-80 and 1980-81 as against the demand of 880 quintals and 4350 quintals, the Corporation could supply only 190 quintals and 503 quintals respectively. In the subsequent year i.e., 1981-82 also the position of supply of certified seed was no better. Against the total requirement of 4950 quintals and registered demand of 1610 quintals, only 393 quintals were supplied by the Corporation and as a result 4380 quintals of non-certified seed (improved varieties) were utilised.

The Director of Agriculture, Pune stated (August 1982) that though large quantities of improved seed varieties were distributed, no area was covered with these seeds and entire area covered was with certified seeds only. It was, however, found that as against the total requirement of 4950 quintals of seed, the Corporation and other agencies could supply only 787 quintals of certified seed and the rest of the quantity was from others who supplied improved seeds. According to Joint Review Committee*, major sowings in the project area were done with fuzzy seeds and that although Maharashtra was a leading State in the country for producing the truthfully labelled and certified seed, it could not meet fully the demands of the cultivators.

The Agricultural University, Akola stated (July 1982) that the distribution of certified seeds was affected due to demand made by the

*The Joint Review Committee consisted of representatives of Indian Council of Agricultural Research (ICAR), State Government, Agricultural Universities, implementing authorities, etc.

Corporation for 10 per cent advance alongwith the indent for seed and high cost of certified seeds (Rs.6 per kg) as against truthfully labelled seed (Rs.1. 87 per kg)

The Indian Institute of Management, Ahmedabad had observed (October 1980) that the problems faced by the farmers were non-availability of seed in time, non-availability of better quality seeds, mixture of other inferior quality seeds, non-availability of new variety seed, high seed prices, non-availability of the seed quantity as per requirements, etc. compelling the cultivators to use non-certified seed almost throughout the project period. Action taken on this report is awaited (February 1983).

3.3.7 *Cotton seed processing.*—According to the Department, most of the cotton seed produced in the project area was being processed locally. The Agricultural University, Akola held that poor germination resulting in poor plant population on the cultivators' field posed one of the major causes of poor yield per hectare. Germination of cotton seeds could not be improved unless it was delinted and graded with the help of machines. Delinting of cotton seed was to be achieved through exposing the seed to reaction of acid for some time. However, if the duration was prolonged even by a few minutes the germ would also get damaged, hence acid delinting process required mechanical efficiency to get good results. The World Bank appraisal mission had also observed that major improvements in sanitation and maintenance procedure, together with improved or new equipments for delinting, dehulling and meats preparation would be necessary and envisaged setting up of three cotton seed processing plants at Akola, Parbhani and Rahuri with assistance of Rs. 40 lakhs. Government released Rs. 25.21 lakhs to three Universities. The University at Akola had spent Rs. 14.43 lakhs upto June 1982 and the Universities at Parbhani and Rahuri had spent Rs. 5.65 lakhs and Rs. 8.04 lakhs respectively upto March 1982 for setting up the cotton seed processing plants. In Akola, the machinery and equipments purchased (expenditure Rs. 14.43 lakhs) remained uninstalled (July 1982) due to non-completion of building to house the machinery. The University stated (July 1982) that installation and commissioning of the machinery would be completed by September 1982. Of the total machinery purchased at Akola, it was noticed (July 1982) that two saw gins, gummars, acid delinters all valued at Rs. 11.87 lakhs were purchased from a Delhi firm in March 1982,

based on the rates for similar machinery purchased by the Maharashtra State Seed Corporation at Akola, without calling for competitive tenders, although there was another firm which could supply the machinery. No guarantee period was obtained from the firm for the above said items of machinery. Ancillary equipments costing over Rs.1.59 lakhs were purchased a year before the purchase of saw gins and delinters etc. For operating the machinery, the University was planning (July 1982) to send the plant engineer and senior mechanic to Delhi for training. In Parbhani and Rahuri also the building to house the cotton seed processing plant was not ready (March 1982). Consequently, the expected advantage to be derived by use of this machinery during the project period could not be achieved and improved seed continued to be processed through double roller gins.

3.3.8 *Farm machinery and equipment.*—In order to cultivate the land available with the Universities at Akola, Parbhani and Rahuri, and mechanise the farm operation to reduce the cost of production of seed required in the project area, Government had released (upto March 1982) to the three Agricultural Universities Rs. 37.11 lakhs. The Akola University incurred expenditure of Rs. 12.72 lakhs in 1980-81 and Rs. 6.13 lakhs in 1981-82. The extent to which the delay in procurement of farm equipments and machineries affected the implementation of the project was not ascertainable.

3.3.9 *Civil Works.*—The civil works envisaged in the project consisted of research laboratory, seed storage godowns, equipments service shelter, training hostels and consultants' quarters. Total expenditure incurred by the three Universities upto March 1982 on all the items was Rs. 82.01 lakhs.

A test-check (July 1982) of the records of the Akola University indicated the following:—

(i) At Akola, cotton research centre was being housed in a temporary shed. The appraisal report envisaged setting up of research laboratory at Akola by 1977-78. Government released (1977-78 to 1979-80) grant of Rs. 19 lakhs to enable the University to complete the laboratory for its use in the project. The University had incurred expenditure of Rs. 12.64 lakhs upto March 1982 and stated (July 1982)

that though the building was complete, some alterations and additions at a cost of Rs. 1.40 lakhs were required to be made to the laboratory. It was noticed that out of the laboratory equipments valued at Rs. 20 lakhs to be financed by the ICAR, expenditure incurred upto March 1982 was Rs. 11.75 lakhs only.

(ii) In order to meet the lodging requirements of trainees under the training programme, construction of a trainees' hostel was taken up under the programme. Government released Rs. 8 lakhs to the University upto March 1982. The University had, however, incurred an expenditure of Rs. 10.58 lakhs from 1980-81 to 1981-82. It was noticed that the construction work of the hostel building was started late and the building was declared open in November 1981. The University stated (July 1982) that no trainee had occupied the building during 1981-82 and it was proposed to utilise the building for providing temporary boarding and lodging arrangements to the trainees who might be admitted for short term courses in the University after the termination of the project period.

(iii) The consultants were to be posted at Akola. In order to house the consultants for the projects envisaged, construction of quarters was taken up in the university premises. Government had released Rs. 4 lakhs to the University upto March 1982. Although the University had spent Rs. 5.06 lakhs upto March 1982, none of the four quarters was completed (July 1982). According to the University, to complete these quarters and to furnish them, additional funds to the extent of Rs. 2.91 lakhs were required. The University stated (July 1982) that pending completion of these buildings, the consultants were provided with alternative quarters in the University campus.

(iv) The University at Parbhani received a total financial assistance of Rs. 29.68 lakhs for undertaking various construction activities and purchase of machinery and equipments for use in the project, and incurred an expenditure of Rs. 25.22 lakhs upto March 1982. A part of the funds provided by the project authorities was found diverted for other purposes. The University stated (June 1982) that such diversion of funds to the extent of Rs. 6.89 lakhs upto March 1982 was for the National Seeds Project financed by the I.C.A.R., New Delhi

and that Government had been approached for regularisation. The University had not completed construction of seed storage godowns and erection of seed processing machinery.

(v) Unspent balance of grants remaining with the three Universities at Akola, Parbhani and Rahuri as on 31st March 1982 aggregated Rs. 11.76 lakhs. Further assistance of Rs. 62.27 lakhs (Akola : Rs. 38.04 lakhs; Parbhani: Rs. 8.73 lakhs; and Rahuri: Rs. 15.50 lakhs) was sought by the Universities for completing constructional activities and purchases entrusted to them under the project. Increased assistance was sought on grounds of escalation of cost of all the items, specially the building material, machinery and equipments, labour, etc., provision for maintenance of various civil works, machineries and equipments, etc., and for providing facilities for operating the full-fledged cotton seed processing plant.

3.3.10 *Plant protection appliances.*—In order to meet the requirements of farmers covered in the project area, Government provided subsidy at the rate of 25 per cent of cost of plant protection appliances and hiring plant protection appliance to the cultivators.

During the period from 1976-77 to 1981-82 the Project Officer, Amravati had incurred an expenditure of Rs. 2.66 lakhs for payment of subsidy to 2696 cultivators to enable them to purchase the equipments. In addition an expenditure of Rs. 6.06 lakhs was incurred on the purchase of 1813 sprayers meant for hire to the cultivators. The following points were noticed:

(i) Upto 1980-81, 813 sprayers costing Rs.2.33 lakhs were purchased, only 491 sprayers could be hired to the cultivators. Additional number of 1000 sprayers costing Rs. 3.73 lakhs were purchased in 1981-82 which were lying idle.

(ii) 309 sprayers were stated to be (July 1982) under repairs, and another 147 (cost Rs. 0.41 lakh) awaiting condemnation. Out of 355 sprayers purchased in 1977-78 at a cost of Rs. 1 lakh, 40 per cent were under repairs and 60 per cent had been condemned.

(iii) Expenditure incurred on maintenance of the sprayers and on repairs from 1976-77 to 1981-82 amounted to Rs. 1.20 lakhs. The total hire charges recovered from the cultivators were Rs. 0.31 lakh.

(iv) The Indian Institute of Management, Ahmedabad, reported (October 1980) that the major problems faced by the farmers in respect of the Integrated Cotton Development Project were that the equipments were not available in time when needed and that the farmers had to get the equipments repaired at their own cost and pay the hire charges as well.

3.3.11 *Other topics.* (i) *Delay in recovery of Tagai loan.*—Tagai loans were distributed to farmers covered by the project to enable them to purchase seeds and pesticides, which were to be recovered in one instalment at the time of monopoly procurement of cotton. Of the total loan of Rs. 12.03 lakhs given during 1976-77 to 1980-81 to the farmers Rs. 9.16 lakhs were pending recovery (March 1981). Though according to Government orders issued from time to time, these farmers who had defaulted in repayment of the loan were not entitled to fresh loans, they were paid Rs. 5.28 lakhs during the period from 1976-77 to 1978-79. Details of loans paid subsequently were not available.

(ii) *Audio visual equipments.*—During the project period commencing from 1976-77, the Project Officer, Amravati purchased Audio visual equipments, projects, pick-up van, etc., at a total cost of Rs. 1.14 lakhs so that the farmers could be taught improved practices. A further expenditure of Rs. 0.38 lakh was incurred in 1981-82 for body building of the pick-up van. However, excepting 12 shows in 1980-81, no other film shows were held. Post of driver-cum-operator of the van was sanctioned in 1982-83 only. The Director of Agriculture, Pune directed (July 1982) the Project Officer to send all the above said equipments to the Agriculture Information Officer, Pune, for use in that department. Thus, the project did not derive any benefit out of these equipments.

3.3.12 *Summing up.*—The project implemented at a cost of Rs. 323.29 lakhs did not fully realise its objective of evolving and cultivating new varieties of cotton and those grown in the project area did not conform to the envisaged varieties. The anticipated yield of cotton per hectare was not achieved. The State Seed Corporation and the Agricultural Universities did not meet fully the demand of the cultivators for certified seeds resulting in their using fuzzy seeds. Seed processing plants and research laboratories contemplated under the project had not been set up by the Universities and huge amounts remained unspent with them.

The project authorities did not supply plant protection appliances to the cultivators when demanded. The matter was referred to Government in September 1982; reply is awaited (February 1983).

3.4 Non-recovery of misutilised subsidy

As a part of the 'decade of progress' celebrations, Government undertook (1975-76) a special programme for construction of wells and installation of pump sets on the wells of small marginal farmers. The programme was implemented through the Maharashtra State Co-operative Land Development Bank (Bank) which was to provide 75 per cent of the cost as loan to farmers from its complementary resources and balance 25 per cent was to be paid by Government through the Bank as subsidy. The subsidy was to be sanctioned by the District Deputy Registrar of Co-operative Societies in favour of loanee after obtaining an undertaking to refund the subsidy paid in excess of the amount admissible as well as the entire amount of subsidy if the loan received was not utilised for the said purpose as per the terms and conditions of loan sanctioned by the Bank. The District Officer of Ground Water Survey and Development Agency (GSDA) was to verify the utilisation of loan and issue certificates of utilisation or otherwise of the loan sanctioned. The programme was discontinued in April 1978.

In the course of audit of the accounts of the District Deputy Registrar of Co-operative Societies, Chandrapur it was noticed (October 1979 and June 1982) that the District Deputy Registrar had sanctioned and paid a subsidy of Rs. 6.53 lakhs to the Bank in March 1978 under intimation to the District Officer of GSDA Chandrapur. In August 1978, the Bank had asked the GSDA to furnish the certificate about the utilisation or otherwise of the loans granted to the farmers. However, no such certificate was received by the Bank to the end of June 1982. Meanwhile, the Bank officials themselves had conducted a check and reported (April 1982) to the District Deputy Registrar of Co-operative Societies that 67 loanees had misutilised the loan. Consequently subsidy amount of Rs. 1 lakh released to the Bank for these 67 loanees was to be recovered and credited to Government.

On this being pointed out in Audit, the District Deputy Registrar stated (June 1982) that as he had not received the requisite certificate of utilisation or otherwise from the GSDA required under the programme,

misutilisation of loan by 67 loanees came to his notice only when it was informed by the Bank in April 1982 and that action was initiated to recover the subsidy of Rs. 1 lakh lying with the Bank. Information about full utilisation of loans by other loanees and recovery of excess subsidy, if any, was awaited (February 1983).

The matter was reported to Government in August 1982; Government stated (December 1982) that the Commissioner for Co-operation and Registrar of Co-operative Societies, Pune had directed the District Deputy Registrar, Chandrapur to ensure that the amount of Rs. 1 lakh misutilised by the borrowers was credited by the Land Development Bank into treasury. Further progress of recovery was awaited (February 1983).

3.5 Erroneous preparation of recovery statements

In February 1980 Government ordered that the actual cost of establishment expenditure incurred on land development works in the command areas of irrigation projects should be recovered from the beneficiaries. During audit of the accounts of the Divisional Soil Conservation Officer-II (L.D.), Nanded, it was noticed (June 1980) that these orders were not being followed, and that in the recovery statements prepared by the division establishment cost was included at 25 per cent of the works cost. The scrutiny further indicated (March 1982) that due to erroneous preparation of statements in the manner indicated above, the demand fell short by Rs. 16.30 lakhs for 1979-80 only. The Divisional Soil Conservation Officer stated (March 1982) that the work of preparation of revised statements would be taken up by June 1982. Further progress is awaited (February 1983).

When the matter was reported to the Director of Agriculture, Pune in September 1980, he stated (January 1982) that all the divisions in the state were making recoveries for 1978-79 at rates calculated at 25 per cent of establishment expenditure *plus* Rs. 33 per hectare towards survey charges *plus* 10 per cent contingencies on actual contingent expenditure as per the instructions issued by the Maharashtra Land Development Corporation in March 1979 and that these instructions did not appear to have been concurred with by Government. However, the Maharashtra Land Development Corporation issued modified instructions in March 1980. According to the information furnished (August 1982) by the

Director of Agriculture the short demand in the entire State for 1979-80 was Rs. 88.86 lakhs.

The matter was reported to Government in July 1982. Government stated (October 1982) that probably due to late receipt of instructions the Divisional Soil Conservation Officers had charged only 25 per cent as establishment cost instead of cent per cent and that they were instructed to submit supplementary recovery statements. Further progress is awaited (February 1983).

INDUSTRIES, ENERGY AND LABOUR DEPARTMENT

3.6. District Industries Centres

3.6.1 To provide a focal point at the district level for promotion of small, village and cottage industries and to provide all services and support to the decentralised industrial sector under a single roof, the scheme of setting up District Industries Centres (DIC) was launched by Government of India in May 1978. The DICs were to undertake economic investigation of the potential for development of the district, including its raw material and other resources, supply of machinery and equipment, provision of raw materials, effective arrangement for credit facilities, marketing assistance and quality control, research, extension and entrepreneurial training. The Maharashtra State Khadi and Village Industries Board (MSKVIB), Directorate of Handlooms and Directorate of Handicraft were to integrate their activities with the DIC programme.

Government of India provided to each DIC non-recurring grant of Rs. 5 lakhs (Rs. 2 lakhs for construction of building and Rs. 3 lakhs for meeting expenditure on furniture, fixtures, vehicles, etc.) and recurring grant of Rs. 3.75 lakhs subject to the State Government contributing Rs. 1.25 lakhs. Besides, cent per cent Central assistance was provided for promotional scheme of incentives and also for loan assistance to small and cottage units. The pattern was revised from 1979-80 and the share of Centre and State for all components of the programme, recurring, non-recurring and loan was fixed at 50 : 50 basis subject to the maximum limit of Rs. 2.50 lakhs per annum for each DIC in respect of grant for expenditure on staff. 25 DICs were opened in the State (15 in May 1978 and 10 in March 1979).

3.6.2 Important findings noticed during test audit (April-June 1982) of the accounts/records relating to 7 DICs supplemented by information from other DICs and at the Directorate of Industries are given below :

3.6.2.1 *Outlay and expenditure* :—Year-wise details of budget provision, expenditure and receipt of Central assistance are given below :

I REVENUE EXPENDITURE

Year	Recurring		Non-recurring		Total		Central assistance			
	Budget	Actuals	Budget	Actuals	Budget	Actuals	Recurring		Non-recurring	
							Due	Received	Due	Received
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
(in lakhs of rupees)										
1978-79	118.43*	59.31*		62.15	107.50	121.46	40.25	31.35	40.00	125.00
1979-80	128.09	130.41	60.00	74.92	188.09	205.33	61.36	47.50	57.93	..
1980-81	120.55	141.43	16.00	3.02	136.55	144.45	62.50	37.50	1.65	..
1981-82	141.30	165.27	5.00	..	146.30	165.27	5.00**	34.52	..	..
Total ..	508.37	496.42	81.00	140.09	578.44	636.51	169.11	150.87	99.58	125.00

*As provision was made through Contingency Fund break up is not available.

**Provisional

II LOANS

Year	Budget	Actuals	Central assistance		
			Due	Received	
(1)	(2)	(3)	(4)	(5)	
(in lakhs of rupees)					
1978-79	373.58	368.37	13.34	56.50
1979-80	366.16	482.31	20.78	22.50
1980-81	566.76	516.50	....	....
1981-82	656.78	436.07	5.95	20.77
Total ..	1,963.28	1,803.25	40.07	99.77	

3.6.2.2 During 1978-79, the State Government utilised only Rs. 13.34 lakhs towards loans for DICs even though Rs. 56.50 lakhs had been released by the Central Government (October 1978: Rs. 22.50 lakhs and March 1979: Rs. 34.00 lakhs) on account of inadequate provision (Rs. 15 lakhs) in the State budget for the Scheme of grant of loans to DICs. Government stated (January 1983) that orders of Government of India (October 1978) releasing first instalment of Rs. 22.50 lakhs were received only in February 1979 leaving no time for the Directorate to obtain suitable budgetary cover through supplementary demand. In fact Government had received credit for the Central loan of Rs. 22.50 lakhs in December 1978.

3.6.2.3 The State Government did not make necessary matching provision against Central assistance of Rs. 22.50 lakhs received in August 1979 for the first quarter of 1979-80. The provision of Rs. 75 lakhs made in the budget for 1979-80 in anticipation of Central assistance of 100 per cent was not utilised as the pattern of Central assistance was changed to 50 per cent.

3.6.2.4 Under the impression that the unutilised balance of Central loan of Rs. 43.16 lakhs relating to 1978-79 (paragraph 3.6.2.2 above) was available for utilisation in full during 1979-80, expenditure of Rs. 41.54 lakhs was incurred by the State Government during 1979-80 on loan schemes. As, however, the pattern of Central assistance had been changed from 1979-80 State and Centre sharing on 50:50 basis, instead of 100 per cent Central aid the State's eligibility for Central aid on this expenditure was curtailed to Rs. 20.77 lakhs only. Orders of Government of India for regularisation of the expenditure for 100 per cent assistance were still awaited (December 1982).

3.6.2.5 Against the provision of Rs. 95 lakhs made for loans to DICs in the budget for 1981-82 the expenditure was only Rs. 11.89 lakhs. According to the guidelines issued by Government of India (May 1981) the loans were to be paid under the State Aid to Industries (SAI) Rules to units whose investment in plant and machinery did not exceed Rs. 2 lakhs, located in towns/rural areas with population of less than 50,000. The State Government sought (August 1981) relaxation of the provisions to extend the benefit to entrepreneurs in areas having population not

exceeding 5 lakhs and also to pay 50 per cent of the cost of the project or Rs. 0.50 lakh, whichever is less, (instead of 10-15 per cent margin money admissible under the scheme); orders of Government of India were not received. The Directorate of Industries had informed (December 1981) Government that no loan had been disbursed under the scheme as it was awaiting orders of Government on a reference made in July 1981, regarding creation of a second charge against the loanees, as there was no provision under the SAI Rules for creating a second charge. In fact Government had already issued notification in August 1973 amending the rules permitting the creation of a second charge on the assets of the loanees. As a result, against the estimated Central assistance of Rs. 47.50 lakhs (50 per cent of budget provision of Rs. 95 lakhs) the State Government could claim only Rs. 5.95 lakhs (50 per cent of actual expenditure of Rs. 11.89 lakhs).

3.6.3 *Central assistance*

3.6.3.1 From 1979-80 the Central assistance and the unspent balance from previous years were to be spent only as margin/seed money for self-employment projects. Based on a direction (December 1979) issued by the Directorate of Industries Rs. 41.54 lakhs out of the unspent balance of Rs. 43.16 lakhs were disbursed as loans to rural artisans who were unable to obtain working capital from Co-operative Banks/Khadi Board, as they were defaulters of earlier loans taken by them. While giving the loans the dues payable to the Co-operative Banks/Khadi Board were deducted therefrom. Diversion of monies for sanctioning loans to rural artisans and adjusting the past arrears by disbursement of loan was not contemplated in the scheme.

The expenditure of Rs. 41.54 lakhs referred to above, however, represented 100 per cent of loan requirements of applicants as against only 15 to 20 per cent payable as margin money admissible under the scheme for seed money assistance for self-employment projects on which alone Central assistance including unspent balances could be spent from 1979-80 onwards. This deviation from the scheme resulted in coverage of less number of beneficiaries. Government stated (July 1982) that it was not aware of the instructions issued by the Directorate of Industries and seed money assistance only was given to the rural artisans as per guidelines of Government of India. This was not correct as the loan

was in the form of working capital equal to 100 per cent and not as seed money limited to 15 to 20 per cent of capital requirement.

3.6.3.2 Government of India released (1978-79) grant of Rs. 125 lakhs for construction of office buildings and for purchase of furniture, fixtures, vehicles, etc., for 25 DICs., at the rate of Rs. 5 lakhs for each-DIC. The buildings were to be completed by the 31st March 1980 (subsequently extended upto 31st March 1983). The construction work was entrusted to Maharashtra Industries Development Corporation (MIDC) which completed 19 buildings to the end of 1981-82, 14 of them after delays ranging from 1 month to 22 months. Work in Akola was commenced in April 1982. In the remaining 5 districts work had not been commenced as land was reported to be not available. Government stated (January 1983) that Rs. 140 lakhs had already been spent on 19 DIC buildings and on purchase of vehicles, furniture, etc., for 25 DICs. However, the Central assistance admissible for this was only Rs. 113 lakhs as against the grant of Rs. 125 lakhs mentioned above.

3.6.4 *Performance.*—(i) Physical targets for establishment of Small Scale Units were not fixed for the years 1978-79 and 1979-80. In August 1981 the Directorate issued instructions to the DICs., to work out targets and achievements taking into account all artisan units established with the help of Maharashtra State Khadi and Village Industries Board (MSKVIB), Maharashtra State Finance Corporation (MSFC), Banks including those assisted under Differential Rate of Interest Subsidy Scheme (DRI), all Service and Medium Scale Industries inclusive of units assisted by State Industries Development Organisation and others not so assisted and all business enterprises, service industries and tertiary activities not covered by the above two.

The provisional registrations during one month were to be treated as units that had actually gone into production during the next month. The employment created was to be calculated on a theoretical basis at the rate of 1.5 persons for each artisans unit, 5 persons per unit for each Small Scale Unit and 2 persons per unit in respect of others. However, on a test-check of the information furnished to the Directorate by the DICs., it was observed that the anticipated employment potential shown in the applications for provisional registration had been taken as actual

employment generated. The performance for 1980-81 and 1981-82 measured by the Department accordingly is given below :

Particulars	1980-81			1981-82		
	Targets	Achievements	Short-fall	Targets	Achievements	Short-fall
(1)	(2)	(3)	(4)	(5)	(6)	(7)
(i) Number of registrations done	4,249	8,621	..	..	8,951	..
(ii) Artisans Units						
(a) Rural	8,724	12,096	..	11,760	26,541	..
(b) Urban	4,332	1,317	3,015	3,530	4,007	..
(iii) S.S.I. Units						
(a) Rural	1,415	2,535	..	4,625	2,045	2,580
(b) Urban	2,834	4,643	..	6,574	4,913	1,661
(iv) Additional employment generated						
(a) Rural	33,601	45,681	..	44,176	64,817	..
(b) Urban	27,388	23,700	3,688	32,430	47,105	..

The actual number of units which came up due to the efforts of DICs. and the units which actually went into production and the number of additional employment actually generated were not ascertainable for assessing performance.

(ii) Out of 7 DICs. test-checked, survey of the districts was conducted by all the DICs, except Thane. Project profiles based on the survey were not prepared in 4* DICs, Study of industrial growth after setting up

(*) Aurangabad, Ahmadnagar, Kolhapur and Thane.

the DICs *vis-a-vis*, the position existing before setting up the DIC.s, was not made by 5** DICs. The number of entrepreneurs identified as a result of the survey and proposals for setting up industrial units, as furnished by 5 DICs. are given below :

Districts	Number of entrepreneurs identified			
	Number of proposals received			
	1978-79	1979-80	1980-81	1981-82
(1)	(2)	(3)	(4)	(5)
Ahmadnagar	836	987	380	447
	468	183	485	192
Amravati .. ..	.....	111	222	247
		65	63	8
Aurangabad	255	410	500	605
	225	375	450	540
Bhandara	602	676	698	1,560
	61	94	193	177
Sangli	960	1,600	4,394	1,183
	107	187	228	209

(**) Ahmadnagar, Bhandara, Kolhapur, Sangli and Thane.

(iii) The performance (under SSI) in respect of 7 Centres is given below :

Name of Centre	Year	No. of SSI units assisted		Percentage of shortfall	Generation of employment		Percentage of shortfall
		To be promoted according to project report	Actually gone into production		Target according to project report	Assumed (X)	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Ahmadnagar	.. 1978-79 ..	205	10	95	1,025	50	95
	1979-80 ..	215	18	92	1,075	90	92
	1980-81 ..	205	36	82	1,025	180	82
	1981-82 ..	200	92	54	1,000	460	54
Amravati	.. 1979-80 ..	111	22	80	555	110	80
	1980-81 ..	222	29	87	1,100	145	87
	1981-82 ..	247	55	78	1,235	275	78
Aurangabad	.. 1978-79 ..	210	28	87	1,956	140	93
	1979-80 ..	260	54	79	2,052	270	87
	1980-81 ..	304	78	74	2,455	390	84
	1981-82 ..	360	67	81	2,846	335	88
Bhandara	.. 1978-79 ..	N.A.	17	..	N.A.	85	..
	1979-80 ..	339	30	91	3,725	150	96
	1980-81 ..	N.A.	32	..	N.A.	160	..
	1981-82 ..	N.A.	48	..	N.A.	240	..
Kolhapur	.. 1978-79 ..	N.A.	46	..	N.A.	230	..
	1979-80 ..	N.A.	41	..	N.A.	205	..
	1980-81 ..	275	122	56	1,800	610	66
	1981-82 ..	300	131	56	1,950	655	66
Sangli	.. 1978-79 ..	111	30	73	902	150	83
	1979-80 ..	125	19	85	1,014	95	91
	1980-81 ..	134	28	79	1,107	140	87
	1981-82 ..	164	41	75	1,369	205	85
Thane	.. 1978-79 ..	..	..	..	..	..	..
	1979-80 ..	93	44	53	939	220	77
	1980-81 ..	87	17	80	1,102	85	92
	1981-82 ..	88	141	..	675	705	..

N.A. : Not available.

(X) : Calculated at 5 numbers per unit assisted as per the instructions issued by the Directorate in August 1981 ; the actual generation of emoloyment is not known/available.

With reference to the actual number of units that went into production the shortfall in achievement ranged from 53 per cent to 95 per cent and in terms of employment the shortfall ranged from 54 per cent to 96 per cent.

The DICs., stated that the targets were fixed on the basis of requests for provisional registration (granted at the initial stage when the entrepreneur indicates his desire to start a project) of units. The achievement against these targets indicates the units which went into production and were granted permanent registration (awarded 3 months after the unit goes into continuous production). The shortfall was attributed by 3 DICs., to lack of marketing and infrastructure facilities (Amravati and Aurangabad) and lack of response from tribals (Bhandara). No reason was indicated by the other DICs. Government stated (January 1983) that actual employment statistics were not available as they had not been collected; both the targets and achievements figures in respect of employment were, therefore, estimated figures.

3.6.5 *Seed money assistance.*—(i) Expenditure on this scheme (Rs. 173.43 lakhs) constituted 94 per cent of the total developmental expenditure of Rs. 1844.99 lakhs incurred during 1978-79 to 1981-82. This scheme, which had been in operation in the State long before (1972-73) the starting of the DICs., was being implemented through the agency of the Regional Development Corporations (RDCs) in the State and the MSKVI Board. Even after the formation of the DICs., the scheme was continued to be executed through these agencies. Mention was made of certain aspects of the scheme in paragraph 6.14 of the Report (Civil) of the Comptroller and Auditor General of India for the year 1979-80. Neither the Directorate nor the individual DICs., had obtained management information from the Corporation on all aspects of the scheme.

Loan assistance of 15 to 20 per cent of the project cost given to entrepreneurs as seed money to enable them to set up self-employment projects, was continued under the scheme. The DICs., were to draw and disburse the amounts to the implementing agencies (RDCs., MSSIDC, and MSKVIB) quarterly subject to the production of utilisation certificates for the seed money loans released during the previous quarters. The unutilised balances at the end of the year with the agencies were to be refunded to Government. The amount advanced is treated as long-term loan to the agencies who were to refund them after recovery from the entrepreneurs.

The targets and achievements under the scheme for 1980-81 and 1981-82 as reported by the Directorate were as under :

Year	Targets	Achievements	Shortfall	Percentage of achievement
	(number of persons)			
(1)	(2)	(3)	(4)	(5)
1980-81	10,000	7,316	2,684	73.2
1981-82	10,000	5,056	4,944	50.6

According to the information received from 7 DICs., (Ahmadnagar, Amravati, Aurangabad, Bhandara, Kolhapur, Sangli and Thane) Rs. 664.95 lakhs were given to disbursing agencies upto end of March 1982 against which utilisation certificates had been received for Rs. 541.51 lakhs (September 1982). The DICs., had no information regarding the unspent balance with the agencies, amount recovered by the agencies from the beneficiaries and amount credited by agencies to Government. The DIC Ahmadnagar stated (August 1982) that as the funds placed at the disposal of the agencies were treated as term loans to these agencies the records pertaining to the scheme were not maintained in the DIC and as such it was not possible for that office to watch the recovery of loans. According to the information furnished by the Directorate of Industries (January 1983) the loans disbursed, undisbursed balance, amounts recovered and not credited to Government by the agencies were as follows:

Name of Corporation	Loan disbursed upto 31st March 1982	Undisbursed loan	Amount of principal and interest recovered	Remarks
(1)	(2)	(3)	(4)	(5)
	(in lakhs of rupees)			
Development Corporation of Konkan Limited	355.51	11.75	22.90	Invested in short term deposits. The Corporation stated (March 1982) that the recoveries are used to meet the Corporation's day-to-day expenditure.

Name of Corporation	Loan disbursed upto 31 st March 1982.	Undisbursed loan	Amount of principal and interest recovered	Remarks
(1)	(2)	(3)	(4)	(5)
(in lakhs of rupees)				
Marathwada Development Corporation Limited	443.89	1.50	63.76	Retained as the agency charge allowed at $\frac{1}{2}$ per cent was inadequate to meet expenditure on running the scheme.
Western Maharashtra Development Corporation Limited	1,012.94	Nil	21.16*	*Reported by Western Maharashtra Development Corporation.
Development Corporation of Vidharba Limited	568.55	Nil	5.14	According to Government (January 1983) the Corporation has also recovered Rs. 45.03 lakhs by way of advance recovery/ refunds, etc. No amount has been credited to Government.
Maharashtra State Khadi and Village Industries Board	61.94	Nil	7.58	
Maharashtra Small Scale Industries Development Corporation Limited	100.96	8.28	**	** Information awaited (February 1983).

(ii) With a view to preventing premature release of loans to the RDCs., the Directorate instructed (June 1981) all the DICs., that funds should be released only in proportion to expenditure and for this purpose the DICs., should ascertain the total amount of seed money assistance involved in sanctioned cases of loan applications in a month and release that amount accordingly one or two months in advance and while releasing the next instalment of funds, they should ascertain that funds previously released were fully spent. If funds from previous instalments were lying idle, the

next instalment was to be curtailed proportionately. This procedure was not, however, followed in the 7 DICs., test-checked by Audit.

(a) No uniform procedure was followed in disbursement of loans to the agencies. They were paid either on telephonic, telegraphic or personal demands from the agencies or on *ad-hoc* basis as estimated by Manager (credit) or on oral orders of General Manager, which were not supported by any documents.

(b) The instalments were released without verification of the utilisation of the amounts released earlier.

(c) The DICs., had no record of the beneficiaries to whom seed money was distributed by the agencies and consequently were also not aware of the unutilised balances with the agencies.

(iii) The DIC.s were to receive applications from prospective entrepreneurs for grant of loans, examine the projects with regard to technical feasibility, admissibility of credit, etc., and forward the appraisals to the Banks along with all the inputs so that delays due to back reference from Banks could be avoided. The applications were not to be rejected by the Banks on flimsy grounds. According to information received from 18 out of 25 DICs., of 38,883 applications forwarded to the Banks during 1978-79 to 1981-82, 12,412 (32 per cent) applications were rejected by the Banks for reasons such as (a) the applicants were from outside the Banks' areas of operation (7667), (b) the applicants' places were not easily approachable (960), (c) the applicants failed to turn up at the Banks (1611) and (d) the projects were not economically feasible (2174). The DICs. did not examine the reasons for Banks' rejections of the applications for taking up with the Bank authorities for obtaining wherever possible, loans for and on behalf of the needy loanees instead of keeping the rejected applications without any action.

(iv) Of 3476 applications forwarded to the Banks by the DIC Aurangabad during 1978-79 to 1981-82, 1552 applications were sanctioned by the Banks. Though according to the instructions of the Reserve Bank of India (December 1978) the Banks were to ensure that all proposals were cleared within 30 days from the date of receipt of applications, of the 1552 applications sanctioned, 111 were sanctioned after 1 month, 486 after a delay of 1 to 3 months, 644 after a delay of 3 to 6 months and 311 after a delay of over six months.

(v) According to the Western Maharashtra Development Corporation (October 1981) 15 applications (estimated cost of the projects : Rs. 9.71 lakhs) forwarded to them between May 1979 and July 1981 by the DIC Ahmadnagar were pending with them for disbursement of seed money due to incomplete documentation and for want of minor details, which had resulted in denial of loan assistance to the applicants.

3.6.6 *Training of rural youth for self-employment.*—Under this scheme introduced in 1980-81 rural youth were to be trained for self-employment. The DICs., were to identify the trades and skills with scope for gainful employment, identify the beneficiaries and give them training through local workers, craftsmen and institutions. The trainees were to be paid stipend upto Rs. 100 and the trainers/institutions were to be paid Rs. 50 per trainee. Besides, financial assistance upto 33 $\frac{1}{3}$ per cent was to be paid on conclusion of training to the beneficiaries to set up self-employment projects. The trainees were to give an undertaking that they would set up self-employment units after completion of training. Against the provision of Rs. 19.42 lakhs made in the 7 districts (Ahmadnagar, Amravati, Aurangabad, Bhandara, Kolhapur, Sangli and Thane) the DICs., could utilise only Rs. 11.92 lakhs. According to the DICs., the balance (Rs. 7.50 lakhs) could not be utilised due to late issue of guide lines by Government (September 1980). Of 1939 persons trained during 1980-81 in the 7 districts information regarding number of persons who had set up self-employment projects was not available in 4 districts. Of 733 persons trained in 3 districts, 137 persons were reported to have set up their own units. The scheme was withdrawn from the DICs., in 1981-82, and entrusted to Block Development Officers for implementation, the funds being provided by Command Area Development Authority.

3.6.7 *Other points of interest.*—(i) Claims of interest subsidy equal to the difference between the normal lending rate of Banks/financial institutions (varying from 11.5 per cent to 14.5 per cent per annum) and the concessional rate (9 per cent per annum) fixed by Government for advancing loans to cottage and small scale industries are preferred to the DICs by the Maharashtra State Khadi and Village Industries Board and released to the Banks/financial institutions by the DICs., To verify the correctness of the claims the Directorate had prescribed (October 1981)

the *pro formae* for keeping the details by the DICs. The details had not been maintained in any of the 7 DICs., audited during 1981-82 when Rs. 2.86 lakhs had been paid by these DICs., by way of reimbursement of differential interest. In the absence of details the correctness of payment of subsidy could not be verified in Audit.

(ii) Rural artisans were to be paid only 67 per cent of their requirement as loan (repayable in annual instalments within five years from the date of disbursement at 6 per cent interest) since the balance of 33 per cent was admissible as subsidy under the Integrated Rural Development Programme (IRDP). Ahmadnagar DIC disbursed (March 1980) 100 per cent loan amount of Rs. 1.58 lakhs to 79 Rural Artisans without deducting the subsidy quantum. When the subsidy amount was received (April 1980) by the DIC under the IRDP, instead of adjusting the amount against the loan already disbursed this amount was also paid to the Artisans resulting in excess payment of Rs. 0.40 lakh.

(iii) According to the guidelines of Government of India the District Advisory Committees (DACs) were to meet not less than once in 2 months and the State Level Co-ordination Committee (SLC) once in 6 months to review the functioning of DICs., and to report to Government of India on the problems encountered and the progress achieved. In the 7 districts test-checked the DACs met 11 to 17 times against 24 meetings that should have normally been held during 1978-82. The SLC met only once (July 1979) during the same period against 8 meetings it should have held. The report of the minutes of the meeting of SLC held in July 1979 was sent to Government of India in June 1982 after the matter was brought to notice of the Directorate by Audit. The SLC, which had become defunct after the above meeting, was not revived as according to the Directorate (August 1982) it did not feel its necessity.

3.6.8 *Evaluation.*—No evaluation of the working of the DIC.,s had been conducted (July 1982) by the State Government. Government stated (January 1983) that the work of evaluation of DIC.,s had been assigned to the Director of Economics and Statistics. The evaluation work is yet to be completed.

3.6.9 *Summing up.*—The District Industries Centres were set up in May 1978 for promotion of small, village and cottage industries.

As against the total outlay of Rs. 2541.72 lakhs, expenditure incurred upto March 1982 was Rs. 2439.76 lakhs (Rs. 636.51 lakhs revenue and Rs. 1803.25 lakhs loan expenditure). Loans amounting to Rs. 65.66 lakhs released as Central assistance had remained unutilised as necessary provisions were not made in the State budget against anticipated Central assistance and matching State contribution. Rs. 41.54 lakhs were utilised on schemes not covered by the Central assistance. Construction of buildings due to be completed by 31st March 1980 had not been taken up in 5 districts. The date of completion had been extended upto 31st March 1983. No targets for setting up industrial units were fixed during 1978-79 and 1979-80. The targets fixed from 1980-81 onwards and the achievements recorded against them did not conform to units established with the assistance of District Industries Centres alone. The achievement under Small Scale Industrial Units fell far short of the targets fixed. Targets were not fixed on any realistic basis and achievements did not disclose the correct picture of industrial growth. Unutilised balances (Rs. 21.53 lakhs) under the seed money programme were not credited to Government by the implementing agencies as required, money was disbursed without obtaining the required utilisation certificates. Though the DICs., were to scrutinise the proposals for setting up units thoroughly before sending them to the Banks so that rejections would be minimum, a large number of applications were rejected by the Banks due to inadequate scrutiny by the DICs.

REVENUE AND FORESTS DEPARTMENT

3.7 Infructuous expenditure

Anticipating acute scarcity due to failure of crops in the district, the Collector, Bhandara placed (November 1979, December 1979 and March 1980) at the disposal of the Divisional Forest Officers, Bhandara and Gondia, Rs. 4.80 lakhs with instructions (January 1980) to collect 2000 tonnes of grass available in the reserved forest areas. During local audit of the accounts of the Collector, Bhandara, it was noticed (October 1981) that even though the Department was aware that grass cut from the forests after middle of November 1979 was liable to be rendered unpalatable to cattle, the process of cutting was carried right upto middle of May 1980 by which time, the Divisional Forest Officer had collected

1625.73 tonnes of fodder at an expenditure of Rs. 4.32 lakhs. Actual quantity of fodder applied for by the cultivators amounted to 245.50 tonnes, of which quantity lifted by them by May 1980 was 164.17 tonnes. Fodder being a perishable commodity, the Collector instructed (May 1980) the Forest Officers and *tahsildars* concerned to distribute the entire stock within fifteen days or otherwise it would go waste. However, 1461.56 tonnes of fodder valued at Rs. 3.51 lakhs remained undisposed (February 1982). The Collector, Bhandara stated (July 1980) that the entire quantity of fodder collected could not be sold for want of demand, and that despite best efforts to dispose of the left-over fodder, none came forward to purchase the same.

The matter was reported to Government in September 1982; reply is awaited (February 1983).

3.8 Unfruitful outlay on construction of anicuts

Under the Centrally sponsored scheme of Integrated Development of Western Ghats, Government accorded (July 1976) sanction for construction of four anicuts at Osarvira, Gunda, Kinista and Kashti villages (Thane District) at an estimated cost of Rs. 0.75 lakh each, considering that in most of the parts of these areas inspite of heavy rainfall scarcity of water is felt from the month of December till outbreak of monsoon and people as well as cattle find it extremely difficult to get adequate water even for drinking purposes. On receipt of Government sanction, when sites at Osarvira and Gunda villages were inspected the Department noticed that catchment at *nallas* on which anicuts were proposed was meagre to impound adequate water and, therefore, alternative sites at Washala and Khodala villages were selected. These two anicuts were constructed at new sites during 1976-77 at a cost of Rs. 0.53 lakh and Rs. 0.60 lakh respectively, without obtaining prior approval of Government for locating the anicuts at new sites and technical sanction from the competent authority. Though in July 1977 *post facto* approval for construction of anicut at new sites was accorded by Government, technical sanction was still awaited (June 1982). In November 1977 the Department had changed the location of third anicut also from Kinista to Hinglod and work at new site was completed in 1977-78 at a cost of Rs. 0.69 lakh. Technical sanction to this work also was not obtained. Fourth anicut proposed at new site at Koregaon was not taken up.

After the outlets of anicuts were closed in November 1978 for storing water, leakages were noticed and no water could be stored in them. Despite expenditure of Rs. 0.05 lakh spent on repairs to Khodala and Hinglod anicuts, leakages continued. No expenditure on repairs was incurred on Washala anicut. Reasons for leakages were not investigated nor remedial measures undertaken to put them into use. Leakages were, however, attributed by the Department to fissured geological strata, necessitating major repairs which were not taken up reportedly due to paucity of funds. However, neither estimates for such repairs were framed nor proposals sent to Government. As a result, the intended facility of providing drinking water to the people and cattle as contemplated under the scheme did not materialise even after a period of over five years in respect of two anicuts and over three years as regards the third one.

When failure of these anicuts was brought (November 1981) to the notice of Government by Audit, the Conservator of Forests, Thane investigated the matter which, *inter alia*, indicated that sites were changed by the Divisional Forest Officer under his own authority without prior approval of Government, Khodala anicut was constructed in the field of private person, measurements of work at Khodala anicuts recorded in the measurement book and expenditure incurred on work as reflected in cash book did not tally and though work was completed, completion reports were not finalised.

The matter was reported to Government in September 1982; reply is awaited (February 1983).

3.9 Unfruitful outlay on construction of log huts

In order to inculcate a sense of forest consciousness in the public from the point of nature conservancy, two log huts were constructed by the Divisional Forest Officer, Shahapur. During test-check of accounts/records of the office of the Divisional Forest Officer, Shahapur, following points were noticed (January 1982) regarding construction of log huts.

(a) *Log hut at Tansa*.—Construction of log hut at Tansa in Shahapur Division was taken up (January 1977) departmentally, without sanction to plans and estimates. *Post facto* technical sanction and administrative approval to the work for Rs. 0.99 lakh were recorded by the Department

and Government in February 1979 and March 1979 respectively. Expenditure of Rs. 1.53 lakhs was incurred on the work to end of January 1981. The Conservator of Forests, Thane Circle, Thane who inspected the work in April 1980 noticed that the work was incomplete. He therefore, requested the Forest Engineer to carry out detailed inspection to find out defects in construction so as to initiate immediate steps for carrying out necessary rectification and also directed to prepare revised estimates indicating the expenditure actually incurred and cost of balance work to be executed. In his report submitted (January 1981) to the Conservator of Forests, the Forest Engineer observed that the masonry work executed below ground level was of poor quality and that value of work executed was Rs. 1.10 lakhs as against expenditure of Rs. 1.53 lakhs incurred on the work, leading to a gap of Rs. 0.43 lakh being excess expenditure charged to the work. Due to defective construction, in April 1981 roof of the rest room of log house was blown away and roof of corridor damaged. Neither repairs to damaged portion nor execution of incomplete work was taken up. The work was not completed so far (July 1982). Revised estimates of the work were also not prepared though directed by the Conservator of Forests in April 1980. The expenditure of Rs. 1.53 lakhs incurred on the work proved to be unfruitful (July 1982).

(b) *Ascue hut at Tansa.*—In the same division construction of Ascue hut was taken up in 1977-78 at the same place (Tansa) and expenditure of Rs. 0.57 lakh was incurred on the work to end of July 1980. The Forest Engineer during his inspection of this work in August 1980 noticed that there were several constructional defects in the work executed by the Department such as more height than stipulated in the estimates due to which structure was subject to oscillation, etc., and that the value of work executed was about Rs. 0.44 lakh, resulting in excess expenditure amounting to Rs. 0.13 lakh charged to work. The work was not completed so far (July 1982).

No action was taken by the division to complete the work. Expenditure of Rs. 0.57 lakh thus proved unfruitful.

As the Department suspected misappropriation of amount aggregating Rs. 0.56 lakh in both the cases, besides defective work, it was considering (November 1981) whether matter should be handed over to police for investigation. Defective execution of work thus rendered the expenditure of Rs. 2.10 lakhs incurred on these log huts unfruitful,

besides defeating the very purpose for which the expenditure was incurred. The matter was reported to Government in September 1982; reply is awaited (February 1983).

3.10 Loss due to improper storage of films

Negatives of photocopies of all registration documents are preserved permanently and stored at the Government Photo Registry, Pune. To prevent damage the negatives are required to be stored under prescribed temperature and humidity, which could normally be ensured only through airconditioning. According to orders (December 1961) of the Inspector General of Registration the films were to be physically verified annually. Following points were noticed during audit of the Government Photo Registry, (Registry) Pune :—

(i) Though the Registry was established in 1927 annual physical verification was not done except in 1965 and 1978. The Registry stated (August 1980) that verification could not be done as the staff sanctioned for the purpose had been deputed to work in the office of the Inspector General of Registration and was repatriated only in August 1980.

(ii) During the physical verification conducted in 1965 and 1978, 13,85,630 negatives relating to the period 1937 to 1943 were found damaged. Of these 5,76,064 negatives pertaining to 1937 and 1938 were reported (July 1982) by the Registry to have been reproduced by incurring an expenditure of Rs. 1.64 lakhs during the period September 1979 to January 1982. The Registry stated (August 1980) that in the absence of airconditioning the prescribed temperature could not be maintained resulting in the decomposition of the material stored. Proposal for airconditioning of the store rooms stated to have been first made in 1965 had not been approved by Government for paucity of funds. Revised proposals (estimated cost : Rs.1.12 lakhs) made by the Registry in May 1979 had not been sanctioned so far (August 1982); reasons for which had not been indicated by the Inspector General of Registration.

The matter was reported to Government in September 1982; reply is awaited (February 1983).

3.11 Rehabilitation of flood affected persons

There were heavy floods in river Morna in Akola District in July 1978, affecting many inhabitants of the river beds. Government ordered

(September 1978) that the flood victims who were staying in the areas usually susceptible to floods (blue zone areas) should be offered alternative land in the Municipal Layout, Akot Road, Akola.

According to Government orders allotment of land in the alternative plots to the flood victims from the blue zone should be in the following order of priority :

- (i) Owners *i.e.*, those who owned houses and land in the blue zone,
- (ii) tenant owners *i.e.*, those who owned structures but do not own land in the blue zone,
- (iii) tenants *i.e.*, those who did not own either structure or land in the blue zone, and
- (iv) encroachers who neither owned structures nor land in the blue zone.

Scrutiny of the records of the Collectorate, Akola (August 1982) indicated the following :

(i) 396 tenements were constructed during the period from October 1978 to January 1979 at a total cost of Rs. 17.53 lakhs, at the rate of Rs. 4427 per tenement.

(ii) The total number of families in the blue zone area in 1978 was 10,794. Of this, rehabilitation had been done in respect of 396 families only. Of these, 371 were occupied by encroachers (333), tenants (16) and structure owning tenants (22). No tenement was allotted to any person belonging to the first category as ordered by Government *viz.*, those who owned houses and land in the blue zone area.

The Collector, Akola stated (August 1982) that the families who were rehabilitated were unauthorised occupants on the bank of the river and that the people in blue zone which covers an area in town did not shift as they carried out minor repairs and continued to stay in their original houses.

(iii) No steps had been taken so far (August 1982) to prevent encroachments in the flood affected area after the experience of 1978.

The Collector stated (August 1982) that the banks of river falling within the blue zone area were always encroached and they were removed just before the monsoon started.

(iv) In June 1980, number of tenements lying vacant was 25. However, 28 tenements (cost : Rs. 1.24 lakhs) were lying vacant by August 1982.

The Collector stated (August 1982) that Government had been approached (May 1979) for permission to dispose of the same to needy persons, and their orders were awaited (August 1982).

He also stated (August 1982) that these 28 tenements were occupied by unauthorised persons and eviction proceedings were started against them.

The matter was reported to Government in March 1982; reply is awaited (February 1983).

3.12 Resurvey of land in Melghat *tahsil*

Mention was made in paragraph 3.9 of the Report of the Comptroller and Auditor General of India for the year 1977-78 (Civil) regarding resurvey of land records in *ex-Central Provinces* districts (including Melghat *tahsil*) and recovery of cost of survey from beneficiaries. In the course of test-check of accounts of Survey *Tahsildar*, Melghat it was noticed (February 1982) that resurvey work of 168 villages was taken up in October 1974. Of this, field work, some barsat work and work connected with promulgation of 111 villages was completed during October 1974 to May 1979 and report on survey work was submitted to Collector, Amravati. Expenditure of Rs. 20.85 lakhs was incurred on resurvey work. As there was no sufficient work in the Melghat *tahsil*, Surveyor's office was shifted to Rajura *tahsil* (Chandrapur District). In his visit to some of the resurveyed villages, Collector, Amravati noticed (March 1980) several discrepancies in the Record of Rights relating to area, classification, assessment, nature of tenure and names of persons who occupied land. Similar discrepancies were noticed by Sub-Divisional Officer, Dharni also. Consequently the Survey party which was earlier diverted to Rajura, was shifted back to Amravati in February 1981. The rectification of various discrepancies contained in the resurvey was being carried out by the party even by April 1982 on which expenditure of Rs. 4.33 lakhs was incurred (April 1982).

The Collector, Amravati had also reported (June 1982) to Government that (a) large number of persons who were granted Government land in 1962-63 were issued Pattas but it was doubtful whether the lands were demarcated correctly on the site while giving possession to them, (b) many of the allottees who were granted Government land were not in actual possession of sites, (c) actual area in possession differed and (d) some of the grantees had already left the villages since long, etc. He contended

that he was not in a position to adopt the Record of Rights as prepared in 1962-63 or the Record of Rights as prepared now. He requested Government to decide the status of old *pattas* granted in 1962-63 and thereafter, regularisation of encroachment on Government land made prior to 1979, operation of the old Record of Rights till the new one was prepared, etc. Government decision was awaited (September 1982).

According to the provisions contained in Maharashtra Land Revenue Code 1966, the entire expenditure on the staff (including contingencies) engaged in survey and resurvey operation stands recoverable as revenue demand from the *Khatedars*. Consequent upon the discrepancies pointed above and non-completion of the records, the demand of Rs. 25.18 lakhs could not be raised against cultivators. No action had been initiated against the officials who were responsible for the discrepancies in the resurvey.

The matter was reported to Government in September 1982; reply is awaited (February 1983).

HOME DEPARTMENT

3.13 Directorate of Aviation—Operation and maintenance of aircraft

The Directorate of Aviation operates and maintains two aeroplanes and two helicopters for use by the Governor, Ministers and Senior Government Officials. The details are given below :

	Cost (in lakhs of rupees)	Date of receipt	Period of operation	Total flying hours		Remarks
				Hrs.	Minu- tes	
(1)	(2)	(3)	(4)	(5)		(6)
<i>Aeroplanes</i>						
1 Dakota D.C.3	3.50	May 1967	May 1967 to December 1982	3,753	15	Average flying hours per annum work out to about 239 hours.
2 Beechcraft King Air C-90	73.37	16-6-1981	July 1981 to December 1982	391	45	Average flying per annum is 261 hours.
<i>Helicopters</i>						
1 Alouette III	30.63	17-7-1975	July 1975 to December 1982	1,247	25	Average flying per annum is 166 hours.
2 Chetak	63.44	15-3-1982	June 1982 to December 1982	93	15	Average 13 hours per month.

Expenditure of Rs. 109.03 lakhs was incurred on operation and maintenance of the aircraft during 1978-82 *vide* details given below :

Nature of expenditure	1978-79	1979-80	1980-81	1981-82
(1)	(2)	(3)	(4)	(5)
	(rupees in lakhs)			
(i) Administrative and maintenance staff	2.40	2.64	2.50	2.52
(ii) Petrol and oil	4.11	4.50	3.31	8.67
(iii) Pay and allowances of flight crew ..	1.70	1.85	2.00	1.83
(iv) Insurance	2.76	1.73	1.59	2.24
(v) Spares and stores	0.47	6.22	4.40	3.77
(vi) Maintenance, repairs and overhaul charges.	3.16	9.19	6.26	12.00
(vii) Other Charges (Misc) ..	5.54	3.11	3.35	5.21
Total ..	20.14	29.24	23.41	36.24

Audit (May 1982) of the expenditure on operation and maintenance disclosed the following :

(a) Rupees 0.75 lakh were spent on travelling allowance to the Honorary Technical Adviser (Aviation) during 1975-82. The post of part-time Honorary Technical Adviser (Aviation) was created by Government (May 1974) initially for one year and continued from year to year, for obtaining expert advice on technical matters including matters relating to purchase and disposal of aircraft, maintenance and repairs of aircraft and airfields, recruitment of technical staff, etc. A retired official with long experience of civil aviation was appointed (May 1974) as Technical Adviser and retained upto December 1981 initially on an honorarium of Rs. 500 per month which was raised to Rs. 1,000 per month from May 1976. Although the aircraft had been hangared at Bombay, and the operational and maintenance work was also done at Bombay, where the Directorate of Civil Aviation was located, Government fixed the headquarters of the Technical Adviser at

Pune. He was, therefore, paid travelling allowance for his frequent travels to Bombay where, on an average he spent 190 days in a year. Government had earlier stated (August 1977) that it was not possible to change the headquarters of the Technical Adviser from Pune to Bombay for his personal reasons and having regard to the contractual arrangements made in his letter of appointment. The relevant contract was not made available by Government to Audit (February 1983).

(b) Rupees 6.58 lakhs were paid to an agency between 1975-1981 for maintenance. Government approved (March 1975) the proposal of the Directorate for appointment of a private agency for a period of 5 years for the maintenance of the helicopter at the rate of Rs. 9,000 per month (exclusive of the cost of spares and other equipment required for maintenance and keeping it in an airworthy condition). Government incurred expenditure of Rs. 16,000 on training of three maintenance personnel belonging to the agency at the Hindustan Aeronautics Ltd., Bangalore. As quotations had not been invited before appointing the agency, there was no basis for the department to judge the reasonableness of the rate fixed. Information in this aspect was also not on record. The Director stated (September 1982) that no quotations were called for as the rate of Rs. 9,000 per month was fixed on the recommendations of the Honorary Technical Adviser and also with a view to indirectly helping the agency financially.

Though the arrangement with the agency was continued for 5 years from July 1975 no agreement was executed. The Directorate stated (May 1982) that the agreement proposed to it in November 1975 could not be executed as the views of the agency on the draft agreement were not known and there was no alternative but to continue the work of maintenance with the agency to keep the helicopter flying. It was observed, however, that Government had entrusted maintenance of two helicopters subsequently (1982) to an agency which had been all along maintaining the Dakota aircraft ever since its acquisition in 1967.

With the approval of Government, the same agency was entrusted with the maintenance of the helicopter for the period from July 1980 to December 1981, at an enhanced monthly rate of Rs. 16,000 without entering into an agreement. The lowest quotation of Rs. 12,000 per month of another Company, which was approved by the

Director General of Civil Aviation in 'C' category competent to undertake maintenance, overhaul, repair and certification of helicopters, was not accepted on the ground that it was a newcomer to civil aviation. The Company had also offered to carry out yearly renewal of certificate of air-worthiness without any extra payment upto 200 hours of flying. In his proposal to Government (June 1980) the Director stated that even though the Company seemed competent to undertake maintenance according to requirements of Director General of Civil Aviation, they did not seem to have gained sufficient experience with jetlined helicopters, appeared to be newcomers in the line and so their offer might be rejected. The rejection of the lowest offer of the company which was certified as competent by the Director General of Civil Aviation, resulted in additional maintenance expenditure of Rs. 0.70 lakh during July 1980—December 1981 apart from the expenditure of Rs. 5 lakhs incurred during 1981-82 for obtaining the annual certificate of air-worthiness. It was observed that maintenance of this as well as the Chetak helicopter (procured in March 1982) for the period January 1982 onward was entrusted, with the approval of Government, to another agency at the lowest negotiated rate of Rs. 14,000 p.m. per helicopter. The question of maintaining the helicopters/aircraft departmentally has been under Government's consideration since October 1976 (December 1982).

(c) As the cost of maintenance and operation of the Dakota (cost : Rs. 3.50 lakhs; purchased in May 1967) was abnormally high due to use of Octane petrol as fuel which had to be imported and as it did not possess the latest safety devices and landing equipment Government decided (June 1979) to phase out the Dakota as early as possible and acquire a new aircraft. Meanwhile the Dakota met with an accident (January 1981) and it was decided (January 1981) to dispose it of on "as is where is" basis. In April 1981 the Honorary Technical Adviser fixed the upset price of the aircraft inclusive of spare engines and spare parts at Rs. 12 lakhs. Tenders for its disposal were invited only in December 1981, but as the highest offer of Rs. 3.25 lakhs (increased later to Rs. 3.35 lakhs) was much less than the upset price the sale was not approved then. The expenditure incurred on the operation and maintenance of the Dakota from June 1981 (date on which a new aircraft viz., Beechcraft King Air C-90 was purchased) to January 1982

was Rs. 3.93 lakhs (Rs. 2.51 lakhs: oil and fuel; Rs. 0.77 lakh: certification of airworthiness; Rs. 0.57 lakh: maintenance; Rs. 0.08 lakh: purchase of equipment). During this period the aircraft was used for 76 flying hours only for route/local check. Orders of Government regarding the disposal of the Dakota at the price of Rs. 3.35 lakhs are awaited (December 1982).

(d) The helicopter (Alouette III) was requisitioned for use by a State Government on 21st and 22nd December 1981 but was returned only on 25th December 1981. The total expenditure incurred and recoverable had not been worked out and intimated to the concerned State Government. The Directorate stated (September 1982) that the question regarding recovery of the charges was still under the consideration of Government.

The matter was reported to Government in July 1982; reply is awaited (February 1983).

EDUCATION AND EMPLOYMENT DEPARTMENT

3.14 Scheme of intensive training for promotion of self-employment

Under a scheme drawn up (August 1970) by Government of India to offer short term (six month) intensive training to the certificate holders of the Industrial Training Institutes and Apprentices for promotion of self-employment, Government sanctioned (April 1971) 3 training centres at Aundh (Pune District; later transferred to Kolhapur in August 1972 due to lack of response), Chandrapur and Latur (Usmanabad District). The centres started functioning in November 1971 (Chandrapur and Latur) and August 1972 (Kolhapur). To the end of 1979-80 the expenditure incurred on the above centres under the scheme was Rs. 7.43 lakhs (establishment : Rs. 5.97 lakhs; machinery: Rs. 0.71 lakh; raw materials : Rs. 0.75 lakh). Following points were noticed during audit (June 1982) of the accounts of Directorate of Technical Education :

(a) Four trades with intake capacity of 10 candidates each were sanctioned for each centre. However, only 1 trade was started at Chandrapur, 2 at Latur (third trade discontinued after one session) and 4 at Kolhapur (one trade discontinued after one session). The Directorate of Technical Education reported (September 1972) to Government that the response to the scheme was very discouraging,

the intake being 10 against 20 in Chandrapur and 15 against 40 in Latur in the previous 2 batches. According to information furnished by the Directorate (April 1982), against the total capacity of 790 seats in the 3 centres during 1971-72 to 1979-80 the actual number of candidates who joined the course was 507 (64 per cent), the per capita establishment expenditure incurred on each candidate being Rs. 1178 against Rs. 756 assuming utilisation of full capacity. The increase in per capita cost was mainly due to lack of response for the trades from candidates. The proportionate establishment expenditure rendered unfruitful due to unutilised capacity was Rs. 2.14 lakhs (approximately).

(b) According to the Directorate (April 1980) the poor response was due to non-availability of any stipend under the scheme whereas under the 'scheme for educated unemployed' introduced from 1974 by the Industries, Energy and Labour Department a stipend of Rs. 100 was available to the trainees. The admissions at the centres fell from 83 per cent (257 out of 320) during 1971 to 1974 to 53 per cent (250 out of 470) during 1974 to 1980, i.e., after the introduction of the scheme for educated unemployed; yet no review was made by Government for the modification or discontinuance of the scheme till November 1978. The Chandrapur centre was discontinued from November 1978 and the Kolhapur centre from July 1981, but the temporary posts sanctioned for the centres were continued upto 28th February 1982; reasons for which are awaited from the Directorate (December 1982). As for the Latur centre, the Directorate stated (April 1982) that the scheme would be discontinued after the completion of the training of the present batch.

(c) According to the guidelines prescribed by Government of India (August 1970) the trainees were to be authorised to take loans from banking institutions, after completion of training, to set up their projects. A Committee to prescribe norms and quantum of loans to be advanced was to be constituted at the State level, but no such Committee was constituted though according to the Directorate (April 1982) a proposal for formation of the Committee had been made to Government in September 1970. Though the object of the scheme was to promote self-employment, according to the information furnished by the Directorate (April 1982) only 18 trainees out of 507 who were

admitted for training upto end of 1980 had started their own business. The Directorate attributed the failure to lack of enterprise, capital and self-confidence among the trainees.

The matter was reported to Government in August 1982; reply is awaited (February 1983).

3.15 Outstanding inspection reports

Audit observations on financial irregularities and defects in initial accounts, noticed during local audit and not settled on the spot, are communicated to the Heads of offices and to the next higher departmental authorities through audit inspection reports. The more important irregularities are also reported to the Heads of Departments and Government.

Government had prescribed that the first reply to an inspection report should be received in the Audit Office within one month from the date of issue of the report.

At the end of September 1982; 7,110 reports issued upto March 1982 still (November 1982) contained 22,764 unsettled paragraphs.

A review of the outstanding inspection reports relating to Home and Urban Development and Public Health Departments indicated the following:

(a) HOME DEPARTMENT

(i) At the end of November 1982, 200 inspection reports involving 494 paragraphs remained outstanding. The progress of clearance of inspection reports and paragraphs during the last four years was as shown below:

Year	Outstanding position at the end of							
	1978-79		1979-80		1980-81		1981-82	
	Reports	Para- graphs	Reports	Para- graphs	Reports	Para- graphs	Reports	Para- graphs
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Upto 1976-77 ..	72	138	43	86	28	59	19	36
1977-78 ..	30	80	22	51	18	41	14	27
1978-79 ..	65	225	43	129	34	102	23	65
1979-80 ..	..	..	74	194	55	119	39	69
1980-81 ..	..	..	..	..	73	212	54	138

(ii) Even the first replies had not been received (November 1982) for 20 inspection reports issued during 1980-81 and 1981-82.

(iii) Normally during local audit details of paragraphs unsettled in previous inspection reports are brought to the notice of departmental officers with a view to settling them through mutual discussion. In three offices of this Department, there was no response from the officers for settling old paragraphs at the time of audit inspections conducted during the last 4 years.

(iv) Certain typical instances where delay in attending to audit observations resulted in persistence of the irregularities are mentioned below:

(i) In the case of the office of the Commissioner of Police, Bombay Audit had pointed out as early as 1975 that the cash book was not being maintained properly. The discrepancies pointed out had not been reconciled (November 1982). An unauthorised practice of withholding certain amounts from retirement benefits as security for possible recoveries towards house rent, other dues, etc., had been adopted by that office and the sums so recovered were kept outside the Departmental cash book though recorded in a separate register. In this account certain amounts such as recoveries of excess payments, festival advance, etc., which should have been credited to Government were also included. Though Audit had pointed out this irregularity to the office as early as January 1981 a fresh review conducted during the latest audit (June 1982) disclosed that this unauthorised practice continued; this account had a balance of Rs. 2.50 lakhs.

In the same office, undisbursed amounts of house rent allowance payable to the constabulary pertaining to periods dating back to 4 to 5 years had been kept without being remitted to Government account as required in the Treasury Rules. Though this irregularity was pointed out in the report of inspection conducted during January 1981 the position continued to remain so even during the latest audit (June 1982) and a large amount of Rs. 1.05 lakhs was found uncredited to Government.

(ii) The irregular practice of drawing substantial amounts at the fag end of the financial year with a view to avoiding lapse of budget

grant was noticed during the audit of the accounts of the Superintendent of Police (Motor Transport), Pune during 1980-81 (amount : Rs. 57.26 lakhs). Though this irregularity was brought to the notice of the Head of the Department, Audit noticed that during the financial year 1981-82 also similar amounts had been so drawn (Rs. 69.22 lakhs).

(iii) Audit pointed out as early as 1975, that while the Department had been recovering service charges at prescribed rates from certain categories of police personnel who were occupying rent free quarters, such charges were omitted to be recovered from similar personnel who were occupying requisitioned quarters. A plea by the Head of the Department for granting exemption was negated by Government in September 1980. The Department has not rectified the situation and ordered recovery.

(b) URBAN DEVELOPMENT AND PUBLIC HEALTH DEPARTMENT

(i) As at the end of November 1982, 715 inspection reports having 2290 paragraphs remained outstanding. The progress of clearance of inspection reports and paragraphs during the last 4 years was as shown below :

Year	Outstanding position at the end of							
	1978-79		1979-80		1980-81		1981-82	
(1)	Reports	Para- graphs	Reports	Para- graphs	Reports	Para- graphs	Reports	Para- graphs
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Upto 1976-77	420	1,114	362	903	292	729	241	588
1977-78 ..	110	444	91	337	80	259	66	213
1978-79 ..	156	759	112	463	94	368	84	286
1979-80 ..	..	..	167	787	130	564	116	496
1980-81 ..	..	..	..	..	140	565	105	327

(ii) Even first replies had not been received for 53 inspection reports issued during 1979-80 and 1981-82.

(iii) In this Department also the response for settlement of outstanding paragraphs during subsequent audit inspections was lukewarm. In a typical case, (office of the Administrative Medical Officer, ESIS Dispensary, Dadar) 66 paragraphs inclusive of remarks calling for recovery from suppliers, etc., remained uncleared from 1972. The state of action taken as furnished by the office in July 1982 indicated that in most of the cases the Department had not pursued the objections subsequent to 1980.

(iv) The broad categories of comments in the outstanding inspection reports are as under:

	Number of offices involved
(i) Improper maintenance of cash book ...	35
(ii) Non-realisation of securities from staff members ...	11
(iii) Irregular expenditure on purchases ...	95
(iv) Expenditure incurred in excess of financial powers	13

3.16 Misappropriations

In paragraph 3.17 of the Report for the year 1980-81 (Civil), it was stated that at the end of September 1981, 508 cases of misappropriation remained to be finalised. The position regarding fresh cases reported during 1981-82 and disposal of pending cases upto September 1982 is shown below:

(1)	Number	Amount (in lakhs of rupees)
	(2)	(3)
Cases pending on 30th September 1981 out of cases reported upto March 1981	508	1,02.94
Fresh cases reported during 1981-82	45	6.96
Cases cleared during the period from October 1981 to September 1982	22	24.34
Cases pending on 30th September 1982	531	85.56

Department-wise analysis of outstanding cases is given in Appendix III—3.

Out of 531 pending cases, 327 cases (Rs. 53.34 lakhs) were pending for more than five years.

The reasons for the outstandings are analysed below:

(1)	Number	Amount (in lakhs of rupees)
(1)	(2)	(3)
Awaiting orders for recovery or write-off	230	49.95
Awaiting departmental and criminal investigation	85	11.84
Departmental action started but not finalised	52	5.87
Pending in Courts of law	164	17.90
Total	531	85.56

The Revenue and Forests Department alone accounted for 54 per cent of the cases.

3.17 Other Miscellaneous irregularities, write-off of losses, etc.

Certain cases relating to miscellaneous irregularities (Rs. 2.11 lakhs) and writes-off of losses, etc., (Rs. 440.75 lakhs) are mentioned in Appendix III—4.

CHAPTER IV

WORKS EXPENDITURE

IRRIGATION DEPARTMENT

4.1 Krishna Irrigation Project

4.1.1 *Introductory.*—With a view to utilising the optimum resources of the Krishna river valley to serve the fertile low rain fed area of Satara and Sangli districts, an integrated Krishna Irrigation Project was conceived in 1964. The Project Report accepted by the Planning Commission (February 1966) and cleared by the Central Water and Power Commission envisaged construction of three storages, *viz.*, (1) Dhom on Krishna river with unlined right bank (43 km) and left bank (92 km) canals, (2) Kanher on Venna river, a tributary of Krishna, only to feed Arphal storage, with unlined left bank (16 km) and right bank (48 km) canals and (3) Borkhal (subsequently shifted to Arphal in 1975) on Krishna river with unlined left bank canal (168 km) at an estimated cost of Rs. 27.66 crores. The Project was designed to irrigate 64,426 hectares (Dhom dam—24,767 hectares, Arphal—32,375 hectares and Kanher—7,284 hectares of basic irrigable area (cropped area : 1,06,270 hectares) during *Kharif*, *Rabi* and hot weather seasons, with 36.25 T.M.C. integrated 75 per cent dependable yield of the three storages. The work on Dhom and Arphal dams was planned in the first year and of Kanher in the third year since

it had a low priority. The entire project was scheduled for completion within eight years of commencement.

On allocation of reduced quantum of water to Maharashtra State by Krishna Water Dispute Tribunal (December 1973), Government decided (December 1977) to irrigate 67,461 hectares of net irrigable command (cropped area : 1,11,740 hectares) with 30 T.M.C. of water as against 36.25 T.M.C. planned earlier, in the Krishna Project, by providing lining to the entire canal system and diluting the cropping pattern. Since 29.03 T.M.C. of water, against the total requirement of 29.82 T.M.C. under this pattern, could be made available from 75 per cent dependable yield of integrated run-off series of Dhom and Kanher reservoirs, the Arphal dam on which work commenced (1969-70) and expenditure of Rs. 9.25 lakhs incurred, was deleted from the scope of the Krishna Project. Further, due to development of private and co-operative lift irrigation schemes with the permission of Revenue Authorities after the Project was conceived, 11,285 hectares of irrigable command was not available for flow irrigation from the Krishna Project between kilometre 96 and 144 of the Arphal left bank canal. The lost command was made good by extending Arphal left bank canal from kilometre 169 to 235 (estimated cost : Rs. 1163 lakhs) and Dhom-Kanher canal system by 45 kilometres (estimated cost : Rs. 204 lakhs) to irrigate 8,363 hectares and 5,957 hectares respectively. The canal length between kilometre 96 and 144 (estimated cost : Rs. 868 lakhs) was treated as an express canal (without any irrigation) to convey water for irrigation beyond kilometre 145 of the Arphal left bank canal.

The scope of the Project was further enlarged (May 1980) by extending Dhom right bank Canal upto kilometre 59 with a tail distributary of 14 kilometres (July 1981) to command additional area of 2,137 hectares (estimated cost : Rs. 26.55 lakhs). The modified scope of the Project was yet to be communicated to the Central Water and Power Commission for clearance (November 1982).

4.1.2 *Revision of estimates.*—The Project was administratively approved for Rs. 27.66 crores (work portion : Rs. 25.51 crores) in January 1967. The project estimate was revised to Rs. 71.31 crores (work portion : Rs. 64.64 crores) due to increase in rates, late commencement of work and variation in the rates of land acquisition, etc. The approval of

Government was issued in January 1977. The details of estimates, approved and under revision and the excesses are given below :

Component	Initial estimate (1966)	Revised estimate (1977)	Proposed revised estimate (1981)	Excess over initial 1966 estimate
(1)	(2)	(3)	(4)	(5)
(in crores of rupees)				
I Head works ..	16.34	38.87	37.95	21.61
II Main canals ..	8.26	23.02	58.40	50.14
III Distributaries ..	0.91	2.75	10.81	9.90
IV Community items ..	....	....	12.81	12.81
Total ..	25.51	64.64	119.97	94.46

The increase in cost of Rs. 94.46 crores in the proposed revised estimate, notwithstanding the deletion of Arphal dam, (estimated cost : Rs. 11.76 crores) was attributed (November 1981) by the Department to (i) prolongation of work with overall increase in prices (Rs. 32.53 crores), (ii) change in the scope of the Project [Rs. 58.30 crores of which Rs. 8.77 crores were infructuous (Rs. 0.09 crore) and nugatory (Rs. 8.68) crores,] (iii) inadequate provision (Rs. 1.45 crores) and (iv) change in design (Rs. 1.71 crores) and other factors (Rs. 0.47 crore).

4.1.3 *Financial arrangement.*—The Project on which work commenced in 1969-70 was scheduled for completion by 1976-77 with a total outlay of Rs. 27.66 crores. Against the available financial provision of Rs. 15.34 crores, an expenditure of Rs. 20.25 crores was incurred upto March 1977. The World Bank agreed (1977) to extend financial assistance of Rs. 67.99 crores during October 1979 to September 1984 for completing Kanher dam, main canals and lined conveyance system upto 8 hectares chak of Dhom and Kanher dams and Arphal canal (19 kilometres) on a time-bound work programme. According to the arrangement, Government would initially provide sufficient funds to execute the Project in accordance with the implementation schedule and claim reimbursement at the agreed proportion from the World Bank. An expenditure of Rs. 24.66 crores (against Rs. 31.45 crores) was made on the components responsible to World Bank aid and reimbursement of Rs. 12.95 crores claimed upto March 1982. The cumulative expenditure on the Project till March 1982 was Rs. 64.62 crores.

4.1.4 *Target and achievement.*—According to the Project Report (1964) construction of head works and canals was to be tackled simultaneously from the first year of commencement to utilise irrigation potential created during construction from the sixth year. The entire project was scheduled for completion in eight years for developing full irrigation within ten years from its completion. The Project cleared by Planning Commission (1966) was taken up for execution in 1969-70 due to paucity of funds. The construction programme was further rephased (July 1970) for completion within fifteen years. The physical progress of the work as on 31st March 1982 was as follows:

Item of work	Year of commencement	Period of completion as per project Report (1966/1967)	Month of completion as per implementation schedule of 1979	Work executed upto March 1982	Percentage of work done	Date of probable completion of balance work
(1)	(2)	(3)	(4)	(5)	(6)	(7)
<i>I-Head works</i>						
(i) Dhom Dam	1969	1975-76	Already completed	Work completed in 1977	100	....
(ii) Kanher Dam	1976	1979	September 1984	Earthwork 47.19 lakhs cum. Masonry and concrete 0.90 lakh cum	84.10	1983-84
		1983-84			44.55	
<i>II-Main canals</i>						
Total canal length (515m)	(a) Dhom canal 1968	1977-78	(a) March 1982	(i) Canals completed: 92 km	17.85	(a) 1982-83
	(b) Kanher canal 1977	1983-84	(b) September 1984	(ii) Lining work in progress: 84 km	16.32	(b) 1983-84
	(c) Arphal canal 1978		(c) September 1984 (19 KM).	(iii) Earth work in progress: 94 km	18.25	(c) 1987-88
				(iv) Work not yet started: 245 km	47.58	
<i>III-Distributaries</i>						
(68,557 hectares)	1968	1977-78	September 1984	28,781 hectares	41.98	(a) 1982-83 (b) 1984-85 (c) 1987-88
		1983-84				

A Kanher Dam

4.1.5 (i) *Excess cost in departmental work.*—Earth work of about 208 mcft. (estimated cost : Rs. 10,92.54 lakhs) of the Kanher dam was taken up for execution departmentally (1977-78) with heavy earth moving machinery belonging to Government (Central pool). According to the departmental programme, 161.67 mcft. of earth work was expected to be completed by 1980-81 and entire work including gorge filling by 1982-83. Earth work of 59.19 mcft. (estimated cost : Rs. 2,31.01 lakhs), against the targeted programme of 75.21 mcft., was completed by October 1979 at a cost of Rs. 2,19.19 lakhs. Consequent upon the World Bank credit effectiveness (October 1979) all works were to be executed on international competitive bidding strictly in accordance with the procedure laid down by the World Bank. International competitive bidding tenders for construction of Kanher earth dam (estimated cost : Rs. 4,11.76 lakhs) were accordingly invited in October 1981. The tenders were, however, not opened and earthwork continued to be executed by Mechanical Organisation on the ground that the earthwork by Mechanical Organisation was more economical than private contractors. The World Bank agreed to the earthwork by Mechanical Organisation on least cost basis within the estimated cost. Despite deployment of machinery earthwork was not completed according to the schedule in any of the years 1979-80 to 1981-82. The target and achievement in earthwork were as follows:

Year	Target fixed as per programme	Actual achieve- ments	Short- fall	Estimated cost	Actual expendi- ture	Extra cost
(1)	(2)	(3)	(4)	(5)	(6)	(7)
	(in million cubic feet)			(in lakhs of rupees)		
1979-80	.. 49.24	32.46	16.78	134.49	151.43	16.94
1980-81	.. 42.64	37.25	5.39	155.76	204.02	48.26
1981-82	.. 39.38	37.73	1.65	155.10	228.79	73.69
Total	.. 131.26	107.44	23.82	445.35	584.24	138.89

The excess cost of Rs. 1,38.89 lakhs involved in the departmental execution of work included an amount of Rs. 9.32 lakhs towards operational losses upto 1980-81. The shortfall in the progress and increase in the cost was mainly due to non-availability of machinery on account of major repairs (29.43 per cent) and non-completion of various stages of work for machinery to operate (29.07 per cent).

(ii) *Suspension of work and extra liability.*—Construction of masonry dam at Kanher (estimated cost : Rs. 2.94 crores) entrusted (February 1979) to a contractor (Rs. 2.97 crores) for completion by February 1983 was suspended by him from 21st January 1980 to 17th March 1980 reportedly due to non-supply of cement by the Department. According to the stipulated programme, the contractor was expected to turn out work amounting to Rs. 44.30 lakhs (excavation : 50,400 cum. and masonry : 23,000 cum.) by January 1980. However, the contractor could complete work for Rs. 7.34 lakhs (excavation : 33,431 cum. and 1,121 cum. masonry) i.e., 16.57 per cent only. Notwithstanding the fact that foundation level to commence masonry was reached in 25 metres (RD. 685 to RD. 710 metres) in a total length of 270 metres and 907.60 metric tons cement (out of 1,274.35 metric tons) with the division had to be transferred to other divisions/circles during March 1979 to January 1980 due to the poor progress of work by the masonry contractor, Government ordered (February 1981) remission of fifty per cent interest charges on outstanding mobilisation and machinery advances foregoing Rs. 0.51 lakh. The other claim of the contractor for reimbursement of escalation charges beyond the stipulated ceiling limit of 10 per cent of estimated cost (i.e., Rs. 29.85 lakhs), involving additional financial liability of Rs. 73.45 lakhs, on the basis of the average increase in the price indices for the entire work likely to be completed by September 1984 as per schedule, was under consideration by Government (August 1982). Thus the grant of extra contractual relief for reasons not actually attributable to the Department was irregular.

(iii) *Excess reimbursement of escalation charges.*—According to the terms of the contract escalation charges due to rise in cost of labour and material, were reimbursible every quarter based on the price indices limited to 10 per cent of the turnover upto Rs. 29.85 lakhs for the entire work. The Chief Engineer (Specified Project), however, ordered (December 1981) full reimbursement of price escalation despite the stipulated 10 per cent ceiling limit. The contractor was accordingly paid total

escalation charges amounting to Rs. 14.03 lakhs (March 1982), as against Rs. 7.94 lakhs actually due on a total work of Rs. 79.42 lakhs (Rs. 73.42 lakhs measured and Rs. 6 lakhs advance payment) turned out upto December 1981, resulting in excess reimbursement of Rs. 6.09 lakhs. The recovery of the overpaid amount ordered by the Superintending Engineer (April 1982), as a result of Government's non-approval (January 1982) to release full escalation charges, was not effected from the contractor. Government subsequently (August 1982) ordered that the ceiling limit of 10 per cent of the cost of work done for the payment of price escalation amount for each quarter be not insisted upon and the provision in the contract to this extent be treated as non-operative. The modification of the terms of payment in August 1982 apart from rectifying the irregular overpayment already made in violation of contractual provision, also absolved the contractor of any commitment for the timely completion of the work.

(iv) *Shortfall in progress—extra liability for escalation charges.*—The contract for Kanher masonry dam provided for payment of escalation charges, subject to a ceiling limit of Rs. 29.85 lakhs, on work executed within the stipulated period; work executed thereafter was not responsive to reimbursement of escalation charges. The entire work amounting to Rs. 2.98 crores was scheduled for completion within forty-eight months of commencement with a stipulated quarterly financial progress of Rs. 18.60 lakhs on an average. Against the expected progress of Rs. 260.40 lakhs, the contractor executed work worth Rs. 1,69.49 lakhs (Rs. 146.77 lakhs on the contracted items plus Rs. 22.72 lakhs on extra items) upto September 1982. The progress of the contractor was far behind the time schedule from the commencement of the work with an average turn over of Rs. 12.10 lakhs, as against Rs. 18.60 lakhs per quarter. The payment of escalation charges was not correlated to the stipulated progress and the spill-over of work from the previous quarters to subsequent quarters was also reckoned for payment of escalation at the higher rate of indices prevailing in the respective quarters. For a work of Rs. 146.77 lakhs to have been completed upto March 1981 according to the scheduled programme, the contractor was entitled to receive escalation charges amounting to Rs. 11.97 lakhs, as against Rs. 25.28 lakhs reimbursed to him till September 1982. Thus, the omission to correlate the escalation charges payable to the scheduled programme resulted in extra payment of Rs. 13.31 lakhs till September 1982.

(v) *Flood routing arrangement—extra expenditure.*—In the approved layout of Kanher masonry dam (July 1979) a spillway of 57 metre width between Ch. 785 and Ch. 842 with four radial gates (size 12 m × 8 m) was provided on the basis of the designed peak flood discharge computed at 61,700 cusecs at R.D. 690.78. The panel of experts appointed by Government (May 1979) to study the downstream lifting arrangement of the radial gates of Kanher dam observed (November 1981) with reference to unit-hydrograph (i.e., inflow-storage-discharge curve method) that the assumed inflow while designing the spillway was excessive compared to the observed flood and storm data. The experts, therefore, suggested provision of either three gates of 12 m × 8 m size or alternatively four gates of 12 m × 6.5 m to limit the outflow to the downstream channel capacity. Although the alternative of three gates of 12 m × 8 m was economical reducing the width of spillway, stilling basin and tail channel by 15 metres, Government approved (December 1981) a spillway with four gates of 12 m × 6.5 m considering the stage of construction, raising the maximum water level by one metre. The raising of maximum water level involved submergence of additional land and part of Medha town (estimated cost : Rs. 24.35 lakhs). As it was not considered desirable to submerge the town, Government on reconsideration, finally decided (May 1982) to adhere to the original design of the spillway with four gates of 12 m × 8 m due to the advanced stage of work involving avoidable extra expenditure of Rs. 46 lakhs.

(vi) *Extra cost due to change in specifications.*—The approved design of Kanher masonry dam, *inter alia*, provided either a septum of masonry in cement mortar 1 : 3 of two metres thickness with Khandki facing and cement pointing in 1 : 2 proportion or ϵ masonry in 1 : 5 proportion with 40 millimetre thick guniting, reinforced by wire mesh on the upstream face of the dam to reduce the seepages. The Central Designs Organisation categorically mentioned that both the alternatives be included in the tender to assess the relative cost. The tender, however, included only the first alternative of 1 : 3 masonry at the rate of Rs. 145 per cum. which was subsequently changed by the Chief Engineer, Specified Projects, Pune to C. C. 1 : 3 : 6 with ten per cent plum at the rate of Rs. 199.25 per cubic metre, on contractor's representation (October 1979) that Khandki stones were not available from the quarries indicated in the tender. According to the relevant tender notice, the location of the suitable

quarry areas was tentative and the tenderer was required to investigate quarries and satisfy himself about the availability of material in desired quantity and quality. The rates quoted were inclusive of all leads and lifts, even if Khandki was required to be brought from sources other than those indicated in the tender drawings.

The treatment of guniting was applied with satisfactory solution to the leakages through body of the masonry dams. It was, therefore, possible to adopt a masonry in 1 : 5 proportion with guniting as alternatively suggested by the Central Designs Organisation, instead of C. C. 1 : 3 as it has problem of watertight joints and bonds between concrete and masonry. Thus, the change from 1 : 3 masonry with Khandki facing to C.C. 1 : 3 not only conferred indirect financial benefit on the contractor but also entailed additional avoidable expenditure of Rs. 14.55 lakhs.

According to the contract, cement was to be consumed on weight basis at twenty bags per tonne irrespective of the actual weight. Loss arising out of shortage of weight in each bag upto 2.5 per cent was to be borne by the contractor. While working out the rate for the substituted item Rs. 2.21 per cubic metre towards loss in weight of cement required to be borne by the contractor as per agreement was added, resulting in overpayment of Rs. 0.29 lakh for 13,200 cubic metres of work.

(vii) *Defective provision in the contract.*—The contract for Kanher masonry dam provided items of uncoursed rubble masonry for hearting in cement mortar 1 : 5 (quantity: 1,62,203 cubic metres) and uncoursed rubble masonry in cement mortar 1 : 3 for upstream face work with Khandki. According to the general specifications, the completed rate included an element of face work to all exposed faces of masonry without any extra cost. The contractor, however, claimed an extra payment at Rs. 20 per cubic metre for hearting masonry on the ground that the wording incorporated in the 'Schedule B' did not specify the face work for hearting masonry. The claim of the contractor was recommended by the Executive Engineer for acceptance although there was no provision either in the accepted tender or in the Schedule of rates of division for payment for face work separately at extra rates. The discrepancy in the Schedule B and general specifications of the contract enabled the contractor to claim extra payment of Rs. 5.66 lakhs for face work.

(viii) *Extra payment to the contractor.*—(a) The contract for masonry dam at Kanher, *inter alia*, provided excavation for foundation in hard

strata for 25,400 cubic metres at the rate of Rs. 26 per cubic metre (estimated rate : Rs. 25.50 per cubic metre). The agreed rate was applicable for the tendered quantity of 25,400 cubic metres *plus* twenty-five per cent extra thereof i.e., upto 31,750 cubic metres and for quantity executed beyond 31,750 cubic metres the payment was to be regulated at the rate derived from the current schedule of rates or the rates mutually agreed upon. During actual excavation the quantity of excavation increased from 25,400 cubic metres to 60,464 cubic metres. The Department attributed (October 1980) increase in hard rock excavation to (1) weathered seams and jointed rock at foundation level (R.L. 655.656) and (2) additional work not contemplated in the agreement. Based on the geological investigation (1977) indicating fine grade hard compact basalt beyond R.L. 678.350 the foundation level was fixed at R.L. 655.656. According to the stipulated method of excavation in hard strata, no large scale blasting operations were to be resorted to when the foundation excavation reaches the last one metre and further excavation was to be completed by small charges preferably of black powder, barring, wedging, chiselling at the agreed rate. The stipulated method of excavation was not followed and the excavation was continued by blasting, resulting in shattering and weathering of the solid rock. Geological investigation as required during construction stage was also not carried out to determine the suitability of the foundation rock exposed from time to time. This necessitated deepening the foundation upto R.L. 654.465 involving 14,158 cubic metres of additional excavation in hard rock beyond designed level at an avoidable cost of Rs. 5.58 lakhs.

(b) The rate of Rs. 39.40 for excavation in hard strata beyond 31,750 cubic metres was derived by computing the use of 0.20 kilogram imported gelatine in one cubic metre of excavation as against 0.13 kilogram actually utilised during excavation and adding the loading and unloading charges for rehandling. The basic rate included the element of loading and unloading. Further, according to the stipulation in the contract the useful material which could not be utilised directly was to be heaped separately for utilisation as and when required within the agreed rate without any extra cost to Department. Thus, the omission to reduce the rate proportionately with reference to actual quantity of explosives utilised and payment for loading and unloading factor for rehandling, contrary to the provision resulted in overpayment of Rs. 1.15 lakhs at the rate of Rs. 4 per cubic metre.

(ix) *Inclined sand filter—avoidable expenditure.*—(a) Work of providing and laying inclined sand filters on the downstream of hearting of Kanher earthen dam in chainages 350 to 668.75, 975 to 1120 and 1240 to 1400 involving 15,372 cubic metres (estimated cost: Rs. 6.64 lakhs) was entrusted to a contractor at 4.77 per cent above the Schedule 'B' rate of Rs. 43.20 per cubic metre for completion by 4th August, 1980. The contractor could complete only 7,262 cubic metres of work upto the stipulated date, as the related work of earthen dam done departmentally did not keep pace and claimed higher rates for the balance to be executed beyond the stipulated period.

Under orders of the Superintending Engineer (December 1980), the contractor was paid Rs. 0.49 lakh extra for the entire quantity of 12,001 cubic metres on the ground that the contractor was not responsible for the short progress. This included a payment of Rs. 0.30 lakh for 7,262 cubic metres of quantity executed by the contractor within the stipulated period of contract.

According to the contract, in case adequate space for laying sand filter was not made available, the contractor was required to stack the sand at suitable location and rehandle it for the work without any extra cost. No attempt was made to collect sand at site. Thus, delay in departmental work in not providing working space for sand filters had involved avoidable expenditure of Rs. 0.49 lakh. The payment of Rs. 0.30 lakh for the work done within the stipulated period was also irregular and constituted an overpayment.

(b) The work of inclined sand filters (20,000 cum.) between Ch. 1,400 and 1,855 (estimated cost: Rs. 6.50 lakhs) was entrusted (December 1978) to the same contractor at 2.9 per cent above the Schedule 'B' rate of Rs. 32.30 per cubic metre, for completion by 4th December 1979. Notwithstanding the extension of time granted, the contractor could complete only 10,612 cubic metres of work by 4th June 1980. Instead of levying penalty for the slow progress of work under the contract, the Superintending Engineer allowed (May 1980) the Executive Engineer, Dhom Dam division to finalise the contract. The remaining 9,388 cubic metres of work was subsequently got executed through the same contractor at a higher rate of Rs. 43.20 per cubic metre, inflated by 67.27 per cent at an extra cost of Rs. 3.66 lakhs to Government.

(x) *Unauthorised payment for sub-standard work.*—The contract for Kanher masonry dam (estimated cost : Rs. 2,98 lakhs) provided for construction of 1,62,203 cubic metres of uncoursed rubble masonry of specified compressive strength of 56 kilograms/square metre for 28 days in 1:5 proportion of cement mortar. The contract further stipulated obtaining a set of three cubes for every 100 cubic metres of masonry, to ascertain the actual crushing strength, and all masonry with crushing strength less than eighty per cent of the specified strength was liable for rejection. Out of a quantity of 86,871 cubic metres executed upto March 1982, the Executive Engineer accepted 13,400 cubic metres of masonry represented by 134 sets of cubes with crushing strength of less than eighty per cent of stipulated strength and paid Rs. 14.87 lakhs at full agreed rate of Rs. 111 per cubic metre for the sub-standard work.

The low strength of mortar was ascribed (May 1982) to the use of pozzolonic cement which was incorrect as the use of pozzolonic cement improves the workability of mix and gives better strength. Thus, the payment of Rs. 14.87 lakhs for sub-standard work was uncalled for and outside the scope of the contract.

Results of cube tests in 139 cases representing 13,900 cubic metres of masonry were not on record.

B—Dhom Dam

(i) *Ex gratia payment.*—(i) The work of composite dam at Dhom across Krishna river was commenced in April 1970 and completed in June 1977 (completion cost : Rs. 997.04 lakhs) thereby creating a full storage of 10.78 T.M.C. The earthwork component of the dam (218.95 mcft.) was executed by the Mechanical Organisation at a cost of Rs. 672 lakhs. As the entire dam was scheduled for completion by June 1979, the non-overflow section and part of overflow section excluding spillway and bridge upto diversion level R.L. 725.40 (estimated cost: Rs. 1.50 crores) was entrusted (December 1972) to a contractor for Rs. 1.52 crores (at 1.56 per cent above the estimated cost) with a stipulation to complete it by August 1976. The agreement provided for payment of escalation charges on account of rise in prices of material and labour, subject to a ceiling of Rs. 5 lakhs for the entire contract. In July 1974, by which time price escalation on the work of Rs. 38.04 lakhs came up to Rs. 3.43 lakhs, the contractor represented for payment

of escalation charges due to abnormal rise in the labour and material costs without any ceiling limit. Government initially (January 1977) revised the prescribed ceiling limit of Rs. 5 lakhs to Rs. 10.54 lakhs and further sanctioned (February 1978) a total financial relief of Rs. 21.63 lakhs, as *ex gratia* payment (including a sum of Rs. 0.35 lakh paid on a supplementary agreement for spillway portion) arrived at on the basis of a modified formula for price escalation. This relief was sanctioned without establishing the actual loss sustained by the contractor, considering the profits, if any, made by him in other contracts with Government, duly certified by the Chief Auditor, Local Fund Accounts, as required under the provisions of Maharashtra Public Works Manual.

(ii) *Negotiated tender.*—The spillway portion of the Dhom masonry dam (estimated cost: Rs. 28.68 lakhs) was entrusted to the same contractor for Rs. 38.72 lakhs for completion by August 1977 without inviting open tenders, on the ground of extreme urgency for completion of the entire dam by June 1977 to achieve the maximum irrigation benefits. Time schedule which was the essence of the contracts was not observed and the contractor was granted liberal extensions of time from August 1976 to March 1978 for non-overflow portion and from August 1977 to February 1978 for spillway portion. Thus, the award of contract for spillway portion at an extra cost of Rs. 10.04 lakhs without inviting open tenders on the plea of urgency and tight schedule of work was not justified since the contractor failed to complete the work within the stipulated time.

(iii) *Extra expenditure due to splitting of work.*—The non-overflow and overflow components of the masonry dam are homogenous and executed as one work. Contrary to this, the masonry dam was divided into two parts of non-overflow and overflow portions to suit the programme of earthwork. Since the masonry of spillway portion was not raised simultaneously, the masonry at diversion level constructed under non-overflow section had to be dismantled for preparation of surface to integrally bond the new masonry of overflow portion resulting in avoidable expenditure of Rs. 0.75 lakh. The contractor was also paid an additional advance of Rs. 3.65 lakhs on the same machinery brought to site under non-overflow agreement, on which machinery advance had already been paid.

Thus, the splitting up of work contrary to normal procedure not only entailed additional expenditure of Rs. 0.75 lakh but also enabled the contractor to avail of a second machinery advance.

(iv) *Non-recovery from the contractor.*—The estimated rates for uncoursed rubble masonry and concrete work incorporated in the agreement for overflow section of the Dhom masonry dam provided for the entire quantity of rubble and metal required for masonry and concreting being obtained from a specified quarry, three kilometres distant from the work site and did not contemplate free use of excavated material from the foundation of the masonry dam. The rates mentioned in the agreement were, therefore, based on the cost of extraction of rubble from the quarry and the lead charges involved in transportation of rubble. Although 23,929 cubic metres of hard rock was quarried from approach channel for use on overflow section, payment at full rate was made to the contractor without proportionate deduction, for extraction and lead charges resulting in overpayment of Rs. 3.11 lakhs for work not done.

(v) *Less consumption of cement.*—The contracts for non-overflow and overflow components of the Dhom masonry dam, *inter alia*, stipulated use of forty-five per cent mortar in the masonry work in different proportions and if the cement proportion is varied in mortar an addition or deduction at the rate of Rs. 12 and Rs. 16.85 per bag in the unit rate was to be made. In the total uncoursed rubble masonry of 61.078 cubic metres executed in the masonry dam, 1.53 lakh cement bags were consumed as against 1.62 lakhs required to achieve the required forty-five per cent of mortar. The actual percentage of mortar achieved was forty-three. No penalty was levied for the lower mortar percentage achieved than stipulated nor any rebate claimed for less consumption of cement contents. The recovery on this account worked out to Rs. 1.12 lakhs.

(vi) *Extra expenditure due to acceptance of limited liability of contractor in regard to permeability.*—The accepted tender for Dhom masonry dam provided that water intake tests should be carried out periodically during every working season in completed masonry and the water intake should not exceed 1.5 litres per minute per square metre and three litres per minute per square metre for the portion of hole passing through rich (1:3) and lean (1:5) mortar respectively. If the leakages

during permeability tests exceeded the specified values, the contractor should carry out drilling and grouting to achieve the required degree of impermeability at his own cost. Besides, the limit of permeable seepage, the clause provided that if there were any visible leakages or seepages on the downstream side when the full hydrostatic pressure is developed, the contractor should take remedial measures to stop the leakages without any extra cost to Government. As a safeguard for ensuring permeability tests in the beginning of each working season and adequate grouting, a deduction at the rate of Rs. 2 per cubic metre for masonry executed, was to be effected till such time permeability tests were completed and further appropriate recovery was effected towards remedial measures for any significant leakages on downstream face. Contrary to the normal stipulation of unlimited liability of the contractor for impervious masonry, Government in November 1972 and October 1976 accepted the condition of the contractor for deduction of Re. 1 per cubic metre of masonry, with limited liability for permeability tests and remedial measures to the extent of Rs. 25,000 only.

The contractor accordingly carried out grouting in part of the masonry on the preliminary pattern in the first working season 1973-74 and subsequently refused to have permeability test for rest of the masonry on the ground that the grouting done by him was sufficient within the meaning of the accepted condition. As a remedial measure, the Department itself carried out grouting from April 1978 to December 1979 at a cost of Rs. 1.08 lakhs. This grouting failed to reduce the seepage which continued to go beyond the permissible limits. In order to stop the leakages and to ensure safety of the structure, guniting work, (estimated cost: Rs. 7.20 lakhs) as one of the proved remedial measures, was taken up and an expenditure of Rs. 3 lakhs was incurred upto June 1982. The work of guniting was in progress (August 1982).

Thus, the imposition of only a limited liability on the contractor towards imperviousness of structure, absolved him of the responsibility for persistent heavy leakages, entailing avoidable financial liability to Government to the extent of Rs. 8.28 lakhs.

(vii) *Defective investigation-extra expenditure.*—According to the general layout approved by Government (August 1969) the Dhom masonry dam was proposed to be rested on hard rock at R.L. 725.40. Based on the L section and additional bore data supplied by the Executive

Engineer, Dhom dam division, in July 1970, indicating the hard rock line at a deeper depth, the Central Designs Organisation modified (March 1971) the foundation level to R.L. 722 to found the structure about one metre in the hard rock, except between Ch. 2,490 and Ch. 2,537 where the excavation upto R.L. 720 was obligatory irrespective of the hard rock, being the diversion level for irrigation outlet. As the graded foundation rock was actually encountered at a much higher elevation than reported by Executive Engineer (July 1970), the Central Designs Organisation remodified the foundation level to R.L. 725.40 (January 1972) with instructions to raise it further, depending upon the suitability of exposed rock for foundation. The Superintending Engineer, Project Irrigation Circle, Satara on the recommendation of Superintending Engineer, Central Designs Organisation, after a joint site inspection (November 1971) determined (April 1972) the final foundation levels for adoption in various reaches of the masonry dam. The final levels were, however, communicated to the contractor in March 1974. Despite the availability of foundation rock at much higher elevation and in disregard of the instructions of Central Designs Organisation, the excavation of foundation was proceeded with as per original levels as indicated below:

Reach	Original foundation levels	Final foundation levels proposed	Foundation level excavated
(a) Left non-overflow Ch. 2337 to 2408 ..	RL 725.40	RL 727	RL 725.60
(b) Overflow Ch. 2408 to 2479 ..	RL 725.40	RL 725.40	RL 724.30
(c) Left side guide wall ..	RL 727	RL 729	RL 726.56
(d) Right side guide wall ..	RL 727	RL 729	RL 728.13

This resulted in extra excavation and masonry work, involving infructuous expenditure of Rs. 8.55 lakhs.

(viii) *Execution of work beyond designed dimensions—extra expenditure.*—The energy dissipation arrangement of Dhom masonry dam approved by Government (July 1972), *inter alia*, envisaged construction of ogee shaped spillway from Ch. 2408 to Ch. 2479 with 51.3 metres long horizontal apron of 1 metre thick concrete and end weir at an uniform foundation level R. L. 722. Due to availability of good compact basalt at higher

elevation R. L. 728.50 the layout of the stilling basin was modified as recommended by the Maharashtra Engineering Research Institute (May 1973). In the modified lay-out, the length of the stilling basin was reduced from 51.3 metres to 47 metres with 0.6 metre concrete apron at apron top level R. L. 725.40 corresponding to the foundation level of spillway (R. L. 725.40). Accordingly, the foundation level for stilling basin and end weir worked out to R. L. 724.80 (apron top R. L. 725.40 less 0.6 metre thick concrete). Despite the good rock the foundation level was lowered down to R. L. 724.45 with 0.83 metre thick concrete instead of 0.6 metre resulting in extra expenditure of Rs. 2.71 lakhs.

(ix) *Excavation beyond pay lines-extra cost.*—In the general layout of July 1970, 72 metres long spillway was provided between Ch. 2408 and Ch. 2480 to accommodate five radial gates of 12M × 6.5 M size with four intermediate piers of three metres width to discharge design flood of 62,000 cusecs. The length of the spillway was, however, reduced to 71 metres (July 1970) due to adoption of the standardised pier thickness of 2.75 metres with corresponding tail channel of 71 metres. The work of excavation in tail channel was commenced in 1970 with a width of 72 metres and continued beyond the designed width from Ch. 88 to Ch. 740. The average width actually adopted for payment was 72.30 metres as against 71 metres resulting in extra payment of Rs. 0.70 lakh for work done beyond pay lines outside the scope of contract.

C—Canals

(i) *Incorrect bed levels extra expenditure.*—The Project Report (1975) envisaged a combined canal taking off from the right flank of Dhom dam with bifurcation in kilometre 2 into Dhom left bank canal (113 kilometres) and Dhom right bank canal (39 kilometres) to irrigate 22,632 hectares and 6,194 hectares irrigable command respectively. According to the approved lay-out (December 1970) and structural design (November 1973) for irrigation outlet, the canal was to start with canal bed level at R. L. 721.80 connected with the irrigation outlet at sill level R. L. 722.17 with 1:6,000 bed slope. The work of excavation of Dhom left bank canal was, however, completed with the starting canal bed level value of R. L. 721.765 instead of R. L. 721.80. Due to adopting of negative value, canal bed levels were lowered down by 0.035 metre throughout the length of canals resulting in extra excavation (29,843 cubic metres) at a cost of Rs. 6.94 lakhs, besides the loss of command.

(ii) *Change in bed gradient—extra expenditure.*—The Dhom left bank canal runs with a canal bed gradient of 1 : 5,000 upto kilometre 68. The earthwork (estimated cost : Rs. 0.24 lakh) in kilometre 53 was commenced in 1972-73 on priority basis with assumed bed level R. L. 707.922 without finalising the canal alignment and bed levels from kilometre 41 to 52. The canal bed level at the commencement of kilometre 53 was determined with reference to the terminating bed level R. L. 710.615 for kilometre 40 after accounting for the theoretical head losses of 1.195 metres for probable structures *en route* from kilometre 41 to 52. On finalisation of the alignment from kilometre 41 to 45 it was found that the length in this reach was increased by 0.345 kilometre and the actual terminating canal bed level for kilometre 45 worked out to R.L. 709.420. This resulted in a negative drop of 0.45 metre. To accommodate the increased length and to connect the canal alignment from kilometre 14 to 52 with the executed alignment of kilometre 53, bed gradients from kilometre 41 to 45 and 51 to 52 had to be flattened to 1 : 6,000 and 1 : 6,500 respectively, keeping the full supply depth (FSD) constant. Due to flattened bed gradient the width of the canal in this reach was increased involving extra excavation and lining at a cost of Rs. 4.61 lakhs, besides the extra expenditure of Rs. 3.98 lakhs for additional length of 0.345 kilometre. Thus, commencement of work in kilometre 53 without determining the final alignment and canal bed levels involved avoidable expenditure of Rs. 8.59 lakhs.

(iii) *Defective execution—avoidable expenditure.*—The earthwork in kilometre 42 of Dhom left bank canal (estimated cost : Rs. 11.68 lakhs), the alignment of which passes through a deep cut (average depth : 11 metres) in black cotton soil, was taken up for execution departmentally (February 1977) and completed (December 1978) at a cost of Rs. 14 lakhs without providing side berms six metres above the canal bed level, as envisaged in the sanctioned estimate. The side slope adopted was $1\frac{1}{2} : 1$ for soil, instead of 2 : 1 required for cutting in black cotton soil.

Due to excessive cutting, non-provision of side berms and inadequate slope, the canal sides slipped resulting in deposition of silt of one metre depth, removed at a cost of Rs. 3.04 lakhs. The Department proposed (July 1982) to provide side berms with flattened slope of 2 : 1 at an estimated cost of Rs. 2.43 lakhs. To an audit query (July 1982), the Executive Engineer, Dhom Canal Division, Wai stated that the berms

were not provided as the earthwork was done by mechanical operation. Thus, defective work without complying with technical requirements entailed avoidable expenditure of Rs. 5.47 lakhs.

(iv) *Overlapping command—extra cost.*—The Project Report (1964) contemplated a distributary No. 4 from Dhom left bank canal at Ch.41/980 to command 4,100 hectares upto Arphal left bank canal. Under the revised water planning, the distributary was converted into Jarandeshwar branch canal (November 1977) to irrigate 5,700 hectares under the command of Dhom left bank canal (4,100 hectares) and Arphal left bank canal (1,600 hectares) with a designed discharge capacity of 4.74 cumecs.

As the command of 1,600 hectares was already covered under the Arphal left bank canal, the actual command of Jarandeshwar branch canal was 4,100 hectares, for which a canal section with a discharge capacity of 2.52 cumecs as per Penman method was actually required. Thus, due to overlapping command of 1,600 hectares, the canal section for the branch canal was designed for higher capacity than required involving infructuous expenditure of Rs. 5.32 lakhs.

Remodelling of Section—extra expenditure.—According to the revised water planning and in terms of Government directives (April 1977), the entire main canal system was to be lined instead of unlined as contemplated in the sanctioned estimate. The Chief Engineer, Pune, however, in November 1977 while converting the distributary into branch canal sanctioned construction of the branch canal upto 17 kilometres with lined section and from 18 kilometres to 22 kilometres as unlined. The canal length from kilometre 18 to kilometre 22 executed with unlined section adopting stratawise slope was subsequently converted into lined canal (September 1981) providing uncoursed rubble masonry in the excavated section to accommodate a lined section with $\frac{1}{4} : 1$ slope in the already excavated unlined section at a cost of Rs. 2.13 lakhs.

Thus, the decision of the Chief Engineer to construct part of the branch canal with unlined section contrary to Government decision (April 1977) to line entire canal system resulted in avoidable expenditure of Rs. 2.13 lakhs.

(v) *Incorrect Head losses—extra expenditure.*—The earth work of Kanher right bank canal from kilometre 1/860 to kilometre 23 (estimated cost : Rs. 58.53 lakhs) was commenced in 1977 departmentally, on the

basis of the canal bed levels fixed by the Executive Engineer, Kanher Canal Division, Satara with reference to the approved alignment by the Chief Engineer, Pune, accommodating 1.161 metre theoretical head losses for the structures *en route* as against actual head losses of 1.705 metres. The executed canal bed level at the end of kilometre 23 was R.L. 652.611 as against R.L. 653.156 with reference to actual head losses resulting in a drop in canal bed level by 0.545 metre. As the canal bed levels, for kilometre 24 to 68 were fixed with R.L. 652.611 instead of 653.156, the drop in canal bed level continued throughout the length upto kilometre 68. The drop in canal bed level due to computation of incorrect head losses from kilometre 1/860 to 23 worked out on an average to 0.338 metre. This resulted in extra cutting in hard rock (46,891 cubic metres upto kilometre 23 and 1,09,395 cubic metres from kilometre 24 to 68) involving additional expenditure of Rs. 56.86 lakhs.

(vi) *Extra contractual payment.*—The contract for Box aqueduct on Krishna river in kilometre 1 of Dhom left bank canal awarded to a contractor in March 1974 provided, among other items, excavation in soft strata (at the rate of Rs. 11 per cubic metre) and hard strata (at the rate of Rs. 50 per cubic metre). According to the detailed specifications, soft strata included all kinds of rock which could be removed with shovel after loosening by application of crow bars or wedges. The standard specifications categorically classify the hard conglomerate rock under soft strata. The conglomerate type of rock (1,900 cubic metres) originally classified under soft strata, was reclassified as hard strata by the Executive Engineer, Dhom Canal Division (January 1977), on a representation by the contractor, notwithstanding the rejection of the claim by the Superintending Engineer (August 1976), and paid for at the rate applicable for excavation in hard strata requiring blasting.

The extra payment of Rs. 0.74 lakh for conglomerate type rock on the rates applicable for blasting and removing hard rock was not warranted by the terms of the contract.

(vii) *Incorrect recording of measurements.*—The earthwork in kilometre 45 to 47 and kilometre 61 to 65, of the Dhom left bank canal was taken up for execution departmentally, deploying piece workers in 1977-78, on the ceiling rates approved by the competent authority. In twenty-three cases, it was observed by the division (August 1980) that the measurements for earthwork recorded earlier and checked cent per cent by the

Sub-Divisional Officer and Executive Engineer in two cases were incorrect and an amount of Rs. 1.65 lakhs had been overpaid to the piece workers. No responsibility for overpayment had been fixed yet (August 1982); and the matter is reported to be under investigation.

(viii) *Canal capacities—extra expenditure.*—Earth work of Dhom left bank and right bank canals was commenced in 1968-69 with unlined canal sections as envisaged in the sanctioned project estimate (1966). Consequent upon allocation of 30 T.M.C. water for utilisation in Krishna Project (December 1973), Government decided (April 1977) to line the entire canal system to make good the deficiency of 6.25 T.M.C. In the meantime, earthwork upto kilometre 93 and 52 of Dhom left and right bank canals respectively, was continued with unlined canal sections. The unlined canal sections of the Dhom canal system were subsequently re-designed in lined sections keeping bed gradient of the executed unlined section unchanged with 1.5 : 1 side slopes. The flattened slope adopted for lined canals resulted in enlarging the sections for a discharge capacity of 25.81 cumecs, and 11.82 cumecs, as against 20.97 cumecs and 6.18 cumecs actually required under lined canals to irrigate 28,286 hectares basic irrigable area under the Dhom canal system. The delay of four years in taking decision of lined canals necessitated remodelling of the unlined Dhom left bank canal (93 kilometres) and Dhom right bank canal (52 kilometres) executed upto April 1977, involving extra avoidable expenditure of Rs. 126.19 lakhs.

Besides, due to over-capacities of lined canals, the structures in the initial reach of 40 kilometres constructed during 1973 with unlined canal sections were slightly of lower capacities, considering the design full supply depth of lined canal of the upstream and downstream structures which might pose a problem of over-tapping the canal free boards. The behaviour of structures, however, could not be observed since canals were not operated to full discharge capacities.

(ix) *Defective estimate—avoidable expenditure.*—Construction of Venna R.C.C. box aqueduct in kilometre 3 of Kanher right bank canal (estimated cost : Rs. 24.68 lakhs) was entrusted to a contractor (July 1979) on his own design for R.C.C. piers, columns and on departmental design for abutment, wing walls at a lump sum cost Rs. 23.88 lakhs. In the sanctioned estimate for the work, excavation for abutment wing wall upto 16 metre depth in soft and semi-hard strata was provided vertically without side

slopes as required under the technical circular of Government. The drawings, forming the part of contract, did not indicate the soil properties and slopes to be adopted for soft strata. During the course of excavation a designed slope of 1/2 : 1 for soft strata as per technical circular was adopted and the contractor was paid Rs. 0.39 lakh for excavation beyond 1/4 : 1 slope and Rs. 0.42 lakh for back filling on the ground that the contractor assumed 1/4 : 1 slope while tendering. The assumption of the contractor was contrary to the normal provision of 1/2 : 1 slope for soft strata which was essential for working space. Thus, the defective provision in the estimate and omission in the drawing and detailed specification of the tender involved avoidable financial liability of Rs. 0.81 lakh.

4.1.6 *Non-recovery from the contractor.*—The contract for Venna aqueduct provided utilisation of excavated spoils at work site free of cost. The contractors brought 16,270 cubic metres of excavated rubble from Kanher masonry dam for which no recovery was effected. Computed at Rs. 7 per cubic metre (DSR) the recovery worked out to Rs. 1.14 lakhs. The division stated (July 1982) that the recovery was not effected, as the rubble was used for ancillary work and not in masonry dam.

4.1.7 (i) *Nugatory expenditure.*—The Arphal left bank canal (235 kilometres) was accorded a low priority in the complex of Krishna Irrigation Project. According to scheduled programme agreed to by Project Arphal left bank canal upto kilometre 19 was to be completed by end of September 1984. A division for Arphal Canal was opened in 1978-79 and an expenditure of Rs. 30.93 lakhs was incurred on the establishment as against the actual works expenditure of Rs. 124.66 lakhs upto March 1981. The percentage of establishment expenditure to works expenditure worked out to 24.81, which was far in excess of the ten per cent provided in the revised project estimate (1981) resulting in a nugatory expenditure amounting to Rs. 18.47 lakhs in the absence of adequate works.

(ii) *Avoidable expenditure.*—In terms of the contract for masonry dam at Kanher, cement was to be consumed on weight basis, as twenty bags per tonne, irrespective of the actual weight and loss arising out of shortage of weight in each bag received from the supplier was to be borne by the contractor to the extent of 2.5 per cent. and shortages in excess of this limit being the liability of Government. On a quantity of 18,197.50 tonnes

consumed on the work (December 1982) the Department had to bear the loss for 487.37 tonnes being more than two and half per cent involving avoidable expenditure of Rs. 1.85 lakhs.

The contract for Dhom dam, however, provided that the entire shortage in weight would be made good by the Department. Accordingly, the Department issued 661 tonnes of cement for correcting the weight of 15234 tonnes at a cost of Rs. 2.51 lakhs. The total percentage of transit loss in cement content in the above two cases worked out to 4.87 and 4.34 respectively, which was beyond the permissible transit loss of 2.5 per cent stipulated by the Director General of Supplies and Disposals, New Delhi, and the reasons for which were not investigated.

4.1.8 *Irrigation potential and its utilisation.*—According to the original Project Report (1964) partial irrigation was to commence from the 6th year (June 1976) and full potential for 64,426 hectares was to be developed within ten years from the completion of the project (1977-78). The creation of potential itself lagged behind due to non-completion of head works and canal system. According to one of the conditions of financial assistance of the World Bank, all canals were to be lined before water was let out for irrigation. Government, therefore, ordered (August 1979) not to release water beyond kilometre 40 of Dhom canals where the lining was not completed. The irrigation potential created at Dhom reservoir and upto kilometre 40 was utilised to the extent of 13 and 24.67 per cent respectively upto 1982. The yearwise irrigation potential created and utilised is given below :

Year	Irrigation potential created at Dhom reservoir	Irrigation potential upto km 40 of Dhom canals	Irrigation potential actually utilised	Percentage utilisation with reference to	
				column 2	column 3
(1)	(2)	(3)	(4)	(5)	(6)
	(figures in hectares)				
1976-77 ..	....	14,915	2,222	....	....
1977-78 ..	18,990	14,915	3,648	19.21	24.46
1978-79 ..	18,990	17,584	3,506	18.46	19.94
1979-80 ..	37,080	17,584	2,696	7.27	15.33
1980-81 ..	41,580	17,584	5,548	13.34	31.55
1981-82 ..	47,580	17,360	5,568	11.70	32.07
				13.00	24.67

The shortfall was attributed by the Department (July 1982) to

(1) non-completion of canal lining work beyond kilometre 40 of Dhom system,

(2) cultivators' reluctance to use canal water due to assured rainfall in the upper reaches of kilometre 40 and

(3) established irrigation on wells, *bandharas*, river lifts in the command of Dhom system.

Due to underutilisation of irrigation potential for 1.43 lakh hectares over a period of five years, Government was deprived of a cumulative net revenue amounting to Rs. 162.65 lakhs upto 1982.

The Department assessed a total revenue of Rs. 36.72 lakhs upto July 1982, of which Rs. 15.63 lakhs was realised and Rs. 21.09 lakhs was outstanding (July 1982).

4.1.9 *Summing up.*—(1) The Krishna Irrigation Project execution of which commenced in 1969-70 with a programme of completion within eight years (modified to 15 years in July 1970) has been completed to the extent of 48.25 per cent (March 1982). The Project is now expected to be completed by 1987.

(2) The estimated cost of the Project has gone up progressively from Rs. 27.66 crores (1967) to Rs. 71.31 crores (1977) and Rs. 133.93 crores (1981). None of the revised estimates has been cleared by the Central Water and Power Commission, since clarification sought for by the Commission as early as in 1977, has been furnished by the Department late in 1981.

(3) The progressive increase in the cost has been attributed, apart from rise in cost of labour, materials and land, to change in the scope of the Project, change in the design and inadequate provisions.

(4) The escalation in cost of the Project, has affected its economic viability. The per hectare estimated cost is likely to go up from Rs. 2,602 (original estimate 1964) to Rs. 18,000 (revised estimate 1981) and the benefit cost ratio reduced from 2.263 to 1.00.

(5) Extra expenditure amounting to Rs. 28.71 crores had been incurred on account of—

(i) Irregular concessions to the contractors outside the scope of the agreements—Rs. 1.25 crores.

(ii) Defective survey—Rs. 0.09 crore.

(iii) Additional canals to make good the lost command between kilometre 96 and kilometre 144 of Arphal left bank canal developed under private/co-operative lift irrigation schemes with the permission of revenue authorities after commencement of Project work—Rs. 13.94 crores.

(iv) Irregularities in execution—Rs. 4.47 crores.

(v) Nugatory expenditure due to treating the length between kilometre 96 and 144 of Arphal left bank canal as express canal, deletion of Arphal dam and idle establishment—Rs. 8.96 crores.

(6) Out of the cumulative irrigation potential of 1.64 lakh hectares created at Dhom reservoir, 0.21 lakh hectares could be utilised upto kilometre 40 on Dhom lined canals and the remaining 1.43 lakh hectares could not be utilised due to non-provision of lining to the remaining canal length, resulting in a loss of net revenue of Rs. 162.65 lakhs (March 1982).

The matter was reported to Government in September 1982; reply is awaited (February 1983).

4.2 Unsatisfactory performance of road rollers

In terms of supply orders placed (September and October 1980) with the different firms, the Mechanical Stores Division, Dapodi, purchased (December 1980 to March 1981) 15 diesel road rollers of 4 tonnes capacity at a cost of Rs. 16.68 lakhs (12 at the rate of Rs. 1,07,800 each and 3 at the rate of Rs. 1,03,500 each *plus* 4 per cent sales tax) and allotted them to four irrigation divisions. According to specific conditions of tender, 90 per cent cost was payable within 30 days of receipt of material, 5 per cent after 90 days of supply and the remaining 5 per cent after receipt of report from its user of satisfactory working of the rollers for 200 plant hours. The specification attached to the tender, *inter alia*, provided that the roller should be capable of operating on a gradient of 1 in 5 and should conform to I.S. 5502-1959.

In the course of audit of accounts of the Mechanical Stores Division Dapodi, it was noticed (July 1981) that contrary to the conditions stipulated in the tender, 5 per cent balance payment amounting to Rs. 0.8i-

lakh was released to the suppliers before receipt of the performance reports from the user divisions to whom the rollers were allotted. The payment was reportedly made on the instructions (January 1981) of the Superintending Engineer. Further enquiries revealed that the performance of 13 road rollers was not satisfactory. In the case of seven rollers supplied to Khadakwasla, Girna Canal Division and Ujjani Canal Division the performance of plant hours ranged from 39 to 47 per cent for three rollers, 13 and 26 for two and negligible for one, while one was under repairs from August 1981 to April 1982. The performance of 6 rollers supplied to Upper Penganga Project Division for the period from January 1981 to September 1981 was not intimated, but the Superintending Engineer, Upper Penganga Project Circle, Nanded reported to the Superintending Engineer, Mechanical Circle (Gates), Pune that the width of the roller was less compared to height and it was delicate in operation. The pulley fixed on nut bolts to the head went out of order. It was not capable of operating on upward grades for more than 1 : 10 and on layers of loose soil of more than 6" and the horsepower was less than required for compaction of soil embankment of canal and suggested modification in the rollers. Performance of the remaining two rollers was not reported (February 1983).

The Mechanical Stores Division, Dapodi stated (April 1982) that the rollers were inspected at factory site before taking over delivery and only one roller from each of the suppliers was tested for assessment of performance. The Department had neither investigated the reasons for unsatisfactory performance of the rollers nor taken any remedial measures to put them to optimum use (May 1982).

Apart from irregular release of five per cent balance payment (Rs. 0.83 lakh) without obtaining performance reports the unsatisfactory performance of rollers resulted in unfruitful expenditure of Rs. 16.68 lakhs.

The matter was reported to Government in June 1982; reply is awaited (February 1983).

4.3 Denial of benefits due to delay in construction of a tank

The work of Bamangaon Minor Irrigation Tank in Chandrapur District, designed to irrigate 550 hectares was administratively approved (November 1969) by Government for Rs. 17.41 lakhs. Construction of head works of the tank was entrusted (excluding portion of work

executed departmentally) to a contractor in March 1975 at 18 per cent above the tendered cost of Rs. 9.71 lakhs. The stipulated date for completion of work was September 1977.

While the work was in progress, a complaint was lodged in May 1975 by another contractor alleging malpractices in execution by the Department. Pending finalisation of the investigation by Anti-Corruption Bureau, the contractor was asked to stop the work in April 1976. He was, however, allowed to resume it in December 1976 excepting for a length of 150 metres which was under dispute. Though extension was granted by the Executive Engineer upto June 1978 the contractor had stopped the work from January 1978 stating that he would not resume it unless his claims were considered. No action on his claims was taken (July 1982). The value of the work executed till the date of stoppage was Rs. 3.77 lakhs. Further, the decision in regard to resting of cut-off-trench at appropriate depth which was under consideration of the Department since January 1977 was also not taken (October 1982) which affected the progress on head works. Meanwhile, work of constructing canals and distributaries had been completed by March 1978. Total expenditure incurred upto March 1982 was Rs. 11.63 lakhs. However, no irrigation potential could be created despite completion of distribution system even prior to March 1978.

Though the complaint was received in May 1975, the matter was not investigated departmentally to find out how and at what stage excess measurements were recorded despite the requirement of test-check of measurements recorded by the supervisory officials. The alleged excess measurement investigated by the Anti-Corruption Bureau was reported to have caused loss of Rs. 0.55 lakh. No action was, however, taken against the delinquent official. Taking into account the alleged overpayment of Rs. 0.55 lakh, and other recoveries on account of hire charges of machinery and blasting unit, dues recoverable from the contractor work out (including secured advance against machinery) to Rs. 0.79 lakh. Although it was decided to adjust it against the interest accrued on the security deposit with the Department, no action was taken (July 1982). The total security deposit available for adjustment with the Department was only Rs. 0.18 lakh.

The delay in taking decision in regard to resting of cut-off-trench had adversely affected progress of work resulting in denial of irrigation

benefits to 550 hectares of land for a period of over 4 years rendering the expenditure (Rs. 11.63 lakhs) so far incurred unfruitful.

The matter was reported to Government in September 1982; reply is awaited (February 1983).

4.4 Non-recovery of machinery and mobilisation advances

The work for providing and laying bed and side lining in km. 0 to 3 and 3 to 6 of branch canal (No. 68) of Paithan left bank canal of Jayakwadi Project was entrusted (November 1978) to a contractor in two separate agreements at a total cost of Rs. 20.22 lakhs for completion in fifteen months. The agreements, *inter alia*, provided for the grant of machinery advance against the pledge of machines and mobilisation advance on the strength of surety. The recovery of advances together with interest was to commence on completion of 10 per cent of the value of works tendered in suitable percentage of the amount billed for payment. According to the 'Deed of Pledge' the machinery advance together with interest thereon was to be paid by the contractor immediately if he failed to maintain satisfactory progress of work as also in the event of stoppage of work for a continuous period exceeding one month without prior permission of the Executive Engineer.

In terms of the agreements, the Department granted to the contractor in November and December 1978 machinery advance of Rs. 0.50 lakh at the rate of $7\frac{1}{2}$ per cent per annum on executing 'Deed of Pledge' against a truck and a crusher and mobilisation advance of Rs. 0.50 lakh at the rate of 16 per cent per annum on executing a surety bond. The contractor executed the work valued at Rs. 1.07 lakhs between November 1978 and August 1979. As the value of work executed fell short of 10 per cent of the total cost of works, recovery of advances could not be effected. In spite of persuasion by the Department, the contractor did not recommence work and finally abandoned the works. The contracts were, therefore, terminated by the Department in August 1979. Meanwhile, on abandoning the works, the contractor removed the truck from the site in May 1979 (before termination of the contract) and the crusher in November 1979 (after termination of the contract), despite the Department's attempt to seek Police help to guard them.

Besides machinery and mobilisation advances of Rs. 1 lakh and interest thereon, a sum of Rs. 0.65 lakh was also recoverable towards the

cost of departmental material supplied to the contractor. The Superintending Engineer referred (January 1980) the matter to the Chief Engineer to move Government to file a Civil Suit against the contractor for recovery of dues; their approval is awaited (June 1982).

A scrutiny of the records (November 1981) revealed the following:

(i) The 'Deed of Pledge' executed, for the grant of machinery advance to the contractor, did not indicate the details of machinery pledged with the result that the legal document suffered from a lacuna.

(ii) On the registration certificate of the truck, a note regarding hypothecation of truck was not got endorsed by the Road Transport Officer.

(iii) The Department was required to take delivery of the machinery hypothecated and then hand over their possession to the contractor on obtaining proper acknowledgement; this was also not done.

(iv) Though the 'Deed of Pledge' contained provisions for recovery of advances towards machinery advance in the event of failure of execution of work, no such provision was made in the Bond executed for mobilisation advance.

(v) According to the conditions stipulated in the 'Deed of Pledge', the contractor was to insure the machinery at his cost as a security for full value in the joint names of the contractor and Government and deposit the policy in original with the Department. But the contractor submitted only insurance cover notes issued in his name and that too for part periods.

(vi) Bonds executed for the grant of mobilisation advance did not contain any surety of third party. In the space provided for the name of the surety, the words 'Executive Engineer' were inserted, as a result the Executive Engineer virtually became the surety.

(vii) Despite the unsatisfactory progress of works no timely action was taken by the Department either to recover the advances and cost of materials or to institute a Civil Suit.

Thus, execution of defective 'Deed of Pledge' and Bond and absence of timely action by the Department for initiating recovery proceedings, resulted in failure to recover Rs. 1.65 lakhs and interest thereon (June 1982).

The matter was reported to Government in July 1982; reply is awaited (February 1983).

4.5 Defective estimates—Distributary No. 38 of the Paithan right bank canal

A portion of the work of Distributary No. 38 of the Paithan right bank canal was entrusted (November 1980) to one agency in two parts at 4.95 and 4.91 per cent above the estimated cost of Rs. 6.34 lakhs and Rs. 6.53 lakhs respectively by the Jayakwadi Project Stage-II, Division No. 3, Wadigodri (Aurangabad district). During the course of survey trial pits were taken at an interval of 200 metres to 500 metres upto a depth of 1 metre and quantity of hard strata was accordingly estimated as 764 cubic metres, ignoring the existence of hard strata which was visible through exposures of rock patches at ground level as revealed (January 1982) during joint inspection by the Executive Engineers. This resulted in incorporating incorrect quantities in the estimates prepared on the basis of Divisional schedule of rates for 1978-79, which were sanctioned in July 1980. Based on these estimates, tenders were invited on 7th October 1980. While the decision to widen the distributary was taken in a meeting of Chief Engineers on 7th October 1980 and was communicated to the Superintending Engineer on 15th November 1980, the work order was issued on 27th November 1980 without taking into account likely increase in quantities of excavation.

Under the agreements, quantities in excess of 30 per cent of the tendered quantities were to be treated as extra items for which payment was to be made at the rates mutually agreed to between the Department and the contractor.

During execution, the quantities of excavation in hard strata increased disproportionately (12,750 cubic metres executed till July 1982, and was reportedly likely to go upto 23,168 cubic metres till completion) partly due to defective estimation of hard strata as soft strata and partly due to change in the design of distributary. As the tendered rate of Rs. 22 per cubic metre for hard rock excavation plus the percentage quoted by the contractor was operative for the quantities of work increased or decreased by not more than 30 per cent of the quantity put to tender, the quantities in excess of 30 per cent were treated as extra items payable at the rate of Rs. 32.05 and Rs. 31.50 per cubic metre as proposed

(December 1981) by the Executive Engineer. Extra cost involved for the excess quantity of 14,600 and 7,575 cubic metres required to be executed over and above the limit of 30 per cent prescribed in the tender amounted to Rs. 1.95 lakhs. This extra expenditure could have been avoided had the Department assessed the quantity of hard rock excavation as per strata conditions and also taking into account, change in the design of the distributary as contemplated in October 1980, before entrusting the work to the contractor.

The matter was reported to Government in September 1982. Government while accepting (December 1982) the position stated that excess quantities were due to preparation of inaccurate estimates for which field officers were being cautioned.

4.6 Extra cost—Paithan right bank canal

Construction of Paithan right bank canal comprising earthwork and lining in kilometre 60 was technically sanctioned for Rs. 16.39 lakhs in April 1979. Earthwork of a portion of the canal from chainages 59.100 to 59.500 was entrusted to a piece-worker in January 1979, for Rs. 2 lakhs by the Jayakwadi Project Stage-II, Division No. 4, Georai (Beed district). In the course of execution of work, hearing section provided in the sanctioned plans and estimates was changed due to shortage of murum and as heavy machinery was used, thickness of casing material was reportedly not judged to a definite section. The work was completed by March 1979 and value of work measured amounted to Rs. 1.64 lakhs, for which final bill was prepared in November 1979 and part payments (Rs. 1.17 lakhs) made in February 1979 and May 1980, since some rectification as directed by the division was not carried out by the contractor.

In May 1980, the work was transferred to Jayakwadi Project Stage II, Division No. 5, Georai. During joint inspection of the work conducted by the two Executive Engineers it was decided that trial pits at intervals of 20 metres should be taken. When trial pits were taken, it was noticed that murum used was not of standard quality and casing work executed in inner sides and bed was not of required minimum thickness. This necessitated rectification measures in the nature of removal of unwanted overburden, laying of murum below profile and laying of murum in downstream bank as the work executed in this portion was found to be

of soil only. Though the Department decided to get these defects rectified by the contractor, he refused to do so. The cost of the above remedial measures was assessed by the Executive Engineer, Jayakwadi Project Stage II Division No. 5, at Rs. 0.50 lakh. Besides the rectificatory measures the division also proposed to provide additional murrum work in inner sides of canal bed and sides estimated to cost Rs. 1.17 lakhs.

Meanwhile, another agency was fixed (January 1980) for lining work of Rs. 5.97 lakhs in kilometre 60. It had executed work to the extent of Rs. 4.05 lakhs till May 1980, and left the balance lining work incomplete as the earth work in this canal reach lagged behind due to non-completion of rectificatory work proposed by the Department. The Department had, therefore, withdrawn the remaining lining work from that agency in February 1982 and fixed up five piece work agencies for Rs. 4.21 lakhs (Rs. 3.62 lakhs for lining work left over by regular agency and Rs. 0.59 lakh for rectification work decided upon to carry out as a result of joint inspection) to execute the lining work, rectification and additional work required. The work was in progress (July 1982). Computed at the rates quoted by the agency for lining work, the cost of lining work left incomplete worked out to Rs. 2.45 lakhs and execution of the same through piece workers at a cost of Rs. 3.62 lakhs involved extra expenditure of Rs. 1.17 lakhs, besides Rs. 0.59 lakh for rectificatory works.

Initial defective execution of the work, subsequent rectificatory works carried out to make good the earlier omissions and the change in the executing agencies cost avoidable expenditure of Rs. 1.76 lakhs.

The matter was reported to Government in September 1982; reply is awaited (February 1983).

4.7 Avoidable expenditure due to defective execution of work of Paithan left bank canal in km. 121 to 122.5

The plans and estimates of Paithan left bank canal (km. 121 to 122.5) sanctioned by Government provided for embankment having zoned section of hearting and casing. The work of construction of the canal in kilometre 121 to 122.5 was taken up initially as departmental work through the Mechanical Organisation and after incurring an expenditure of Rs. 4.32 lakhs, the balance work estimated to cost Rs. 8.28 lakhs was entrusted to a contractor. While inspecting the canal, the Superintending Engineer, Jayakwadi Canal Circle, Aurangabad had noticed (April 1980)

heavy leakages in kilometre 121 to 122 of the canal. In his report to the Chief Engineer, the Superintending Engineer intimated (May 1980) that there were heavy leakages in the canal reach of kilometre 121 to 122 constructed with the heavy earth moving machinery. The Superintending Engineer also stated in his report that the work in this reach was carried out without providing hearting zone of impervious soil though it was required to be provided as per sanctioned estimate. Reasons for departure from the provisions stipulated in the plans and estimates sanctioned by Government were not intimated.

To rectify the above defect, the work of providing 1.5 metre blanket of hearting and 1 metre thick blanket of casing for protecting the hearting in kilometre 121 to 121.570 was entrusted to a contractor. Further defects in chainage 121.600 to 121.750 were rectified by providing a hearting blanket and casing envelop and also by providing a polythene film. These remedial measures were carried out by the Department by incurring an extra expenditure of Rs. 0.92 lakh.

The omission to provide hearting zone as per plans and estimates sanctioned by Government resulted in the extra expenditure of Rs. 0.92 lakh.

The matter was reported to Government in July 1982; final reply is awaited (February 1983).

4.8 Extra cost due to defective and sub-standard work

The work of construction of an aqueduct across Amrut Nalla at kilometre 49.03 of the Paithan right bank canal taken up (1977-78) for execution departmentally by the Jayakwadi Project Stage-II, Division No. 5, Georai (Beed district) was completed in October 1979 at a cost of Rs. 26.60 lakhs. The sanctioned estimates of the work, *inter alia*, provided for construction of a curved transition wall of uncoursed rubble masonry (U.C.R.) and cement concrete lining in some portion of the canal between the ends of aqueduct trough and transition walls. The pattern of transition walls was changed in February 1979 from curved U.C.R. masonry walls to straight R.C.C. walls for economy.

In May 1980, when water was released in the canal for testing, a portion of the downstream transition walls was breached. The Superintending Engineer reported (April 1981) to the Chief Engineer that the breach was mostly due to inadequate hearting core and improper compaction.

After carrying out requisite repairs to the breached portion, when about 150 cusecs of water passed through the canal, small leakages were observed through the approach embankment and along the joint of the transition wall with the abutment. The Superintending Engineer also opined that the leakage could not be substantially reduced unless R.C.C. transition walls are extended down below which was not considered possible. The Deputy Engineer of the Sub-division reported (July 1982) to the Executive Engineer that the leakages were due to defective work done in laying concrete.

The division estimated that rectificatory measures amounting to Rs. 1.27 lakhs would be necessary besides guniting (estimated cost: Rs. 0.75 lakh) to aqueduct. Expenditure of Rs. 0.70 lakh was incurred on rectification measures to end of July 1982 and guniting work had not been taken up so far (August 1982). Thus, the defective execution of work resulted in extra cost of Rs. 2.02 lakhs to Government.

The matter was reported to Government in September 1982; reply is awaited (February 1983).

4.9 Injudicious payment of additional machinery advance

The work of construction of an irrigation tank at Doddanala (Sangli District) was awarded (1978-79) to a contractor at tendered cost of Rs. 31.12 lakhs. The work was to be completed by 17th April 1980. Value of work executed by the contractor to end of November 1980 was Rs. 18.74 lakhs. While taking over charge of the work on 7th December 1980, the Sub-Divisional Engineer in-charge of the work noticed that there were discrepancies between physical position of the work and the paid quantity and that an amount of Rs. 1.25 lakhs was paid in excess, which he notified to the division on 19th December 1980. The division did not to investigate fully the reasons for excess payment. But transferred the work to another division, i.e., the Minor Irrigation Survey Division, Miraj on 21st December 1980. Since then the contractor had not executed any further work though extension was granted upto December 1980. Government sanctioned on 29th December 1980 additional advance of Rs. 1.50 lakhs at the rate of 16 per cent per annum against hypothecation of machinery. The Chief Engineer whose orders were sought by the division before release of the advance in view of the excess payment

noticed by them, ordered (January 1981) that the amount be paid as per Government sanction to avoid hardships to the contractor and keep the work in progress as the contractor had expressed his inability to make payment to his labourers due to his financial difficulties. Accordingly, payment of advance of Rs. 1.50 lakhs was made to the contractor on 13th January 1981. The contractor did not execute any work from January 1981 to 26th November 1981 despite levy of compensation at varying rates and facility of advance of Rs. 1.50 lakhs given to him. The contract was finally rescinded on 27th November 1981 for getting the balance work executed at the risk and cost of the contractor. The contractor, however, at this stage obtained a stay from the Court which was yet to be vacated (July 1982). According to the Department, an amount of Rs. 6.52 lakhs was to be recovered from the contractor on account of machinery advance, interest on advances, cost of material, hire charges of machinery, advance payment for work and compensation, against which security deposit of Rs. 0.85 lakh only was available with the Department.

The grant of advance of Rs. 1.50 lakhs when the fact of overpayment of Rs. 1.25 lakhs was known to the Department was injudicious and there was no scope for recovery of this advance in view of the stoppage of work by the contractor. The Department had also not initiated any action for investigating the reasons for overpayment of Rs. 1.25 lakhs with a view to fix responsibility for excess payment though it was noticed in December 1980.

The matter was reported to Government in September 1982; reply is awaited (February 1983).

4.10 Recording of excess measurements

The work of construction of Paithan right bank canal in kilometre 82 technically sanctioned for Rs. 9.09 lakhs in 1979, was initially taken up through piece workers and in April 1979 a part of work estimated to cost Rs. 4.29 lakhs was entrusted to a regular contractor for Rs. 5.29 lakhs for completion in April 1980. The contractor was paid for work of the value of Rs. 0.53 lakh till December 1979. Thereafter he left the balance work incomplete due to non-supply of cement as per requirements. The balance work was then withdrawn (May 1980) and taken up for execution at the risk and cost of the contractor. The residual work was again entrusted to various piece work agencies, of which the one

pertaining to chainages 81.801 to 82 was fixed in November 1980. Though the work in the above reach was operated in succession by three agencies since the commencement, no action was taken to get the recorded measurements verified before starting the work as and when agencies were changed. There were also changes in the incumbency of Sub-Divisional Engineer. In September 1981, one of them noticed that the work of embankment as existing was less than the quantities paid for earlier. Joint measurements taken in March 1982, revealed that against the quantity of 28,689 cubic metres recorded in the books and paid to three agencies, the work actually executed was 18,890 cubic metres thereby resulting in excess payment for 9,799 cubic metres computed at the rate of the contractors; value of work, measured in excess and paid worked out to Rs. 0.53 lakh. Non-recording of measurements in the presence of old and new agency before commencement of work by new agency, resulted in excess payment of Rs. 0.53 lakh.

The matter was reported to Government in September 1982. Government confirmed (January 1983) the excess payment and stated that a departmental enquiry against all concerned officers was proposed to be initiated. Further developments are awaited (February 1983).

4.11 Avoidable expenditure due to defective execution

To facilitate crossing of the canal by traffic and also to serve as vent for rain water of three *nallas* confluencing on the inspection path side of canal embankment, a cart track bridge-cum super passage was constructed (1979) across Paithan right bank canal in kilometre 26.855 at a cost (estimated) of Rs. 1.30 lakhs. Though the inner surface of the concrete trough was at R.L. 450.934 and the ground level along the canal embankment on inspection path side was at a lower level, no stone pitching was provided on the outer surface of embankment (facing *nallas*). At the ends of concrete trough, concrete transition walls were founded on made up soil. The work was not executed as per design in as much as the toe and heel were constructed exactly opposite to what was proposed in the design and verticles of super passage proposed for 3 metres height above top of box in the design were reduced to 1 metre. In September 1979, during rains a portion of the canal and approaches to superpassage were damaged. The loss caused to Government on account of these damages was not assessed by the Department. The Superintending Engineer of the Project observed (February 1980) that

the mishap had occurred due to execution of work not in conformity with initial design in certain respects and with a view to removing the defects he suggested the following additions, alterations and repairs to be undertaken :

- (i) Construction of masonry key walls with foundation one metre below canal bed level by the side of the return walls,
- (ii) one key wall to be extended between two return walls,
- (iii) return walls to be joined to the ground level,
- (iv) masonry on the R.C.C. return wall which was sunk down to be raised to a height equal to trough height,
- (v) the portion between return walls and key walls to be pitched with big stones and
- (vi) wall to be extended into embankment portion.

Above additions, alterations and repairs were carried out during March 1980 to July 1980 by the division at a cost of Rs. 0.89 lakh.

For the safety of superpassage the Department also decided to divert some floods through *nalla* diversion and accordingly this work was taken up and expenditure of Rs. 1.37 lakhs was incurred on it, of which Rs. 0.18 lakh related to kilometre 27.

The Department had neither investigated how irregularities/lapses had occurred during execution of work nor initiated any action to fix the responsibility for the same. Defective execution of work resulted in avoidable expenditure of Rs. 0.89 lakh to Government.

The matter was reported to Government in September 1982. Government stated (January 1983) that the damages were due to unexpected heavy rains in September 1979 and the matter regarding inadequate designs and defects in execution of the work, if any, was being investigated. Further developments are awaited (February 1983).

4.12 Purchase of polyethylene film

With a view to preventing absorption of water from concrete, in the lining of Ujjani canals polyethylene film of 100 gauge was used since December 1977. As decided in a meeting held in Mantralaya in July 1978 in connection with water planning, Government instructed (March 1979) the field offices to use 100 or 200 gauge film for lining. Between December 1977 and November 1979 the Ujjani Canal Division No. I, Bhimanagar

purchased 61,939 kg of 100 gauge film at the rate of Rs. 14.90 per kg. In February 1980, the Superintending Engineer placed orders for supply of 200 gauge film at the rate of Rs. 21 per kg with the firm from whom the division had procured 100 gauge film at the rate of Rs. 14.90 per kg and who also agreed (August 1979), in response to an enquiry by the division, to supply even 200 gauge film at the identical rate of Rs. 14.90 per kg. Against this supply order, the firm had supplied 25,000 kg of 200 gauge film to two divisions. In March 1981, the Department entered into a regular contract with the same firm for supply of 200 gauge film at the rate of Rs. 21 per kg less 11.6 per cent.

During the course of audit it was observed that—

(i) Despite work having been executed all along with 100 gauge film no defects or deficiencies in its functioning were noticed or reported.

(ii) In reply to an audit enquiry (December 1980) the Superintending Engineer stated (July 1982) that 200 gauge film was to be used as per requirement of the World Bank from whom the Project was receiving financial aid. However, the Department could not produce any recorded instructions of World Bank Authorities to that effect.

(iii) It was also the contention of the Superintending Engineer that the use of 200 gauge film was more economical, as its area coverage was more than 100 gauge film. It was, however, noticed that in actual use 100 gauge film covered an area of 15.4 square metres per kg as against an area of 18.27 Square metres per kg covered by 200 gauge film. Taking this coverage into account, the purchase of 100 gauge film for the area actually covered by 200 gauge film would have secured an economy of expenditure of Rs. 0.83 lakh.

(iv) In the case of procurement of 200 gauge film, non-availing of the economical offer of Rs. 14.90 per kg made by the same firm in August 1979, had resulted in an avoidable expenditure of Rs. 1.53 lakhs.

The matter was reported to Government in September 1982; reply is awaited (February 1983).

PUBLIC WORKS DEPARTMENT

4.13 Delay in completion of road work

The construction of approach road to Khairi Pannase from Hingna-Hingni (3.65 km) proposed under Crash Programme of 1977-78 by the

District Level Committee, Nagpur for providing market facility to the villagers of Khairi with Hingna Market, was administratively approved and technically sanctioned by the Executive Engineer, Public Works Division No. II, Nagpur in September 1977 for Rs. 2.71 lakhs. The work estimated to cost Rs. 2.53 lakhs was entrusted (October 1977) to a firm for Rs. 2.50 lakhs i.e., at 1 per cent below the estimated cost for completion by March 1978. Due to State Government employees' strike and bottlenecks on account of unseasonal rains, as requested by the contractor, extension of time upto 30th May 1978 was granted by the Department. However, the firm executed the work valued at Rs. 0.73 lakh only upto March 1978 as against the amount of Rs. 1.33 lakhs paid to them. The work was abandoned by the firm with effect from 1st April 1978. As the firm did not apply for further extension of time, the Department initiated (February 1979) penal action under the Agreement by imposing fine at the rate of Rs. 5 per day from 31st May 1978 and terminated the contract in May 1981, by forfeiting the security deposit (Rs. 0.03 lakh). The Department had incurred a total expenditure of Rs. 1.69 lakhs on the work upto July 1982 and balance portion of work was not taken up for completion till date (August 1982).

Scrutiny of divisional records revealed (August 1981) that the division had paid a total sum of Rs. 1.33 lakhs to the firm; of which Rs. 1.09 lakhs were advance payment for work done but not measured. The payment was made by the Assistant Engineer though he was not eligible to make such payment. During change in incumbency of the Assistant Engineer, it came to light (June 1978) that the actual value of work done (both measured and not measured for which advance payment was made) was only to the extent of Rs. 0.73 lakh resulting in an excess payment of Rs. 0.60 lakh. However, this finding was not accepted by the concerned Assistant Engineer and the firm and the matter regarding disputed measurements was reportedly under investigation by the Department since July 1978. The records also revealed that an amount of Rs. 0.30 lakh towards hire charges of machinery and cement due for recovery from firm was not recovered. Though the Law and Judiciary Department opined (March 1979) that excess payment made under the contract could be recovered as arrears of Land Revenue for which proceedings under the Maharashtra Land Revenue Code, 1966 could be initiated no such action was initiated by the Department due to delay in establishing the actual quantum of work done. The work remained at standstill since

May 1978 and the road work taken up in October 1977 had remained incomplete for nearly five years. The Division stated (August 1982) that report regarding disputed measurements was received recently and that the departmental enquiry for overpayment to contractor was under process.

Delay in taking decision over the disputed measurements not only blocked the expenditure of Rs. 1.33 lakhs over 4 years, but also resulted in denial of market facility to villagers for whom the road was taken up for construction under the Crash Programme. The Department had also not initiated any action against the concerned official responsible for making advance payment though he was not empowered to do so, which resulted in excess payment to the contractor.

The matter was reported to Government in September 1982; Government while accepting the facts stated (October 1982) that the Executive Engineer, Public Works Division, Nagpur had asked (September 1982) the contractor to remit the amount of Rs. 0.90 lakh to Government and that the departmental enquiry against the concerned official was under process. Further developments are awaited (February 1983).

4.14 Loss on account of non-maintenance of buildings

Government in Social Welfare, Cultural Affairs, Sports and Tourism Department, accorded (March 1974) administrative approval for construction of *Ashram* School complex at Jondhalkheda (Jalgaon District) at a cost of Rs. 6.64 lakhs. Based on this, Public Works Department decided (December 1974) to construct semi-permanent structures for the above purpose and prescribed type plan and specifications. The work was technically sanctioned (January 1975) by the Superintending Engineer, Public Works Circle, Nashik for Rs. 3.70 lakhs. The building complex was completed (1976) departmentally at a cost of Rs. 2.70 lakhs by the Public Works Division, Jalgaon and handed over (August 1976) to Agricultural Officer in charge of the *Ashram* School. The life span of the building was stated to be 10 to 15 years. Neither Public Works Department nor user Department made any provision for maintenance of the buildings either before construction or after completion of work.

During monsoon of 1980, dormitory-cum-school and cattle shed collapsed completely and other buildings developed cracks and went out

of plumb rendering structures unsafe for habitation. The Division attributed collapse of the structures to decaying of jungle wood posts at the base by white ants on account of soil condition. Non-maintenance of buildings between 1976 and 1980 also contributed to the collapse of the buildings. Though buildings collapsed in June 1980, the matter regarding maintenance of buildings was not considered by the Department till July 1981 i.e., for a period of over one year and the Public Works Department intimated (July 1981) the Superintending Engineer, Special Project Circle, Nashik that funds for this activity were not available till then and the issue of maintenance of *Ashram* School buildings should now be taken into account seriously. As the structures were beyond repairs, pending construction of permanent structures, it was decided (June 1981) to construct tubular structures as a temporary measure to accommodate school children and accordingly expenditure of Rs. 0.54 lakh was incurred (August 1981) on the construction of these structures. To an enquiry by Audit as to why buildings completed by Public Works Department were not maintained by that Department after their handing over to the Agricultural Officer in-charge of the *Ashram* School, Division stated (August 1982) that it was presumed that the maintenance would be done by Zilla Parishad and as there were no instructions by Government for maintenance of these buildings in the Public Works Department, this aspect was not considered. After the mishap, the Public Works Department had decided (July 1981) to bring all such buildings constructed by either Public Works Department or by other Departments to the printed return book of Public Works Department for their maintenance, though such course of action was necessary immediately after completion of the buildings, since *Ashram* school buildings constitute Government property.

Non-maintenance of the buildings after their construction resulted in a loss of Rs. 2.70 lakhs warranting new constructions.

The matter was reported to Government in September 1982; reply is awaited (February 1983).

4.15 Inadequate investigations-Bridge on the river Tapi near Prakasha

(A) A submersible bridge with masonry piers on the Tapi river near Prakasha (Dhule District) on State Highway No. 17 was designed on the basis of flood discharge of 6.8 lakh cusecs and plans and estimates were prepared (1962-63) by the Superintending Engineer, Designs Circle,

Bombay. As the work was not included in the Third Five Year Plan, estimates were not sanctioned. In 1967-68 the estimates were updated without any alteration in the design and administrative approval to the work for Rs. 23.16 lakhs was accorded by Government in June 1968. The work of the bridge proper was awarded (April 1973) to a contractor at 48 per cent above the estimated cost (Rs. 21.16 lakhs) for completion in 42 months. On executing one abutment and three piers to the designed height and seven other piers partially valued at Rs. 2.41 lakhs, the contractor abandoned the work and the Department terminated (December 1975) the contract on account of slow progress of work. In the monsoon of 1975, the Department had noticed heavy back water effect and silting of the bridge site due to storage of water to full supply level in Ukai dam (Gujrat State) located on the downstream site of the bridge. A technical committee was, therefore, appointed (February 1976) by Government to study the backwater effect and also to suggest remedial measures. The committee in its report observed (July 1977) that in the years 1969, 1970, 1972 and 1973 the discharge of 6.8 lakh cusecs considered for designing the bridge was exceeded at a time for more than 20 hours and suggested construction of a high level bridge. This aspect was, however, not taken into account by the Department while design finalised in 1962-63 i.e., ten years before was adopted and the work was entrusted (1973) to the contractor. Though work on Ukai dam had commenced in 1965-66 and backwater study of this project was carried out by C.W.P.C. in September 1968 when they had considered the flood discharge of 17.48 lakh cusecs for such study, this aspect was not considered by the Department before entrusting the work to the contractor in 1973. In March 1977, the Superintending Engineer, Public Works Circle, Nashik intimated the Executive Engineer that the site of the bridge near Prakasha was in zone III of seismic area of the State and that in such areas piers have to be in cement concrete. On the recommendation of the Committee, design of the bridge was changed and fresh design of the bridge was prepared by the Superintending Engineer, Design Circle, Bombay. Accordingly revised plans and estimates were prepared and technically sanctioned for Rs. 87.63 lakhs in January 1979. The work of the bridge as per fresh design which, *inter alia*, included strengthening of the masonry piers already executed was entrusted (May 1980) at 22.5 per cent above the estimated cost (Rs. 73.29 lakhs) put to tender. Computed at the rate at which the work was let out to the second

contractor in May 1980, quantum of work involved in strengthening the work already executed, resulted in extra cost of Rs. 4.14 lakhs to Government which could have been avoided had the work of construction of bridge been taken up after considering the backwater and seismic effects.

(B) The revised estimates of the bridge on the basis of which work was entrusted to a contractor in May 1980 at 22.5 per cent above the estimated cost, provided for extraction of metal from a quarry at a distance of 16 kilometres, though metal was available within the lead of one kilometre of the work site. Total requirement of the metal for the work was 13,950 cubic metres. While preparing estimates lead charges at the rate of Rs. 18.18 per cubic metre for 16 kilometres were taken into account as against Rs. 2.88 per cubic metre for a lead of one kilometre. Though contractor actually extracted metal from a quarry located at a distance of one kilometre with the permission of the Department, since estimates provided for a lead of 16 kilometres, payment for work executed was made at 22.5 per cent above estimated cost, involving excess payment of Rs. 2.61 lakhs for 13,950 cubic metres of metal. Omission to make use of the available quarry for extracting metal resulted in avoidable expenditure of Rs. 2.61 lakhs.

The matter was reported to Government in September 1982; reply is awaited (February 1983).

URBAN DEVELOPMENT AND PUBLIC HEALTH DEPARTMENT

4.16 Development of Gokuldas Tejpal Hospital Complex

4.11.1 *The Project.*—The Gokuldas Tejpal (G.T.) Hospital located in the heart of the business centre of Bombay is hundred years old. With a view to developing a Medical Hospital with ultra modern facilities for the public and teaching staff, Government had under consideration (1972) a proposal to construct a hospital building and an air-conditioned shopping centre at an estimated cost of Rs. 1.5 crores with a net annual financial return of Rs. 30 lakhs. The proposal was not considered feasible, due to the State Government's reported inability to find requisite funds. An alternative proposal to construct a shopping centre by Government from advances collected by leasing out the shops was, too, considered impracticable on the grounds of likely complications involved in leasing out the shops and possible delay due to observance of normal procedure and formalities by Public Works Department. Government

finally decided (September 1972) to lease out a plot in the compound of G.T. Hospital for ninety-eight years and utilise the return derived in the form of premium, lease rent and building construction, for augmenting the medical facilities in the hospital.

4.16.2 *Tendering.*—(i) Sealed tenders were invited (February 1973) for constructing a hospital building (carpet area: 1,60,000 square feet) and a residential building (carpet area: 48,274 square feet) at the cost of the successful bidder in lieu of a lease of land admeasuring 60,000 square feet for shopping centre for ninety-eight years on payment of lump sum premium and annual lease rent, fixing the last date as 1st June 1973, for receipt of tender. Of the five offers received in June 1973, three were considered valid. The highest bidder offered a premium of Rs. 100 lakhs and an annual lease rent of Rs. 6 lakhs, which would have fetched a total revenue of Rs. 688 lakhs during the lease period. The highest offer was, however, rejected by Government on the ground that drawings and designs were unsuitable and that he was merely a financier, having no construction experience; in the case of others, offers were held low and legal complications arising out of loopholes in tender conditions were apprehended.

(ii) In August 1974, on the basis of the drawing purchased from a private architect, Government increased the plinth area of the proposed hospital building (1,95,500 square feet), residential building (62,135 square feet) and shopping centre (72,000 square feet) and also fixed the annual lease rent at Rs. 10 lakhs for the shopping centre. Accordingly tenders were re-invited (August 1974). The tenderers were given the option to quote the premium amount.

Tenders were received from two Delhi firms in December 1974, (one of them through the architect mentioned earlier). The tender of one firm was not opened, since the party failed to deposit initial security by demand draft. The only other valid offer (received through the architect) was accepted by Government in May 1975 and a letter of acceptance issued to the tenderer. After negotiations and on payment of Rs. 19.05 lakhs representing security deposit (Rs. 5.05 lakhs), cost of plan (Rs. 1 lakh) and one fourth instalment of premium (Rs. 13 lakhs) an agreement was executed (October 1975).

4.16.3 *The Agreement.*—According to the Agreement (October 1975), the firm would construct at its own cost (i) a residential building (built-up

area 82,000 square feet) by October 1977 and (ii) a Hospital-cum-Nursing Home consisting of basement, ground floor and twelve upper floors (built-up area : 2,38,993 square feet) by April 1979, on earmarked plots after demolishing the existing structures standing thereon and (iii) internal roads, boundary walls, 30 one-room tenements as an alternative for dishoused persons, water, electric supply and drainage arrangements, in strict accordance with the plans, architectural elevation, working drawings and specifications of Government; Government on its part would lease out, after October 1977 or on completion of residential building and part of hospital building, whichever was earlier and on payment of Rs. 39 lakhs towards premium and Rs. 18 lakhs towards kitchen and laundry equipments, a piece of land admeasuring 53,712 square feet in the same compound for ninety-eight years for constructing a shopping centre at firm's cost.

4.16.4 *Progress of work.*—The contractor commenced work in October 1975. The work scheduled to be completed by April 1979, as per the agreement, was still pending completion (July 1982). Out of the two wings of the residential building, the low rise wing was completed in March 1981. Finishing work in respect of the high rise wing was yet to be completed, while R.C.C. frame structure upto ninth floor only was partially completed in respect of the hospital building (July 1982).

4.16.5 The following were noticed during a scrutiny of the transactions connected with the execution of the Project:

(i) Under the provisions of Article 266 of the Constitution, it is not permissible to withdraw any money from Consolidated Fund of the State, except under appropriation from the Legislature. The Maharashtra Budget Manual also provides that positive expenditure to be incurred in any financial year, is required to be specifically authorised by the Legislature, notwithstanding the receipts under a particular head, which are adjusted in reduction of expenditure. This procedure was, however, not followed in executing the project despite the financial outlays involved. The reasons adduced by Government for not conforming to the procedure was the reported non-availability of funds. There were heavy surrenders of funds during the years 1972-73 to 1975-76.

(ii) According to the procedure prescribed by Government for construction of public buildings, administrative approval based on approximate cost and technical sanction based on detailed estimates

of the work were to be accorded by competent authority. The formalities of administrative approval and technical sanction by the competent authority for the work were dispensed with on the ground of the expenditure not being met out of Government funds. No formal orders were issued by Government approving the lease procedure.

(iii) The agreement did not also provide for detailed specifications of the work and quantities of the various component items of work to be executed, which were susceptible of check and measurement during execution by the departmental authorities to ensure structural soundness as was being done in building works executed at Government cost. In reply to an audit enquiry, Government replied that the detailed estimates were not prepared in view of the urgency of the proposal and the quantities were to be worked out by the tenderers for their own assessment.

(iv) Deficiencies in complying with the requirement of the Greater Bombay Municipal Corporation Rules for construction of buildings in the city of Bombay were condoned by Government and the 'no objection' certificate was obtained from the Bombay Municipal Corporation, as the shopping centre was treated as part of Government project. The Director, Town Planning clarified (November 1982) that the shopping centre was not normally permissible in that area.

(v) Government had issued orders (June 1972) that land should normally be leased for a period of thirty years only. However, in this case, the lease was proposed for ninety-eight years.

(vi) The basis on which the annual lease rent of Rs. 10 lakhs was determined without relevance to the prevailing market rate in the area was not on record.

(vii) The agreement also did not provide for periodical revision of lease-rent, despite the rising trend in the price of land in Bombay city.

(viii) As against the expected cash inflow of Rs. 42.33 crores from the total area of 72,000 square feet of a shopping centre during the lease period of ninety-eight years at a lease rate of Rs. 60 per square foot per annum (assumed by Government in the year 1972), Government could expect a total financial return of Rs. 14.09 crores only, spread over the same period. But the contracting firm was free to fix its rent, tenure of lease and other conditions for the shops to be leased.

(ix) The agreement prohibited the firm from dealing in any manner, whatsoever, with any portion of land leased out to it and building thereon. It was the sole responsibility of the firm to arrange for the finance for completing the project. None of the terms of contract authorised Government to grant permission for creating a charge on the Government property. Further, the firm had a licence to enter upon the land earmarked for shopping centre only on completion of residential building in all respects and part of hospital building, after paying seventy-five per cent of the premium (Rs. 39 lakhs) and after the lease had been granted. Nevertheless, the stipulated progress of work not having been maintained and with default in the payment of two instalments amounting to Rs. 26 lakhs by the firm, Government allowed (December 1976) it to go ahead with the construction of the shopping centre without a formal lease. Government, further, contrary to legal opinion, permitted the firm (December 1977) to create a charge to the extent of Rs. 40 lakhs on future property, to mobilise resources for undertaking the construction. Details of charge, actually created on the Government property and of the contingent liability were not on record.

(x) Although the firm informed Government (September 1977), that it had opened a wing at Bombay for better operational control and execution of the contract, it virtually sub-let the contract to the Director of its Bombay Unit which had started functioning as a separate company and also executed an irrevocable power of attorney in its favour for a consideration of Rs. 7.50 crores. Though the sub-letting of the contract was in contravention of the provision, Government recognised it (January 1978) for executing the contract and further agreed to draw a tripartite agreement between Government, the firm and Bombay firm, incorporating the revised schedules of payment and construction. The drawal of tripartite agreement was delayed due to legal complications arising between the New Delhi firm and the Bombay firm. Government decided (July 1981) not to have the tripartite agreement executed for the time being. Due to Government's consent to the sub-contract and its commitment to draw up a fresh tripartite agreement (January 1978), the original contract in its entirety stands transferred and assigned to Bombay firm and no valid agreement subsists for Government to enforce the construction and payment

schedules. The expectation of Government, while giving consent to an irrevocable power of attorney in contravention of the provisions of the agreement, that the work could be got completed expeditiously and the balance payment realised, did not, however, materialise.

(xi) According to the original schedule of payment the firm should have paid to Government Rs. 70 lakhs upto April 1978 by way of premium (Rs. 52 lakhs), contribution for kitchen and laundry equipment (Rs. 18 lakhs). The firm, however, paid Rs. 23.50 lakhs, setting aside Rs. 2.50 lakhs for unsettled claim for additional work, upto September 1977 and defaulted in the further payment of Rs. 46.50 lakhs despite the extension of time given upto May 1980. The non-payment of Rs. 46.50 lakhs was attributed by the Department (December 1981) to non-drawal of tripartite agreement.

(xii) The project expected to be completed by April 1979 was being delayed indefinitely due to complications arising on account of Government's commitment (January 1978) to draw up the tripartite agreement, resulting in the (1) non-augmentation of medical facilities, as contemplated, (2) non-realising of Rs. 46.50 lakhs since January 1978 and (3) extra recurring liability of Rs. 2 lakhs per annum on an establishment created for G. T. Hospital Complex.

4.16.6 *Summing up.*—The construction of G. T. Hospital Complex, involving heavy financial outlay, which was entrusted to a private party in return for a lease of land, in contravention of prescribed procedures on grounds of urgency, was lagging behind schedule by nearly four years. The *modus operandi* followed disclosed:

- (1) accrual of revenue as well as outlay on creation of Government assets being kept outside the purview of Legislature;
- (2) absence of any provision in the agreement to safeguard Government's financial interest, by way of periodical revision of lease rent in view of the rising value of land in a city like Bombay; and
- (3) lack of detailed technical control, in relation to the quantities executed by the private party, to ensure quality of work and structural soundness.

Induction of a third party into the field, after execution of agreement and commencement of work resulted in legal complications which were yet to be resolved.

The plea of urgency, in the context of which various requirements of developmental control rules, town planning rules, etc., were relaxed to permit a shopping centre to come up within the Hospital Complex was, however, not borne out by the course of events.

The matter was reported to Government in September 1982; reply is awaited (February 1983).

IRRIGATION, HOME AND URBAN DEVELOPMENT AND PUBLIC HEALTH DEPARTMENTS

4.17 Synoptic review of the Outstanding inspection reports

Outstanding inspection reports/paragraphs.—Audit observations of financial irregularities and defects in the initial accounts noticed during the Local Audit and not settled on the spot are communicated to the heads of the offices and to the next higher departmental authorities through inspection reports. The more important irregularities are also reported to the heads of the Departments and Government.

Government have prescribed that the first replies to the Inspection Reports pertaining to Public Works Divisions should be sent within two months.

A review of the Inspection Reports relating to the Irrigation Department, Home Department and Urban Development and Public Health Department revealed that as at the end of March 1982, 1,269 Inspection Reports and 4,057 paras issued upto March 1982 remained unsettled as on 30th September 1982 as detailed below (corresponding figures for earlier two years are also indicated):—

Name of Department	Upto September 1980	Upto September 1981	Upto September 1982
(1) Irrigation—			
Number of Inspection Reports ..	831	922	1,033
Number of paragraphs	1,655	1,705	3,106
(2) Home—			
Number of Inspection Reports ..	25	28	26
Number of paragraphs	70	69	57
(3) Urban Development and Public Health—			
Number of Inspection Reports ..	231	219	210
Number of paragraphs	1,043	929	894

Year-wise break-up of outstanding Inspection Reports is given below:

Department	Year	Number of Inspection Reports	Number of paragraphs
(1)	(2)	(3)	(4)
Irrigation	Upto 1977-78	369	847
	1978-79	99	295
	1979-80	178	496
	1980-81	185	533
	1981-82	202	935
Home	Upto 1977-78	12	19
	1978-79	3	13
	1979-80	4	9
	1980-81	4	7
	1981-82	3	9
Urban Development and Public Health	Upto 1977-78	134	418
	1978-79	24	136
	1979-80	36	288
	1980-81	16	52
	1981-82		

Out of the above reports, in case of eleven reports of 1980-81 relating to Irrigation Department (covering 70 paragraphs), and one Inspection Report of 1981-82 (covering 5 paragraphs) of Home Department, even the first reply was not received.

Scrutiny of the Inspection Reports of these three Departments disclosed the following broad categories of comments:

Serial No.	Nature of irregularities	Irrigation Department		Home Department		Urban Development and Public Health Department				
		Number of paragraphs	Money value	Number of paragraphs	Money value	Number of paragraphs	Money value			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)			
			(in lakhs of rupees)		(in lakhs of rupees)		(in lakhs of rupees)			
1	Wasteful and infructuous expenditure due to defective plans and designs	161	4,46.55	..	..	58	96.79	
2	Irregular expenditure on purchase	..	256	4,03.34	1	15.06	60	62.27		
3	Extra cost to Government due to rejection of lowest tenders or delay in accepting tenders	83	1,65.84	3	1.53	25	9.66			
4	Excess payment due to non-observance of conditions of contract and provision of safeguards	240	2,37.13	..	..	34	13.36	
5	Unauthorised financial aid to contractors	..	120	2,58.34	1	3.56	52	16.50		
6	Arrears in maintenance and/or non-maintenance of initial accounts such as road metal, material-at-site account, stock account, etc.	97	15.42	2	..	58	14.55			
7	Shortages of tools and plant and stock articles	67	16.13	..	..	22	83.93	
8	Procedural irregularities	399	5,63.80	6	1.13	127	77.70	
9	Loss or infructuous expenditure due to abandonment of work by contractor	59	77.15	..	..	23	4.44	
10	Outstanding recoveries of Miscellaneous Public Works Advances and other recoveries	180	4,48.41	15	24.80	110	5 65.95			
11	Miscellaneous	1,268	12,67.32	28	6.52	265	11,20.28
12	Outstanding revenue receipts	..	130	27,27.39	1	0.03	55	3.38.43		

CHAPTER V

STORES AND STOCK

HOME DEPARTMENT

5.1 Idle equipment

A 35 mm movie camera and ancillary equipment purchased at a cost of Rs. 0.51 lakh were supplied (April 1976) by Government to State C.I.D. for taking photographs during communal riots and other important events with a view to producing evidence in court during prosecution. The camera with its accessories was not utilised at all since its purchase; non-utilisation was attributed by the Department (July 1982) to difficulties in taking the camera to places after occurrence of communal riots and non-availability of trained staff. Although the Department was aware of the above position, action for the transfer of the camera to some other unit where it could be put to good use was not initiated until July 1982, nor was any training to staff imparted. The Department stated (July 1982) that the Chief photographer was being deputed to the film institute for training. Meanwhile the camera and its accessories continued to remain idle (July 1982).

The matter was reported to Government in August 1982; reply is awaited (February 1983).

URBAN DEVELOPMENT AND PUBLIC HEALTH DEPARTMENT

5.2 Non-utilisation of machinery and equipment

A test-check by Audit (April-August 1982) of the utilisation of the machinery and equipment in the Medical Colleges at Aurangabad and Nagpur and their attached hospitals revealed the following:—

(i) Hospital Manual envisages that purchase of machinery and equipment should be so planned that necessary buildings, electric installations, water supply and requisite staff are available for installation and operation of the machinery and equipment without avoidable delay. It was, however, noticed that 12 equipments *viz.*, X-Ray machine, auto analyser, Sanai Electro encephalograph, Ecocardiac tracer, blood gas analyser, Micro projection instrument, Pictoral Micro slide projector, Grave-mentrial dust sampler, Backman monitor II, Metler analytical (Backman model), Backman selection electrode and Pictoral projector, costing Rs. 14.48 lakhs purchased between May 1981 and April 1982 in Medical College Hospital, Aurangabad and Nagpur were not installed for want of accessories such as voltage stabiliser, stop gas cylinder assembly (A. C. room), etc. Non-installation of the machinery and equipment resulted in their remaining idle.

(ii) In Medical College, Nagpur, equipments like Ames Auto Pacer-Auto Analyser (B.C.) costing Rs. 2.58 lakhs purchased in July 1981 and Backman Spectrophotometer (B.C.) costing Rs. 1.18 lakhs purchased in September 1981 and installed in January 1982 were not put to use for want of stabiliser. Apart from this, 19 specialised equipments including imported equipment costing Rs. 5.50 lakhs were not working in Medical College Hospitals, Aurangabad and Nagpur for various reasons such as non-availability of spare parts, required solution, power line and manufacturing defect, etc. Action was stated to be in progress to bring the equipment into use (August 1982).

(iii) For treatment of cancer patients, a Gammarex R. Rotational teletherapy unit, costing Rs. 7.84 lakhs, was purchased by the Medical College Hospital, Aurangabad, in July 1981. The unit was commissioned in January 1982. Out of 134 working days since the commissioning of this unit, the machine could not be used for 52 days due to various defects in the unit such as failure of light beam, failure to put source in position, etc. The Dean informed (May 1982) the supplier either to repair the

CHAPTER VI

FINANCIAL ASSISTANCE TO LOCAL BODIES AND OTHERS

6.1 Grants/loans and advances and their utilisation

6.1.1 *Grants.*—During 1981-82, Rs. 735.06 crores (about 33 per cent of revenue expenditure during the year) were paid as grants to local bodies, private institutions, etc., as shown below:

	Amount (in crores of rupees)
Panchayati Raj Institutions	304.53
Educational Institutions (including Universities) ..	183.10
Municipal Councils/Municipal Corporations ..	39.30
Co-operative Societies	15.27
Other Institutions (including Statutory Bodies) ..	192.86
Total ..	735.06

According to the financial rules of Government, certificates of proper utilisation of grants should be furnished to Audit by the departmental officers within a reasonable time. Against grant of Rs. 2,014.55 crores paid between 1970-71 and 1981-82 to the Zilla Parishads (Z.Ps.), utilisation certificates for Rs. 3,93.06 crores (2,338 items) had not been received by Audit (upto the end of September 1982).

As against grants paid to other bodies, utilisation certificates for Rs. 1,24.77 crores (6,813 items) paid during 1957-58 to 1981-82 had not been received (September 1982). Certificates for Rs. 44.43 crores (610 items) in the case of Z.Ps., and Rs. 19 crores (1814 items) in the case of other bodies were pending for more than five years.

6.1.2 *Loans and advances.*—The outstanding loans and advances at the end of March 1982 amounted to Rs. 1,938.02 crores.

Certificates of proper utilisation of loans are to be furnished to Audit by the departmental officers within a specified period not exceeding 18 months from the date of payment. In respect of loans, for which the detailed accounts are maintained by the Audit Office and the Pay and Accounts Office, utilisation certificates had not been received upto 30th September 1982 in 27 cases (earliest case pertained to loan paid in 1970-71) covering loans of Rs. 1.46 crores.

Utilisation certificates had also not been received upto 30th September 1982 in 1654* cases (earliest case pertained to loan paid in 1966-67) covering loans totalling Rs. 64.25* crores of which the detailed accounts are maintained by the departmental officers.

6.1.3 In the absence of these certificates it was not possible for Audit to know whether the recipients had spent the grants/loans wholly for the purpose(s) for which they were given and that there was no misutilisation of the same.

SECTION I

6.2 Bodies and authorities substantially financed by Government grants and loans.

For purposes of audit of bodies/authorities substantially financed by grants and/or loans from the Consolidated Fund, information in respect of bodies/authorities which had been paid grants and/or loans of Rs. 5 lakhs or more in a year should be furnished by Government to Audit Office by the end of May following. Information has not been received from the departments shown in Appendix—VI-1.

Important points noticed during audit of some of the substantially financed bodies/authorities are given in the succeeding paragraphs.

*Does not include information in respect of City Area.

AGRICULTURE AND CO-OPERATION DEPARTMENT

6.3 Non-disposal of unutilised paddy seeds

Under instructions from Commissioner, Aurangabad (May 1976), the Usmanabad Z. P., procured (June and July 1976), 676.25 quintals of paddy (500 quintals fine and 176.25 quintals superfine) from Collector, Parbhani on consignment basis, for distribution as paddy seeds to cultivators. Of this, 176.25 quintals were procured in the second week of July 1976 when the sowing season was over. The rates chargeable for fine and superfine varieties as intimated by Collector, Parbhani were Rs. 175 and Rs. 185 per quintal respectively.

Out of total quantity of paddy (676.25 quintals) only 24.73 quintals could be sold during *kharif* season in 1976-77, leaving a balance of 651.52 quintals valued at Rs. 1.16 lakhs with the Z. P. Since the paddy was procured on consignment basis, the balance stock was returnable to the supplying agency. But the Usmanabad Z. P., requested (January 1977) Food and Civil Supplies Department to take over possession of the balance stock immediately as the seed was likely to deteriorate. The Food and Civil Supplies Department, however, intimated (April 1977) the Commissioner, Aurangabad that Collector, Parbhani should not take back the surplus stock of paddy and that the Z.P., be instructed to dispose of the surplus stock in any manner (either as paddy or rice milled from the paddy) they chose. An attempt by the Z.P., to return the surplus stock to Collector, Usmanabad also did not succeed as the latter refused to accept it on the ground that it was not supplied from his district and that the godowns were full with *jowar* and other grains supplied by the Food Corporation of India. Consequently, the Z.P., decided to dispose of the surplus stock through public auction. However, in all the three auctions held in March 1978, February 1979 and September 1981, the surplus stock could not be disposed of as the bidders were not inclined to take the delivery of stock on "as is where is" basis. Meanwhile, one of the *Panchayat Samitis* in whose godown the stocks were kept intimated (March 1981) the Z.P., that the stock was being damaged by rats and birds. The Z.P., intimated Audit in April 1982 that the surplus stock was not disposed of so far.

The excessive procurement of paddy and non-disposal of surplus stock (value: Rs. 1.16 lakhs) for a period of nearly six years resulted in non-utilisation of paddy and deterioration in quality and loss to Government.

The matter was reported to Government in January 1982; reply is awaited (February 1983).

6.4 Non-recovery of dues from Co-operative Marketing Federation

Under the Monopoly Procurement of Cotton Scheme, the Maharashtra State Co-operative Marketing Federation Limited (Federation), purchased cotton from cultivators in various districts in the State, during 1975-76 and 1976-77. Thirty per cent value of the cotton purchased was already paid by the Federation to the cultivators. Fifty per cent was to be appropriated towards recovery of outstanding co-operative dues in the case of borrowers and in the case of others 50 per cent was to be kept as deposit with the Federation. The balance 20 per cent was to be paid by the Federation in cash in due course, but as the Federation was not in a position to do so and the cultivators were in immediate need of inputs like seeds, pesticides and fertilisers, Government ordered (June 1975/ May 1976) that seeds, pesticides and fertilisers should be issued to cultivators to the extent of 20 per cent subject to treating the fertilisers and pesticides issued by Government and the Maharashtra Agro Industries Development Corporation respectively to the cultivators as credit sale to the Federation, the Federation being liable to pay back the cost of such inputs, payment of interest at 10 per cent per annum on the outstanding balance as on 1st October 1975 and to reimburse to Government the cost of fertilisers and seeds issued to the cultivators during 1975-76 as early as possible but not later than 31st August 1975.

According to the procedure prescribed by Government in June 1975, the Z.Ps., through whom distribution of seeds, pesticides and fertilisers was to be done, were made responsible for rendering necessary accounts to the Federation on monthly basis under intimation to Government and others. In September 1975, Government intimated the Federation that the Z.Ps., were not rendering accounts regularly either to the Federation or to others. According to Government, in 1975-76 alone inputs of Rs. 17.55 crores approximately were supplied to cultivators and, therefore, directed (September 1975) the Federation to make on account payment at the rate of Rs. 5 crores per month on account of Government fertilisers used under the scheme. Though a period of over five years had elapsed, the accounts were not finalised (August 1982) by the Federation. According to the information furnished (August 1982) by the Federation

to the Director of Marketing, Pune) six Z.Ps., viz., Ahmadnagar, Kolhapur, Pune, Sangli, Satara and Solapur have rendered accounts in the prescribed *pro forma*. Amravati Z.P., had not rendered any account and other Z.Ps., had not furnished accounts in the prescribed *pro forma*. As per the Federation, the Z.Ps., had issued inputs costing Rs. 49.98 lakhs to the cultivators over and above the 20 per cent dues and the Federation had made on account payment of Rs. 14.11 crores.

To an enquiry in Audit (April 1981) regarding the action taken to recover the dues including interest from the Federation, Government stated (January 1982) that the information was awaited from the Director of Agriculture. The Director of Agriculture, however, intimated (September 1981) that except in case of seeds, the position regarding other dues irrecoverable from the Federation was not available with him. As stated by him, the cost of seed issued to the cultivators by various Z.Ps., in 1976-77 was Rs. 22.87 lakhs (Aurangabad: 0.55 lakh, Akola: Rs. 6.22 lakhs, Amravati: Rs. 3.10 lakhs, Nanded: Rs. 2.82 lakhs, Parbhani: Rs. 3.42 lakhs and Yavatmal: Rs. 6.76 lakhs). However, Yavatmal Z.P., stated that seed worth Rs. 9.93 lakhs was issued to the cultivators in 1976-77.

In the course of audit of the accounts of agricultural department of Yavatmal Z. P., it was noticed (July 1981) that the Federation did not remit dues amounting to Rs. 1.21 crores to Government account. Particulars received from five Z.Ps., disclosed the following:

In Nanded Z.P., the accounts were yet to be finalised (April 1982) and so the extent of dues could not be worked out. Usmanabad Z.P., stated (January 1982) that the Federation was yet to pay Rs. 42.12 lakhs but Government had deducted this much amount from the ways and means advances paid to the Z.P. The Wardha Z.P., stated (April 1982) that out of a total amount of Rs. 1.03 crores due from the Federation, nothing was paid to the Z.P., and the details of payment made to Government were not known.

Thus, neither Government nor the Department is keeping proper accounts since the Z.Ps., had not furnished the detailed accounts to them which has resulted in delay of over five years in effecting recovery of dues from the Federation.

The matter was reported to Government in September 1982; reply is awaited (February 1983).

RURAL DEVELOPMENT DEPARTMENT

6.5 Unfruitful outlay

A minor irrigation tank at Kinhi (Aurangabad District), designed to irrigate 190 acres of land, was administratively approved for Rs. 2.94 lakhs by the Aurangabad Z.P., in 1968. The work was awarded (February 1969) to a contractor for Rs. 2.34 lakhs, with a stipulated period of completion as May 1971. During February 1969 and March 1971 the contractor executed the work of value Rs. 1.58 lakhs and in November 1972 he abandoned the work without assigning any reasons. The balance work was, therefore, executed departmentally at the risk and cost of the contractor and completed in 1976-77. Extra cost recoverable from the contractor was Rs. 0.27 lakh, besides the outstanding dues on account of excess payment and hire charges of a machinery amounting to Rs. 0.18 lakh attributed by the Department to the negligence on the part of field officers for which disciplinary action was stated to be under consideration of Government since November 1981. The Department stated (August 1981) that necessary steps were taken to effect the recovery from the contractor but amount could not be recovered so far (August 1982). Out of total length of 1350 metres of the canal, 650 metres only were tackled and further length was left over as the command to be covered with that length was overlapping with the command of another minor irrigation tank. Total expenditure incurred on the tank including that on land acquisition was Rs. 3.14 lakhs.

Though the tank was completed in 1976-77, there was no irrigation from the tank from 1976-77 to 1981-82 (except 5 acres during 1980-81) reportedly due to less rains in the catchment area. The annual rainfall data of the nearest rain gauge station for 41 years considered by the Department for designing the tank was 24.50 inches. Actual rainfall in the catchment area during the period from 1977 to 1981 was 21.30 inches, 22.67 inches, 28.14 inches, 22.05 inches and 27.13 inches respectively. The Department intimated (May 1982) that whatever little storage was available by October, i.e., at the commencement of *rabi* season, evaporated and percolated by the time agriculturists came forward for its utilisation. Thus, the entire expenditure of Rs. 3.14 lakhs was rendered unfruitful. Besides, dues amounting to Rs. 0.45 lakh were not recovered from the contractor and action for excess payment was also not finalised during the period of over five years since completion of the work.

The matter was reported to Government in September 1982; reply is awaited (February 1983).

6.6 Minor irrigation tank at Hasta

Construction of a minor irrigation tank at Hasta (Aurangabad District) administratively approved (April 1972) by the Aurangabad Z.P., for Rs. 4.40 lakhs (revised to Rs. 4.99 lakhs in August 1975) was taken up for execution under scarcity relief works during 1972-73 and on closure of the scarcity continued under Drought Prone Areas Programme and completed in June 1977 at a cost of Rs. 4.01 lakhs. The tank was designed for a storage of 14.67 million cubic feet of water on the basis of average taluka rainfall of 27.66 inches adopted for the catchment in the estimate, for irrigating 190 acres of land.

In the course of audit of Aurangabad Z.P., it was noticed (November 1980) that storage was not obtained in the tank during 1978-79, 1979-80 and 1980-81 as expected with reference to rainfall data adopted for designing the tank. To an audit enquiry, the Executive Engineer (Irrigation), Aurangabad Z.P., stated (August 1981) that actual average taluka rainfall during 1978-79, 1979-80 and 1980-81 was 18.74 inches, 30.63 inches and 18 inches but storage obtained was 30 per cent, 40 per cent and 25 per cent respectively of its full capacity during the above periods; that the shortfall in storage with reference to the average taluka rainfall was due to less rainfall in the catchment area of the tank. As against average taluka rainfall of 27.66 inches adopted for the purpose of designing the tank, actual average taluka rainfall was 30.63 inches during 1979-80.

The division also failed to utilise the storage obtained in the tank during 1978-79, 1979-80 and 1980-81 due to delay in completion of cross drainage works for want of cement, which were reportedly completed in 1981-82 and as such no irrigation was done till 1981-82. On a further enquiry with the division regarding action, if any, proposed to be taken to make the expenditure fruitful, the Executive Engineer stated (June 1982) that to achieve best results it was essential to have proper maintenance grants and also experienced management staff.

Delay of over four years in completion of cross drainage work, non-provision of maintenance grants and non-deployment of management

staff resulted in the irrigation potential created remaining unutilised rendering an expenditure of Rs. 4.01 lakhs incurred so far unfruitful (July 1982).

The matter was reported to Government in July 1982; reply is awaited (February 1983).

6.7 Percolation tank at Chakarda

During the course of scrutiny of the records of the Amravati Z. P., it was noticed (January 1982) that the tank estimated to cost Rs. 2.20 lakhs and designed to provide indirect irrigation of 138 acres of land was under execution by the Z. P., since December 1973 to September 1977. Though expenditure of Rs. 2.36 lakhs had been incurred on the work, the work was still incomplete. On 2nd September 1977 the tank breached due to flood causing damage to the work. There was no progress in the work upto 1980-81 i.e., for a period of over three years pending completion of the enquiry ordered (March 1978) by Government to investigate into the causes of the breach. Government accepted (December 1980) the findings of the Enquiry Officer that the breach was due to gorge-filling not having been done upto the appropriate level prior to the flood and called for (December 1980) necessary proposals from the Z. P., for starting the departmental enquiry against the persons responsible for the damages. Government intimated (October 1982) that the proposals were awaited from the Z. P., and that the work was completed in July 1982. Even after the lapse of nearly two years since acceptance of the Enquiry Officer's report, there was no progress in the matter to fix final responsibility on any official for the said breach which caused avoidable loss of Rs. 0.80 lakh representing expenditure on damaged portion, with consequential delay in completion of work and denial of intended irrigation facilities till July 1982.

6.8 Construction of Jangudda Tank

The work of construction of Jangudda Tank (Chandrapur District) designed to irrigate 250 acres of land in tribal area, was administratively approved (March 1974) by the Z.P., and technically sanctioned for Rs. 4.12 lakhs in March 1974. During the execution of work, the Deputy Engineer noticed certain discrepancies in the approved drawings. According to the report of the Deputy Engineer, actual levels were not in conformity with the survey plans and since irrigable command was not

available in the vicinity of the tank, canal cost would be more. Expenditure of Rs. 1.26 lakhs was incurred on the work to end of March 1977 and since then work was suspended. The Executive Engineer, Z.P., Chandrapur stated (August 1980) that rain-cuts in the earthwork would occur due to non-maintenance of the bunding work for such a long period and, therefore, earthwork already executed was likely to be damaged. However, inspection of the tank by the Executive Engineer, Minor Irrigation, Z.P., Chandrapur disclosed (September 1982) that no such damages were caused and the work was safe.

In March 1981, plans and estimates of the work were revised to Rs. 6.18 lakhs by the Executive Engineer, Minor Irrigation Division, Chandrapur but the revised plans and estimates were also found defective as the irrigable command available as per command survey required canal excavation to a depth of 4 to 5 metres in soft and hard rock and irrigation would be possible only in *nalla* portion for 3 to 4 kilometres length of canal. The Executive Engineer, Z.P., Chandrapur stated (April 1982) that considering the above drawbacks work was not recommenced and matter would be taken up with the Executive Engineer, Minor Irrigation Division, Chandrapur and follow up action would be taken later on. Delay of over eight years in completion of the work taken up in a tribal area where no other irrigation project existed and water scarcity in the summer season was chronic, resulted in denial of irrigation facilities to 250 acres of land in the tribal area and expenditure of Rs. 1.26 lakhs incurred on the work was rendered useless (February 1983).

The matter was reported to Government in September 1982; reply is waited (February 1983).

6.9 Construction of administrative building

Government paid a loan of Rs. 40.50 lakhs in three instalments (Rs. 20.50 lakhs in March 1977, Rs. 10 lakhs in February 1980 and Rs. 10 lakhs in August 1981) to Nanded Z.P., to enable the latter to have a building estimated to cost Rs. 42 lakhs. Scrutiny of the records of Nanded Z. P., disclosed (March 1981—May 1982) the following:

- (i) While releasing first instalment of loan, Government stipulated (March 1977) that the building should be completed by the Z. P., within a period of two years (March 1979) of drawal of the loan and the construction should be as per the prescribed type design. It directed

the Z.P., in January 1978 to appoint a R.C.C. specialist to prepare R.C.C. designs for the building. Nevertheless, a negotiated tender of a contractor for Rs. 40.54 lakhs was accepted by Government in December 1977. Though work order was issued in January 1978 itself to the contractor, part R.C.C. design was supplied to him in June 1978 and part in March 1979 only. On the ground that he had moved his machinery to work spot in January 1978 itself, the contractor claimed (April 1979) compensation of Rs. 0.88 lakh which was paid to him in June 1980.

(ii) Although the building was to be completed by March 1979, the agreement entered into with the contractor in December 1977 stipulated the date of completion as July 1980. This was further relaxed (February 1980) by Government upto March 1981.

(iii) The Z.P., extended the agreement period thrice ending upto July 1981 by which time the contractor had executed work of Rs. 33.96 lakhs. He stopped the work from 31st July 1981 and claimed a compensation of Rs. 5.36 lakhs on the ground that he was not supplied cement, steel, etc., as per agreement, and that the prices had escalated since the date of agreement. Part of this claim (Rs. 2.90 lakhs) was accepted by the Z.P., in March 1982, and he was asked to complete the work by July 1982. The contractor who restarted the work in April 1982, sought (June 1982) a further extension of time for completion of the work by eight more months on the ground that escalation compensation of Rs. 1.50 lakhs was paid to him late in June 1982. Value of work done by him upto May 1982 was Rs. 50.44 lakhs as against the revised estimated cost of Rs. 57.74 lakhs. The Z.P., contended (May 1982) that acute shortage of cement and steel contributed to the delay in completion of the building within the stipulated period. This was not tenable for the reason that as against the total requirement of 1700 tonnes of cement for the entire work, the Z.P., had a stock of 4762 metric tonnes during the period from 1977-78 to July 1980, and as against the requirement of 332 metric tonnes of steel, quantity actually procured was 603 metric tonnes during the said period. The Z.P., admitted (January 1982) that this would have been adequate for the work but for some diversion to other budgeted works. This argument was also not acceptable for the reason that even according to the Z.P., (January 1982), it had taken cement on loan from various

sources in order to keep this work going. The building work remained incomplete (November 1982). The question regarding grant of extension was under consideration of Government (November 1982).

Avoidable delay in appointment of an architect and in supply of R.C.C. designs to the contractor by fourteen months, as well as lack of planning in utilisation of available cement and steel resulted in escalation of cost (Rs. 15.74 lakhs), payment of compensation (Rs. 2.38 lakhs) to the contractor and the building remaining incomplete (November 1982) even three years after the originally stipulated date of completion viz., March 1979.

The matter was reported to Government in September/December 1982; final reply is awaited (February 1983).

6.10 Audio Visual Scheme

In March 1969, Government decided that Audio Visual Scheme implemented under the Community Development Programme should be continued during stage II and post-stage II phase and that the expenditure on maintenance of equipment and pay and allowances of staff should be met from block grants during stage II period and from the funds of Z.Ps., during post-stage II period. Subsequently, Government decided (October 1972) to withdraw the scheme from Z.Ps., and accordingly directed the Z.Ps., to pass resolutions to that effect. By December 1973 replies were received by Government from all Z.Ps., (except Bhir) agreeing to transfer the scheme to State Sector. Meanwhile, when the matter was taken up by the Rural Development Department with the General Administration Department to consider the issue of implementation of the scheme under State sector, the General Administration Department intimated (January 1977) that it was unable to take over the scheme in full, but expressed its willingness to take over projectors which were in good condition for use under the mobile publicity van scheme.

The question of transferring the scheme to State sector under Directorate of Information and Public Relations was again examined in October 1980. Government ordered (February 1981) that the scheme should be discontinued and the Z.Ps., should be authorised to dispose of the equipment with them as per rules and absorb the staff appointed by the State Government under the scheme in comparable posts.

Information collected by Government (1977) indicated that 53 officials were working under the scheme, and out of 252 projectors (cost Rs. 9,000 each approximately), 159 were in good condition, 40 required to be repaired and 43 projectors remained idle.

Particulars received from seven Z.Ps., (out of 13 Z.Ps., addressed in April 1982) disclosed that six Z.Ps., had not disposed of the equipments valued at Rs. 2.53 lakhs. Most of them were either out of order or required heavy repairs. In two Z.Ps., no film shows were held during 1979-80 and 1980-81.

Though the scheme was closed in 1972, no concerted action had been taken to either utilise the equipments elsewhere or dispose them of in good condition so as to fetch a reasonable price. Opportunity to use this mass medium was lost both in the State as well as local sectors.

The matter was reported to Government in September 1982; reply is awaited (February 1983).

6.11 Unauthorised retention of funds

From time to time, the Z. Ps., have been implementing a few schemes like the Integrated Area Development Scheme, and undertaking certain activities like distribution of seeds, fertilisers and pesticides on behalf of Government on agency basis. In order to transact the business arising out of the abovesaid activities, Personal Deposit Accounts were opened by the Z.Ps. Moneys drawn from Treasury as well as receipts realised from cultivators on account of sale proceeds of seeds, etc., were initially credited to the Personal Deposit Account, and withdrawn therefrom as and when necessary for purposes of expenditure or remittance into Government Treasury.

Test-check of the accounts maintained by Nagpur, Usmanabad and Akola Z. Ps., disclosed the following:

Nagpur.—(a) Amount lying in the Personal Deposit Account as on 31st March 1982 was Rs. 17.43 lakhs.; (b) Reconciliation of balance as reflected in the pass books had been carried out only upto September 1978. There was a difference of Rs. 6 lakhs between the cash book and pass book as on 31st March 1982 which remained to be reconciled (July 1982). (c) Loan of Rs. 5 lakhs given to the Z.P., in June 1980 remained to be refunded and credited back to accounts (July 1982).

(d) An amount of Rs. 7.64 lakhs being receipts/refunds on account of Government transactions was credited to the Personal Deposit Account during April 1981 to March 1982 instead of directly crediting into Treasury.

Usmanabad.—(a) On 25th March 1981, the Z.P., drew Rs. 0.95 lakh from the Treasury on abstract contingent bill under the head “Capital Outlay on Agriculture” to meet the cost of purchase and distribution of seeds. The entire amount was credited to the Personal Deposit Account. An expenditure of Rs. 248 only was incurred on the above transaction on 31st March 1981, and an amount of Rs. 0.15 lakh was remitted into the Treasury on that date, leaving a balance of Rs. 0.80 lakh in the Personal Deposit Account. However, detailed contingent bill was prepared indicating that the amount was spent on the above transaction. Scrutiny, however, revealed that the expenditure was in fact incurred in 1979-80 (Rs. 0.54 lakh) and 1980-81 (Rs. 0.26 lakh) even before the drawal of the abstract contingent bill on activities like revalidation of seeds, transportation and *hamali* charges etc. The Z.P., stated (May 1982) that the above-said method was resorted to for want of adequate budget provision under the relevant head of account. This was not tenable because adequate savings were noticed under this head of account during 1978-79 to 1980-81. (b) The Personal Deposit Account was closed in April 1981 and an amount of Rs. 6.42 lakhs representing the balance as on that date in the account was credited to the District Fund. The quantum of Government money that remained to be credited to Government account was not known (February 1983).

Akola.—(a) Reconciliation of balances had been carried out upto 5th July 1977 only. (b) There was a difference between closing balance as reflected in the cash book (Rs. 0.98 lakh) and in the bank pass book (Rs. 1.65 lakhs) as on 31st March 1982. (c) Loan of Rs. 21 lakhs (March-April 1979) given to the Z.P., to tide over the financial position faced by it, remained (August 1982) to be credited back to the Fund.

In April 1982, Government ordered closure of all Personal Deposit Accounts maintained by the Z.Ps., outside the District Fund as it expected that as far as possible every transaction should be within the Z.P., budget.

Due to non-reconciliation of the accounts for periods ranging from 4 to 5 years, it was not known (February 1983) as to how much of Government money remained with the Z.Ps.

The matter was reported to Government in September 1982; reply is awaited (February 1983).

RURAL DEVELOPMENT AND PLANNING DEPARTMENTS

6.12 Satara Zilla Parishad—infructuous expenditure on percolation tanks

Construction of 2 percolation tanks at Kasawand in *tahsil* Mahabaleshwar (administrative approval and technical sanction: May 1977; estimated cost : Rs. 2.37 lakhs) and at Pawarwadi in *tahsil* Jaoli (administrative approval : August 1979; technical sanction : September 1979, estimated cost : Rs. 2.88 lakhs) was taken up by the Z.P., under the Employment Guarantee Scheme (EGS) in June 1977 and October 1979 respectively. The Superintending Engineer (EGS), Inspection and Supervision Cell, Pune Division, during his inspection (May 1980) directed that work on these tanks should be stopped as the sites selected for these tanks were not technically suitable and the schemes were not financially viable for the reasons that the sites were located in original reaches of *nallas* having steep slopes, mountainous terrain and heavy rainfall area with the possibility of reducing the capacity of the tanks within a short time due to fall of debris, the *nallas* had a fall of about 300 metres on the downstream of the dam site and there was no visible command on the downstream of these tanks and percolation of water was doubtful.

The work was stopped in May 1980 at Kasawand and in May 1981 at Pawarwadi after incurring expenditure of Rs. 1.83 lakhs (Kasawand: Rs. 0.98 lakh; Pawarwadi: Rs. 0.85 lakh). Expenditure incurred between May 1980 (when orders were issued for stoppage of work) and May 1981 (when work was actually stopped) was Rs. 0.49 lakh. Commencement and execution of the works without adequate technical survey and study of the suitability of the sites resulted in the infructuous expenditure of Rs. 1.83 lakhs.

The matter was reported to Government in July 1982; reply is awaited (February 1983).

SECTION II

6.13 Grants/loans for specific purposes

Grants/loans for specific purposes are sanctioned to Z.Ps., municipalities and other non-Government bodies/institutions by Administrative Departments, Heads of Departments and authorities subordinate to them, according to the powers delegated to them. The authority signing or countersigning the bill for drawal of the grant/loan and its disbursement is required to watch (a) fulfilment of the conditions subject to which it was sanctioned and (b) its utilisation for the purpose for which it was sanctioned and to forward to Audit a certificate of utilisation indicating the checks exercised before the certificate was drawn up/accepted. Important points noticed in Audit are given in the succeeding paragraphs.

AGRICULTURE AND CO-OPERATION DEPARTMENT

6.14 Handloom development in Maharashtra

6.14.1 Government rendered financial assistance of Rs. 2733.42 lakhs (1976-77 to 1981-82) in the form of investment in share capital, loans, subsidies etc., for various handloom schemes of the Directorate of Handlooms, Powerlooms and Co-operative Textiles, Nagpur (Directorate) as indicated in the Apendix VI.2. Test-check in Audit of the records of the Directorate/Administrative Department in Mantralaya and other connected offices (February 1982 to August 1982) revealed the following:

6.14.2 *Export oriented production programme.*—With a view to producing exportable varieties of handloom fabrics to cope up with export demand, export production project proposed by the State Government was approved (May 1976) by Government of India with the financial assistance of Rs. 40 lakhs, to be implemented through the Maharashtra State Handloom Corporation. The project envisaged, *inter alia*, installation of 1000 looms, construction of common sheds for 1000 looms and purchase of machinery for preparatory process, etc., at a total estimated cost of Rs. 94.50 lakhs spread over a period of 5 years, of which financial assistance to the extent of Rs. 40 lakhs was to be rendered by Government and Rs. 54.50 lakhs was to be raised by the implementing agency by way of institutional finance, Government expected that the project would run in profit, weavers would receive better earnings and

their standard of living would improve besides ensuring them regular gainful employment.

Initially, the work of installation of 200 looms in common sheds was entrusted (September 1976) by the State Government to the Bhadravati Handloom Weavers' Co-operative Society Limited, Solapur (Society) and financial assistance of Rs. 12.50 lakhs in the form of share capital contribution was sanctioned and paid (1976-77) to the Society for implementation of the programme. Government also constituted (October 1977) a Project Advisory Board for successful implementation of the programme by the Society. In March 1978, Government sanctioned and paid further assistance of Rs. 7.50 lakhs in the form of share capital contribution to the Society for installation of additional 300 looms in common sheds, and the Society was required to undertake production and market its products under instructions of the Maharashtra Rajya Hatmag Vinkar Sahakari Federation, Bombay (Federation). The Society did not raise any institutional finance till January 1982. The Director of Handlooms intimated (March 1979) Government that the Society had misutilised about 30 per cent of the space for running a garment unit and that unless the Society was restrained from unauthorised activity, Government money and material would be misutilised. The Managing Director of the Federation also brought to the notice of Government in July 1979 that the attitude of the Society was to secure money and assistance from Government without having to account for their utilisation and, therefore, proposed that the management of the project be strengthened. No action in this regard was, however, taken by Government (August 1982). During September 1976 to January 1982, the Society incurred an expenditure of Rs. 19.32 lakhs and installed 305 looms as against 500 for which assistance was rendered by Government, out of which 140 were in working condition. Non-installation of remaining 195 looms was attributed to non-availability of finance and increase in cost of the project. According to the Federation, the looms purchased by the Society were not suitable from loom type and width point of view. The Project Advisory Board observed that looms already installed had to be accepted as a *fait accompli* and that the installed capacity was being utilised without reference to market demand resulting in accumulation of stock. The Society had incurred an accumulated loss of Rs. 5.37 lakhs by June 1980. However, Government sanctioned further loan assistance of Rs. 9.60 lakhs to the Society in March 1981 without

prescribing any terms and conditions for repayment of loan. The Regional Deputy Director Handlooms, Solapur stated (February 1982) that the Society had not exported any products so far as no arrangements were available with the Society to study foreign market. A committee comprising the Director of Handlooms, Managing Director, Maharashtra State Handloom Weavers' Co-operative Federation (MAHATEX) and Chairman of the Society was stated to have been formed (July 1982) to explore the possibility of securing export market for the goods and it was expected to submit its report in August 1982. Further developments were awaited (February 1983). Government stated (July 1982) that the terms and conditions regarding utilisation and repayment of loan of Rs. 9.60 lakhs would be finalised separately.

In January 1982, Government released share capital contribution of Rs. 10 lakhs to the State Handloom Corporation (Rs. 6 lakhs) and Industrial Weaving Co-operative Society at Achalpur (Rs. 4 lakhs) for installation of 150 looms and 100 looms respectively to enable them to implement export oriented production programme. No terms and conditions were laid down by Government while sanctioning the share capital contribution. According to the project reports prepared by the above mentioned organisations, cost of the projects including working capital worked out to Rs. 45.47 lakhs. As the share capital assistance was released upto a ceiling fixed by Government, the manner in which the organisations would find the balance of share capital, etc., required to commence the programme was not known. No time limit was prescribed by Government within which the financial assistance was to be utilised. Government stated (July 1982) that terms and conditions relating to share capital contribution were being issued. These were awaited (February 1983).

Thus, despite financial assistance of Rs. 39.60 lakhs rendered by Government, the objectives of the programme were not achieved and the investments did not yield any results (February 1983).

6.14.3 *Synthetic fabrics processing unit.*—The State Government sanctioned (31st March 1980) loan of Rs. 35.40 lakhs to the Marathwada Development Corporation Limited, Aurangabad in order to enable them to pass on loan to the Textile Corporation of Marathwada Limited, (TEXCOM) Aurangabad for establishing processing plant in TEXCOM's processing house at Nanded. The loan was paid to the

TEXCOM in April 1980. Loan was to be repaid in ten annual equal instalments payable from the first anniversary of the receipt of the amount by TEXCOM. For utilisation of the full capacity of the processing house, the project envisaged coverage of 1,500 looms for production and procurement of grey material. No time limit was prescribed by Government for utilisation of loan by the implementing agency. The implementing agency failed to instal (February 1982) the plant and machinery. Out of assistance of Rs. 35.40 lakhs paid by Government, the implementing agency had incurred an expenditure of Rs. 9.84 lakhs only between April 1980 and May 1982 on advances for purchase of machinery and balance amount was invested in fixed deposit account on which interest of Rs. 2.58 lakhs was earned. Overdue instalments of loan and interest aggregating Rs. 11.22 lakhs were payable in April 1981 and April 1982 to Government. As against 1,500 looms coverage contemplated under the project, only 100 looms were identified till January 1982.

The Directorate stated (June 1982) that the work of identifying looms that would produce grey material for being processed had been entrusted to MAHATEX and that body had approached Government for sanction of working capital of Rs. 21 lakhs and this demand was being scrutinised by Government. A special meeting of concerned agencies was being convened to finalise further action.

Owing to non-installation of the plant and non-identification of looms, object of providing processing facilities to the weavers of Marathwada region was not achieved.

6.14.4 *Diversified production programme.*—Government paid (March 1977) share capital contribution of Rs. 12.25 lakhs to sixteen selected societies for production of different varieties of cloth particularly those which could not be produced in textile mills and powerlooms. The Director of Handlooms was to take action for supervision and guidance to these societies. Government orders did not, however, specify the nature of diversified production that was to be carried out by the societies. According to Government (June 1982), production of all varieties other than traditional ones constituted diversified production.

In Bombay and Nagpur regions 11 societies had utilised the share capital of Rs. 7.88 lakhs for construction of dye houses, sheds etc., and details of diversified production turned out by these societies called for in August 1982 were awaited.

In Aurangabad region, two societies had utilised the share capital assistance of Rs. 1.88 lakhs for refund of Government and bank loans. Three more societies had utilised Rs. 0.23 lakh towards purchase of shares in Co-operative federation. On this being pointed out in Audit (January 1982), the Director stated (April 1982) that these were instances of misutilisation of Government assistance by the societies against whom no action could be taken for want of proposals from the subordinate offices and that such proposals were being called for. Further developments were awaited (February 1983).

One of the conditions for the grant of financial assistance under the programme was that the societies should have sound management. It was noticed that two societies in Aurangabad region which did not have sound management were provided with a share capital of Rs. 3 lakhs.

The scheme was in operation for only one year *i.e.*, 1976-77. It was observed that the scheme was thought of with a view to utilising a part of Rs. 25 lakhs assistance made available to the handloom industry during that year. To an enquiry in Audit regarding the impact of the scheme in operation for one year on the industry, Government stated (June 1982) that the scheme was framed only to utilise the allotted funds, and once the amounts were exhausted, there was no question of continuing the scheme further. No follow up action or evaluation was undertaken by the Department to assess the benefits that accrued out of this scheme. There were no records to indicate whether the Directorate had taken action to supervise and guide the selected societies for carrying out diversified production. Thus, the purpose of inducing the weavers to switch over to diversified production was not achieved.

6.14.5 *Expansion for Dye House facilities.*—Government released (February 1980) a loan of Rs. 24.29 lakhs to the State Handloom Corporation (Rs. 17.03 lakhs for expanding existing dye house at Nagpur and Rs. 7.26 lakhs for establishing one at Kalmeshwar in Nagpur District). The expansion of dye house at Nagpur was completed but the work at Kalmeshwar was not taken up for want of electricity and water resources (January 1982). The expenditure incurred at Nagpur was Rs. 8.19 lakhs including Rs. 2.39 lakhs on construction of internal road not provided for in the approved plan. No action was taken (July 1982) to recover the balance of Rs. 18.49 lakhs which had not been utilised for the purpose for which it was sanctioned.

6.14.6 *Establishment of design centres.*—Handloom section of the Small Industries Development Institute, Pune transferred to Nagpur in January 1973, was handed over (February 1977) to the Maharashtra State Handloom Corporation for running it as a design centre. A share capital assistance of Rs. 6.27 lakhs was also sanctioned (February 1977) to the Corporation to enable it to purchase additional equipment (Rs. 0.81 lakh), to meet expenditure on Staff, Contingencies (Rs. 1.26 lakhs) and to set up a similar centre at Solapur (Rs. 4.20 lakhs). The corporation was required to keep a separate account of the amounts sanctioned as above.

Government had neither prescribed any terms and conditions nor fixed any time limit within which the financial assistance was to be utilised. In April 1977, Government intimated the Directorate that there was need for concerted action to ensure that the programme got into stride and for that purpose it was essential that a time schedule was laid down for construction, placing of orders and other relevant matters which preceded the actual commissioning of the design centres and called for a detailed report from the Directorate within a month's time. No such report was furnished to Government (May 1982).

The Corporation had incurred an expenditure of Rs. 2.67 lakhs (upto March 1981) on Nagpur and Solapur centres which consisted of expenditure on salaries (Rs. 2.30 lakhs) and on T.A., contingencies, purchase of chemicals, etc. (Rs. 0.37 lakh). Additional equipments meant for Nagpur centre were proposed to be purchased in 1982-83. Only a skeleton design centre was established at Solapur for the reason that the Corporation had no production plan at Solapur. It was proposed (May 1982) to construct building, etc., for starting a full-fledged design centre at Solapur in 1982-83. Further developments were awaited. Unspent balance of Rs. 3.60 lakhs had, thus, remained with the Corporation for over five years.

6.14.7 *Intensive Development Project.*—With a view to providing continuous gainful employment to handloom weavers in private sector and to improve their earnings by ensuring adequate supply of quality raw materials, credit requirement through nationalised commercial banks, modernisation of looms, diversification of production and marketing, an intensive development project was formulated by the State Government and approved (May 1976) by Government of India, subject to the guidelines that the project would be run on commercial basis, at least 60 per cent

of the looms should be in rural areas, census of handlooms should be conducted and the level and pattern of production and wages of weavers at the commencement and increase in production and wages on implementation of the project should be spelt out, etc. The project envisaged a coverage of 10,000 looms (5,000 in cottages and 5,000 in common sheds) in Bhandara and Nagpur districts over a period of five years and allied activities like training of weavers, design cell, etc., at an estimated cost of Rs. 536.80 lakhs. Of this, Rs. 185.30 lakhs were to be financed by way of assistance by the Central and State Governments and Rs. 351.50 lakhs were to be raised through institutional finance. As the Corporation entrusted with the programme failed to obtain requisite institutional finance, the Corporation decided to cover 1,000 looms under 'shed programme' and 9,000 looms under 'cottage programme,' at a total cost of Rs. 535.83 lakhs (Rs. 159.34 lakhs capital cost and Rs. 376.49 lakhs working capital) over a period of five years from 1977-78 to 1981-82, to which approval of Government of India was awaited (June 1982). Against the amount of Rs. 112.14 lakhs released (1976-77 to 1978-79) by Government of India, an amount of Rs. 101 lakhs was paid (1976-77 to 1978-79) by the State Government to the Corporation in the form of share capital contribution for implementation of the programme. The institutional finance raised by the Corporation upto 1980-81 aggregated Rs. 124 lakhs. As against the projected capital cost of Rs. 159.34 lakhs on land, building, machinery, furniture and vehicles, etc., expenditure incurred to end of March 1981 was Rs. 71.13 lakhs. Though a period of five years had elapsed by 1981-82, even 50 per cent of the projected expenditure was not incurred and physical progress of work relating to land acquisition, construction of sheds, purchase of machinery, installation of looms, etc., was lagging behind.

As against ten sheds proposed to be completed, only six had been constructed (February 1982) and work on the remaining four was yet to be taken up. 200 looms purchased at a cost of Rs. 1.92 lakhs were installed in two sheds and of the remaining four sheds, two were being utilised for storage of raw material and information regarding utilisation of remaining two sheds was awaited. As regards modernisation of 9,000 looms in cottages, accessories were purchased at a cost of Rs. 0.75 lakh and supplied to weavers for 300 looms only and pre-weaving and post-weaving facilities like yarn dyeing, winding, warping, sizing of yarn,

block and screen printing and processing were not provided on the ground that it would lead to unemployment among weavers who were carrying out these operations at their residences. While the project as envisaged was yet to come up, the entire working capital of Rs. 376.49 lakhs was exhausted (expenditure to end of March 1981: Rs. 439.56 lakhs). The Corporation approached (September 1980) the Directorate for additional financial assistance of Rs. 161.50 lakhs to complete the remaining items, which was not provided by the Directorate (August 1982). One of the objectives of the project *i.e.*, production of diversified cloth was also not achieved, reportedly due to unwillingness of weavers to switch over to the new technique of production inspite of persuasion. At the end of 1981-82, 12,705 looms out of 14,021 covered under the project, were producing *Janata* cloth, an item not envisaged.

Marketing of the product was yet another programme to be implemented under the project. Though the Corporation opened 23 wholesale and 12 retail depots and appointed 3,000 cloth dealers on commission basis, value of accumulated stock was Rs. 3 crores at the end of March 1982.

The project was to run on commercial lines; however, no *pro forma* accounts were maintained so as to find out whether it was running on sound commercial principles. As most of the weavers covered by the project came from urban area, the criterion that 60 per cent of the looms should be set up in rural areas was not adhered to.

The objective set out under the project was not achieved. The Corporation required Rs. 162 lakhs further financial assistance to complete the project. Non-completion of the project had resulted in denial of gainful employment to weavers and also deprived them of opportunity to improve their earnings as contemplated under the project.

6.14.8 *Maharashtra State Handloom Co-operative Marketing Federation.*—Government set up 5 co-operative marketing federations at Bombay, Nagpur, Nanded and Solapur to assist the weavers in their production and marketing programme, and released share capital assistance of Rs. 127 lakhs to them during 1976-77 to 1981-82. No specific norms were prescribed by Government for sanction of such share capital to the federations.

One of the terms under which the share capital assistance was given to all the federations (except at Bombay) was that the member co-operative societies should contribute matching share capital at the ratio of either 1 : 2 or 1 : 4 depending upon the area in which the federation was formed. However, as on 30th June 1981, the share capital thus contributed by members was Rs. 33.57 lakhs only. In the case of Bombay federation (MAHATEX), Government did not apply the criteria of the ratio of matching contribution while releasing Rs. 120 lakhs as share capital in March 1977 and March 1978. Reasons for such concession were not furnished.

Test-check of the working of the MAHATEX indicated that it had opened development centres at Nagpur, Nanded and Solapur to render technical guidance to the members in bringing out best designs of cloth. It had also opened sale depots in and outside the State for selling the finished products of its members. From 1978-79 to June 1981, the MAHATEX had incurred an accumulated loss of Rs. 51.96 lakhs and carried unsold stock valued at Rs. 50.57 lakhs. The Directorate stated (February 1982/April 1982) that the problems of marketing still existed and if these could be solved, the losses could be wiped out. The Directorate further stated (July 1982) that the MAHATEX was making all efforts to approach Government to purchase its requirements of handloom cloth from it only and that this was under consideration of Government.

6.14.9 *Conversion of handlooms into powerlooms.*—In 1974, Government initially entrusted the work of conversion of 3,408 looms into powerlooms to the Powerloom Corporation. However, in 1975, under the instructions of Government, the Director of Handlooms allotted 125 looms to *ex-servicemen* and individuals. In February 1978, Government ordered that 480 looms in Sangli and Satara Districts only should be covered by the Powerloom Corporation, and the remaining 2,803 looms should be taken care of by the Development Corporation of Vidarbha and Western Maharashtra Development Corporation. A share capital assistance of Rs. 24 lakhs was also provided (March 1979) to the Western Maharashtra Development Corporation for the said purpose. Whereas, the position regarding progress made by the Powerloom Corporation was not on record of the Directorate, it was noticed (February 1982) that none of the 2,803 looms entrusted to the Development Corporation of Vidarbha and Western Maharashtra Development Corporation

were installed. The Western Maharashtra Development Corporation had incurred an expenditure of Rs. 2.79 lakhs (February 1982) on items connected with the scheme *viz.*, purchase of steel, purchase of powerlooms, etc. The balance amount of Rs. 21.21 lakhs which was merged with the general finances of the Corporation remained to be utilised (August 1982).

The Directorate had completed by March 1980 issue of Tex Marks for all the 3,408 powerlooms entrusted to it. There was no further progress in the matter of installation of powerlooms as the scheme was held in abeyance (April 1980). Government stated (May 1982) that the revival of the scheme was under consideration. Further developments were awaited (February 1983).

6.14.10 *Scheme of subsidy for Janata cloth.*—Under a scheme introduced by Government of India production of controlled cloth (known as *Janata* cloth) was undertaken in the handloom sector since October 1976. The principal objective of the scheme apart from providing assured employment to the large number of weavers was to make available cheaper cloth to the weaker sections of the population. The State Government was to discharge the responsibility of production and distribution of *Janata* cloth. The scheme envisaged payment of subsidy by Government of India at fixed rates to the State Government for controlled cloth varieties for eventual payment to implementing agencies on the basis of audited and certified statement of production and actual deliveries. The rate of subsidy initially fixed at Re. 1 per square metre was raised to Rs. 1.25 with effect from September 1979 and to Rs. 1.50 with effect from July 1981 to boost up the production of *Janata* cloth so as to make it available in adequate quantities to the weaker sections of the community and to enable the Apex societies to meet increased cost of production of *Janata* cloth. Consumer price of the finished product was fixed periodically by the Central Government.

For the period from 1976-77 to 1981-82 subsidy amounting to Rs. 16,80.33 lakhs was paid against the deliveries of 14,71.03 lakh square metres. To end of March 1982, the value of accumulated unsold stock of *Janata* cloth amounted to Rs. 6,23.21 lakhs. This has not only deprived the weaker sections of society of the benefits of production of *Janata* cloth but also created financial crisis for the implementing agencies because of locking up of their capital in the form of finished unsold

products. The Department attributed (July 1982) the accumulation of stock to the increase in consumer price by 15 per cent and refusal by the deficit States (Gujarat, Karnataka and Madhya Pradesh) to lift the quota allotted to them. Further developments were awaited (February 1983).

One of the participating Apex societies was paid subsidy amounting to Rs. 21.72 lakhs during the period from 1976-77 to 1981-82 towards deliveries of *Janata* cloth outside the State. As no records relating to the checks exercised by the departmental auditors as instructed were produced to Audit, it could not be categorically stated whether the deliveries were to genuine buyers only as envisaged by Government of India.

A test-check of the subsidy claims of Vidarbha Weavers Central Co-operative Society Ltd., Nagpur for the quarter ending September and December 1981, conducted (July 1982) in the office of the District Deputy Registrar, Co-operative Societies, Nagpur showed that 4,956 looms were reported as working under *Janata* cloth production in Nagpur city, as against 3,415 *Janata* looms found in the census conducted (1981-82) by the Regional Deputy Director of Handlooms, Powerlooms and Co-operative Textiles, Nagpur. Whereas, the claims regarding rebate on non-*Janata* cloth were regulated with reference to actual number of looms found in census, it was not so regulated in the case of subsidy on *Janata* cloth. The Department stated (July 1982) that as subsidy was paid on deliveries actually effected and since the claims were to be subjected to audit by the departmental auditors, information of loomage actually under production was not considered necessary. The fact remains that no check of claims towards subsidy was done by the Directorate with reference to the census figures available with it.

6.14.11 *Special rebate on sale of handloom cloth.*—With a view to clearing accumulated handloom cloth, a scheme for grant of special rebate on sale of handloom cloth was sanctioned by Government in December 1975.

The rebate was admissible only at one point of sale *viz.*, sale to the consumer for whom the benefit of rebate was intended. The twenty per cent rebate amount allowed to the consumers was to be borne equally by Government of India and by the State Government. According to the orders issued (September 1976) by the State Government, rebate claims

were to be certified by the auditors of co-operative department. The co-operative department was expected to verify the stock of handloom products of the societies a day prior to commencement of the rebate period, and certify the closing stock of finished goods as on that date. Alongwith the rebate claims, the participating societies were required to furnish a certificate stating that the rebate claimed had actually been paid to the customers. Special auditors of the Co-operative societies who scrutinised the rebate claims were also required to give certificates to the effect that sales shown in the rebate claims were genuine to *bonafide* consumers, and that the bills in which the rebate was claimed were also genuine. A test-check of the rebate claims paid in Nagpur city in the office of the District Deputy Registrar of Co-operative Societies, Nagpur who released the rebate claims, disclosed (May 1982) the following:

(a) During the three financial years ending 1981-82, Government had paid rebate claims of Rs. 384.97 lakhs, of which the payments in Nagpur region alone amounted to Rs. 148.26 lakhs.

(b) During the rebate period from 19th October 1981 to 2nd November 1981 declared by Government, rebate claims of Rs. 28.80 lakhs were presented by 187 societies of Nagpur city and suburbs. Special Auditor, Co-operative Societies (Weavers), Nagpur who was entrusted with the job of certifying the claims of the societies, had passed their claims for Rs. 27.43 lakhs. However, actual rebate paid by the District Deputy Registrar of Co-operative Societies, Nagpur was Rs. 16.52 lakhs only. The drastic reduction in the rebate claim as passed finally was as a result of the census of the handlooms conducted in 1981-82 by the Regional Deputy Director of Handlooms, Nagpur (covering Nagpur city only) which disclosed that as against 6,163 non-*Janata* working looms included by the societies in their rebate claims, actual number found in census was only 3,504 (actuals inflated by societies by 43 per cent).

(c) Eighteen societies which claimed a rebate of Rs. 2.65 lakhs on the basis of 639 non-*Janata* looms stated to be in their possession, did not in fact possess a single non-*Janata* loom. In 1980-81, these societies had received rebate claims amounting to Rs. 0.94 lakh.

(d) Out of 174 societies in Nagpur city, only one society had furnished correct figures of looms in its possession (as revealed in census)

whereas in all other cases, the looms declared by the societies to be in their possession did not tally with the actuals found in the census though in all the abovesaid cases, the staff of the co-operative department had certified the stock, as declared by the societies, prior to commencement of the rebate period and the Special Auditor, Co-operative Societies (Weavers), Nagpur had also given the prescribed certificates in these cases. Obviously, no cross verification was done by the departmental officials at the time of stock-taking to find out the actual number of looms in the possession of a society, and number actually working, the number engaged in production of *Janata* and non-*Janata* varieties of cloth.

The District Deputy Registrar stated (July 1982) that verification of handlooms was a task involving much time, and this was not possible within the short time allowed for check of closing stock of finished goods.

(e) No stock-taking of goods was done at the end of the rebate period to cross check correctness of the sales as reflected in the rebate claims of the societies. Stock-taking was done only on the last day of the Co-operative year (30th June 1982).

(f) At the time of physical verification of stock, no distinguishing marks were affixed by the verifying Government staff so as to prevent the societies from passing on the same goods to other societies to be shown as the stock of those societies.

The District Deputy Registrar stated (July 1982) that the action to be taken against the societies which preferred false rebate claims was under consideration. Further progress was awaited (February 1983).

(g) The census was yet to be taken in Nagpur suburbs and in the rest of the State (August 1982).

6.14.12 *Assistance to primary co-operative societies.*—Government sanctioned (September 1972) a scheme for grant of share capital contribution to the primary co-operative societies of handloom weavers on the ratio of 1:2 to revitalise and re-organise such societies. Existing, new and dormant societies were eligible for financial assistance under the scheme. The grant of share capital contribution was subject to various terms and conditions relating to creation of share capital redemption

fund, investment thereof in a separate deposit account with the Central financing agency or in Government loan and securities, etc. The following points were noticed :

(i) According to the statistics published by the Registrar of Co-operative Societies, Pune, Government had invested Rs. 9 lakhs in 586 societies upto June 1971 out of which 352 were working in profit, 148 were working in loss and 86 were dormant. During 1976-77 to 1981-82 Government invested share capital of Rs. 2,82.85 lakhs in primary co-operative societies. According to the Registrar of Co-operative Societies, Pune, as on 30th June 1981 there were 615 handloom co-operative societies in which Government invested (June 1981) Rs. 352 lakhs; of these, 308 societies were working in profit, 224 societies were working in loss and 83 societies were dormant. The number of dormant societies almost remained the same despite the increased share capital contribution made by Government over a decade. The Director could not furnish the exact amount of Government investment involved in the dormant societies as well as those working in loss (February 1983). Information regarding the number of weavers who were members of the dormant societies was also not furnished.

(ii) At the time of release of the share capital contribution to the new societies or the existing ones, the Department did not make any attempt to ascertain the position about their viability and production programme so as to ensure sound investment and to safeguard Government interest. The share capital assistance was released as a matter of course. The Department stated (February/April 1982) that no scrutiny was exercised in view of the fact that no such pre-condition for sanction of share capital, considering the viability and production programme of the societies was imposed by Government, and the share capital contribution was released *ad hoc* and to strengthen the capital base of the societies so as to increase their borrowing capacity.

(iii) Majority of the societies had not created the share capital redemption fund even though such a condition was stipulated by Government in every sanction releasing financial assistance. The Directorate stated (April 1982) that even though such a fund was not created by the societies, they were refunding the share capital amount as due. The Directorate, however, stated that instructions would be issued to the subordinate officers to observe the conditions of share capital redemption fund.

(iv) In Solapur district, 233 societies were granted share capital assistance of Rs. 221.33 lakhs in the year 1976-77. It was noticed (February 1982) that 114 societies had invested share capital assistance of Rs. 54.60 lakhs in fixed deposits in the District Industrial Bank, Solapur, for periods ranging from seven to fifteen years. Government had not contemplated such investment nor had declared the bank as a place where the societies could deposit Government share capital assistance on long term basis. The Regional Deputy Director, Solapur stated (December 1981) that such investments would not be permitted in future. The Directorate stated (April 1982) that since many primary weavers' co-operative societies had not created share capital redemption fund and had invested a major portion of the share capital with the District Industrial Co-operative Bank, Solapur, the matter would be referred to Government seeking their views and further line of action would be taken accordingly. Further progress was awaited (February 1983).

6.14.13 *Supply of improved tools and equipment*—(i) Prior to 1976-77, assistance at the rate of Rs. 1,000 per loom was rendered for installation of frame looms. From the year 1976-77 the amount of assistance was reduced to Rs. 250 per loom (loan 25 per cent and subsidy 75 per cent) meant for purchase of accessories, like takeup motion attachment, iron reed, etc. The loan assistance carried an interest of 3.125 per cent per annum and was repayable in two instalments commencing from the first anniversary of the date of drawal. The amount was to be utilised within the period of six months. During the period from 1976-77 to 1981-82 expenditure incurred under the scheme amounted to Rs. 8.26 lakhs.

(ii) Till 1975-76, in Nagpur district financial assistance was released in cash. However, from 1976-77 the assistance was given in kind. The District Deputy Registrar of Co-operative Societies, Nagpur stated (March 1982) that the assistance was switched over in kind due to the fact that the financial assistance granted to the societies in cash earlier was not properly utilised.

(iii) The Department had technical staff consisting of Senior Supervisors, Junior Supervisors, Textile Inspectors, Assistant Textile Inspectors and Stamping Inspectors who were expected to guide the weavers societies in purchasing store articles for the use of improved appliances, to ensure that the appliances possessed by the societies were brought under working, and to demonstrate preparatory processes with the help of these improved

applicances, etc. The review undertaken (November 1977) by the technical staff of Nagpur indicated that out of the financial assistance of Rs. 1.80 lakhs released to 720 societies, the amount which remained unutilised or misutilised worked out to Rs. 1.06 lakhs for which action to prosecute the societies under relevant sections of the Maharashtra Co-operative Societies Act, 1960 was being taken. The Department stated (April 1982) that the unutilised amount on that date was Rs. 11,930 and position regarding recovery of unutilised/misutilised assistance would be intimated in due course. Further progress was awaited (February 1983). The details regarding further technical inspections conducted by the staff had been called for (August 1982); reply is awaited (February 1983).

(iv) Against the loan of Rs. 2.52 lakhs sanctioned to 152 co-operative societies (period 1972-73 to 1980-81) in Nagpur region, overdue instalments of loan together with interest not recovered as at the end of December 1981 amounted to Rs. 2.16 lakhs.

(v) An amount of Rs. 1.60 lakhs was drawn by the District Deputy Registrar of Co-operative Societies, Nagpur in March 1977 under the scheme. However, improved equipments remained to be fitted (March 1982) on 494 out of 640 looms as some societies were reported to be not co-operating for fitting the equipments. Loan and subsidy involved in these 494 looms aggregated Rs. 1.24 lakhs. Further, an amount of Rs. 0.18 lakh remained undisbursed to the beneficiaries (March 1982).

(vi) Though the scheme was continuing throughout the State upto 1982-83, the District Deputy Registrar, Nagpur had not sought any budget provision from 1977-78 onwards under this scheme on the ground that the societies were not interested in receiving financial assistance in kind and provision already made was not utilised fully.

(vii) While supplying improved tools and equipment, no target was fixed for societies which took the financial assistance. The Department had no information regarding the performance of the societies which had availed of the financial assistance under the scheme.

6.14.14 *Contributory thrift fund scheme.*—To inculcate the habit of savings amongst weavers and make provision for their social needs and also improve their economic conditions, the contributory thrift fund scheme was introduced by Government in 1972. According to the format of the scheme, the member societies were to collect contribution at the rate of three paise per rupee of wages every month from their members

and deposit such collections to the credit of their account before the fifth of every succeeding month in the District Co-operative Central Bank, whereupon Government was to sanction an equal amount as matching contributions to the fund. The Bank was to maintain the fund of each society as a separate non-statutory reserve and to pay interest on it at prescribed rates. Interest calculated was to be credited to the account of each individual contributor annually. The members were eligible to withdraw from the fund either partly or finally as per the Rules framed for the purpose. The scheme was thus intended to benefit the weaver members directly. Scrutiny of the records of the Director and its regional offices at Nagpur and Solapur disclosed the following:

(i) From the inception of the scheme (1972) upto March 1980, matching contribution released in Solapur region amounted to Rs. 1.65 lakhs as against the members' collection of Rs. 7.35 lakhs. Corresponding figures for the Nagpur region were Rs. 2.27 lakhs and Rs. 3.06 lakhs respectively. In Bombay region, matching contribution released upto December 1980 was Rs. 0.13 lakh as against members' collection of Rs. 0.19 lakh. The Directorate stated (April 1982) that the shortfall in Government contribution was due to inadequate provision of funds by the District Planning and Development Councils.

(ii) In Solapur region, as against the collection of Rs. 13.80 lakhs made by the societies since the inception of the scheme upto March 1980, an amount of Rs. 7.35 lakhs only was credited into the Bank. Regional Deputy Director had not kept any watch over proper and timely remittance of collections into the Bank as no periodical returns were prescribed to watch and ensure timely remittance to avoid mis-utilisation of the collections by the societies. In the same region, in respect of 826 members, individual accounts were not opened (February 1982) as a result of which the members could not derive any benefit out of the scheme. In Bombay region individual accounts were not opened at all.

(iii) During the period 1978-79 and 1979-80, percentage of weavers' participation in the scheme was 4.15 and 4.35 respectively. The poor percentage was attributed (April 1982) by the Directorate to the voluntary nature of the scheme and unwillingness on the part of weavers to part with their meagre earnings. The Directorate further stated (June 1982) that even office bearers of the societies had not faithfully

implemented the scheme for various reasons and that this point had been noted by the Tidke Committee appointed (March 1981) by Government which, therefore, had suggested various stringent measures against the societies which failed to implement the scheme. It was also stated that as soon as these recommendations were accepted, action against defaulting societies could be initiated. Further developments were awaited (February 1983).

(iv) In June 1981 Government extended the scheme to the weavers under the Handloom Corporation, Nagpur. Out of Rs. 9 lakhs sanctioned (October 1981) by Government, the District Deputy Registrar of Co-operative Societies, Nagpur drew matching contribution of Rs. 3.15 lakhs on 31st March 1982 from the Treasury and credited it to the savings bank account of the Corporation in the State Bank of India instead of District Central Co-operative Bank. The release of matching contribution to the Corporation resulted in a preferential treatment to the corporate sector inasmuch as matching contribution was released in part to the co-operative sector. Though the Corporation had deducted equivalent amount from the wages of their members for the period from July 1981 to March 1982 and credited into the State Bank, individual accounts were not opened in the names of members in District Central Co-operative Bank, thus denying them the benefits of the scheme.

6.14.15 *Unsold stock.*—It was noticed (August 1982) that there was a wide gap between the actual production and sales of handloom cloth in co-operative sector as indicated below:

Year			Value of production	Value of sales	Value of left over stock at the end of the year
(in lakhs of rupees)					
1977-78	..	..	.. 14,98.05	15,83.94	1,52.93
1978-79	..	..	.. 18,39.52	19,18.21	1,21.81
1979-80	..	..	.. 23,13.48	22,98.69	1,68.83
1980-81	..	..	.. 26,75.69	22,65.28	99.34

Value of handloom cloth left over at the end of June 1981 was Rs. 99.34 lakhs. Particulars of unsold stock as on 30th June 1982 called for in July 1982 were not available with the Directorate (August 1982).

6.14.16 *Summing up.*—The export oriented production programme did not achieve any tangible results, as no exports were made. The processing unit at Nanded was not set up. The investments in schemes for diversification of production failed to make any impact on the industry. The assistance released for establishing a dye house at Kalmeshwar remained unutilised. Design centres were not set up as envisaged. The basic objectives of installation and modernisation of looms, diversified production, marketing, etc., as laid down in the Intensive Development Project, have not been achieved. The problem of marketing handloom products remained largely unsolved, despite allowing rebates and subsidies resulting in huge accumulation of *Janata* and non-*Janata* cloth. The financial assistance to the Western Maharashtra Development Corporation for conversion of handlooms into powerlooms remained unutilised. In spite of the increase in Government investments in the form of share capital contribution in co-operative societies, the number of dormant societies remained almost the same. The implementation of the scheme of supply of improved tools and equipment suffered from a number of drawbacks. Percentage of participants in the contributory thrift fund scheme sponsored by Government was negligible and even for such small percentage Government had not provided their matching contribution every year.

In short, investments of Rs. 27.33 crores in various schemes failed to ameliorate the lot of handloom weavers either due to non-completion or imperfect implementation of schemes.

The matter was reported to Government in September 1982; reply is awaited (February 1983).

RURAL DEVELOPMENT DEPARTMENT

6.15 Excess payment of grant

Under the Bombay Village Panchayat Act, 1968, every Village Panchayat (V.P.) is entitled to land revenue grant equal to the average of the amount of ordinary land revenue realised from lands within the limits of the V.P., during each quinquennium commencing from April 1964. Such grant is payable every year during the next five years after deducting therefrom Government dues (loan, popular contribution in respect of piped water supply scheme, etc.). If the grant so payable to any V.P., falls short of one rupee per capita of the population of the village the difference is payable to the V.P., as equalisation grant.

Accordingly, the land revenue and equalisation grants payable to 67 V.Ps., in the Shirala Block (Sangli District) for the period April 1974 to March 1979 was Rs. 5.66 lakhs (land revenue grant: Rs. 3.73 lakhs; equalisation grant: Rs. 1.93 lakhs) on the basis of annual average land revenue of Rs. 0.75 lakh for the period April 1969 to March 1974. However, according to the Collector, Sangli (October 1981 and November 1981) Rs. 18.76 lakhs (land revenue grant: Rs. 18.69 lakhs; equalisation grant: Rs. 0.07 lakh) were released to the 67 V.Ps., during the period April 1974 to March 1979 on the basis of average annual land revenue of Rs. 3.73 lakhs as the *Tahsildar*, Shirala had inadvertently reported the total collection in the average column of the statement of land revenue recoveries. The Collector also stated (October 1981) that efforts would be made to recover the excess payment of Rs. 13.10 lakhs from the V.Ps., without obstructing their routine working and that action was being taken against the erring officials.

According to the Collector (June 1982) the formula for working out the grant had been communicated to all the *Tahsildars* in September 1971 and the amount communicated by *Tahsildar*, Shirala was released by him. The omission to detect the error in the Collector's office resulted in excess payment of Rs. 13.10 lakhs. No records/registers for watching recovery of Government dues from the grants were also maintained.

Government stated (February 1983) that the action was being taken to recover the excess payment from the land revenue grants payable for the year 1982-83, and that the Collector had been directed to take necessary action against the persons responsible for the over-payment.

SECTION III

HOUSING AND SPECIAL ASSISTANCE DEPARTMENT

Maharashtra Housing and Area Development Authority *Bombay Housing and Area Development Board*

6.16 Infructuous expenditure on development of land

Under the Town Planning Scheme for Ghatkopar, sanctioned by Government in September 1958 (effective from 1st April 1959), land measuring 9801 sq. yds. which was a part of survey no. 236-A and in the

possession of the *ex*-Maharashtra Housing Board since November 1957, was included in the reassigned final plots Nos. 323 (17,700 sq. yds.) and 324 (48,405 sq. yds.) allotted to a private individual. The Board did not give possession of the land (9801 sq. yds.) to the allottee but decided to acquire the final plots for its housing schemes and took possession of the entire area of 66,105 sq. yds. (June 1960) under the urgency provisions of the Land Acquisition Act, 1894. But while issuing the notification under Section 6 of the Act (April 1960) the area of 9,801 sq. yds. was deleted by the Revenue authorities under the mistaken belief that it still belonged to Government. The mistake was realised and separate notification under Section 4 was issued in September 1962.

Meanwhile the allottees challenged the acquisition in the High Court in 1961 and subsequently agreed to a compromise under which Government could acquire the entire land for an agreed compensation. While the acquisition proceedings were in progress, the compromise was challenged by one of the minors of the allottee's family (January 1969) on the ground that the consent terms in the compromise were made without considering the rights under the Hindu Minority and Guardianship Act. The legal department opined that the minor could successfully challenge the second acquisition of the area of 9801 sq. yds. which had still not been completed. Therefore, a second compromise was proposed (March 1975) by Government under which the Board was to surrender the area of 9801 sq. yds. in its occupation in exchange for 9260 sq. yds. of land in final plot no. 323 and 541 sq. yds. in final plot no. 324. However, as the entire plot no. 323 was reserved (March 1960) by the Bombay Municipal Corporation (under Municipal Development Plan) for housing the dishoused, post office, play ground, etc., the Maharashtra Housing and Area Development Authority (successors to M.H.B. from 5th December 1977) decided (March 1981) to withdraw the acquisition proceedings in respect of the area of 9801 sq. yards and agreed to pay consequential damages to the owner under the Act. In addition to the damages payable, the expenditure of Rs. 1.68 lakhs incurred by the Authority (1960 to 1980) on the development of land and Rs. 0.30 lakh paid as rental compensation during period of occupation was also rendered infructuous.

The matter was reported to Government (September 1982); reply is awaited (February 1983).

SECTION IV

AGRICULTURE AND CO-OPERATION DEPARTMENT

6.17 Investments in and financial assistance to co-operative societies

6.17.1 *Financial assistance.*—The State Government has been rendering financial assistance to co-operative societies in the form of investment in share capital, loans, grants and subsidies. Government investment in share capital at the close of each of the three years ending 1981-82 and the return thereon, as intimated (October 1982) by the Department, were as under:

Year ending 31st March	Number of societies	Total investments (in lakhs of rupees)	Dividend received		
			No. of societies	Invest- ments	Dividend received
(1)	(2)	(3)	(4)	(5)	(6)
				(in lakhs of rupees)	
1980	.. 6,566	89,60.65*	212	4,40.92	48.93
1981	.. 6,907	94,84.18*	234	3,29.69	16.98
1982	.. 7,375	1,07,83.06*	210	3,74.60	18.16

Forty-five other societies in which Government had invested Rs. 76.21 lakhs towards share capital had declared dividends amounting to Rs. 3.80 lakhs but had not credited the dividend to Government till 31st March 1982.

The position regarding overdue amounts of loans (including interest) and unutilised grants and subsidies (received from Government) with

*Differs from the figures appearing in Statement No. 14 of Finance Accounts. Difference is under reconciliation.

various co-operative societies at the close of each of the three financial years ending 1981-82, as intimated by the Department, was as follows:

(a) *Loans:*

Year ending 31st March				No. of societies	Overdue amounts	
					Principal	Interest
(1)				(2)	(3)	(4)
(in crores of rupees)						
1980	..	..	..	4,982	40.74	6.01
1981	..	..	..	5,838	40.92	9.75
1982	..	..	..	5,615	45.06	15.15

(b) *Unutilised grants and subsidies:*

Year ending 31st March	Amount paid		Amount not utilised		
	No. of societies	Amount	No. of societies	Amount	
(1)	(2)	(3)	(4)	(5)	
(amounts in crores of rupees)					
1980	..	6,243	3.13	Not known	Not known
1981	..	6,234	53.48	Not known	Not known
1982	..	6,840	20.94	Not known	Not known

(c) Government has also guaranteed loans raised by several co-operative societies. The loans covered by the guarantee which were outstanding at the end of March 1982 amounted to Rs. 546.80 crores. The maximum amount guaranteed as on 31st March 1982 stood at Rs. 10,54.83 crores.

6.17.2 *Financial results.*—(i) According to the Department, the position regarding the working, during the co-operative year ending June 1981, of the societies which had received Government assistance was as under:

Position of the societies	No. of societies	Financial assistance by Government		
		Share capital	Loans	Subsidy
(1)	(2)	(3)	(4)	(5)
(in lakhs of rupees)				
(a) Earning profit	5,254	73,37.54	33,14.32	2,59.73
(b) Running in loss	4,840	31,65.55	13,14.88	2,58.80
(c) In liquidation	1,850	2,41.82	1,23.61	18.00
(d) Not functioning	559	59.88	24.33	0.38
(e) In initial stage of working ..	180	22.26	24.28	5.65
(f) Accounts awaiting finalisation ..	88	20.72	10.52	0.61
(g) Working results not received ..	34	7.80	0.25	0.05

(ii) According to the provisions contained in Maharashtra Co-operative Societies Act, 1960 as amended in April 1969, the winding up proceedings of co-operative societies in liquidation should be completed within a maximum period of ten years. According to the information made available (October 1982) by the Department in respect of 27* out of 28 districts in the State, the position of co-operative societies in liquidation where winding up proceedings could not be finalised for over ten years was as under:

No. of societies	Government dues		
	Share capital	Loan	Interest on Government loan
(1)	(2)	(3)	(4)
(in lakhs of rupees)			
343 ..	13.18	17.50	4.65

*Information in respect of Usmanabad District is awaited (December 1982).

6.17.3 *Non-accounting of cash, shortages of stores, etc.*—At the end of March 1981, non-accountal of funds amounting to Rs. 253.11 lakhs in 2,051 societies had been reported by the Department. Of these, 416 cases involving Rs. 70 lakhs (misappropriations: Rs. 69.90 lakhs; shortages: Rs. 0.10 lakh) had been treated as closed during 1981-82. The position as at the end of March 1982 including, *inter alia*, fresh cases reported during 1981-82 is as under:

	No. of societies	Amount not accounted for		Total
		Misappropriation/ embezzlement	Shortages	
(1)	(2)	(3)	(4)	(5)
(in lakhs of rupees)				
1 Cases pending on 31st March 1981: From 1961-62 to 1980-81	20,51	2,50.02	3.09	2,53.11
2 <i>Less</i> : Cases finalised during 1981-82	4,16	69.90	0.10	70.00
3 <i>Add</i> : Fresh cases reported during 1981-82	64	7.81	....	7.81
4 Total cases pending as on 31st March 1982	1,699	1,87.93	2.99	1,90.92

6.17.4 *Delay in completion of audit.*—In accordance with provisions of the Co-operative Societies Act, 1960 the accounts of co-operative societies are required to be audited once a year by auditors appointed by the Registrar, Co-operative Societies. The accounts of 545 Government-aided societies (out of a total 8,248 such societies) remained unaudited as on 31st March 1982 as indicated below:

No. of Societies	Period for which accounts not audited
96	5 years and above
41	4 years
27	3 years
60	2 years
321	Upto one year

Delay in completion of audit was attributed by the Department (August 1982) to non-availability of records, incomplete accounts, etc.

6.18 Scheme for development of Consumer Co-operatives

6.18.1 A Centrally sponsored scheme for development of Consumer Co-operative Stores in urban areas was in operation from 1962-63 to 1969-70 and from 1971-72 in a modified manner for accelerated development of consumer co-operatives having growth and employment potential, as a measure to help in stabilisation of prices and providing self-employment to educated persons. During 1970-71 the scheme was continued as a State Plan scheme. The scope of the original scheme was expanded to setting up new retail outlets, opening smaller branches (*Janata* shops) for weaker sections and backward areas, opening common kitchen centres for students of Universities and Colleges, strengthening the State Co-operative Consumers' Federation, assistance to selected Consumer Societies to set up Consumer Industries and assistance for rehabilitation of sick/weak wholesale Consumer Co-operative Stores.

Hundred per cent financial assistance in the form of loan was provided by Government of India to the State Government for giving assistance towards share capital, loan and subsidy to selected institutions for approved schemes in accordance with the pattern prescribed by Government of India. The loan carried interest at $5\frac{1}{2}$ per cent and was repayable by the State Government after periods specified separately to each component part of the scheme. As at the beginning of 1971-72, Rs. 96.71 lakhs were outstanding against loans received by the State Government from Government of India under the earlier Centrally sponsored schemes. To end of 1981-82 the State Government received a total loan of Rs. 187.17 lakhs from Government of India under the new schemes and the balance, including interest, outstanding on 31st March 1982 was Rs. 271.59 lakhs (inclusive of balance under the old scheme). Between 1975-76 and 1980-81 the State Government had incurred expenditure of Rs. 176.89 lakhs (share capital: Rs. 103.28 lakhs; loan: Rs. 62.85 lakhs; subsidy: Rs. 10.76 lakhs) under the new schemes.

The records in the offices of the Commissioner for Co-operation, Pune, Deputy Registrar of Co-operative Societies at Bombay, Kolhapur, Nagpur, Pune and Thane and Director of Marketing, Pune were scrutinised in Audit during April 1982 to July 1982 and the important points noticed are given below :

6.18.2 *Setting up of new retail outlets by Consumer Co-operative Stores*
 —(i) *Departmental Stores* : According to the guidelines issued by

Government of India (December 1971) economically viable wholesale/central Consumer Co-operative Stores were to be given financial assistance towards share capital contribution, loan-cum-subsidy for furniture and fixtures and managerial subsidy, to open Departmental Stores in areas which have not yet been covered and have the potentiality for the development of Departmental Stores. The quantum of assistance depended mainly on the anticipated annual sale and population of the area in which the Departmental Store was located.

(ii) According to information collected by Audit from records of the Directorate of Marketing, in all, 17 Consumer Co-operative Stores were given financial assistance of Rs. 68.62 lakhs (share capital : Rs. 45.18 lakhs; loan : Rs. 15.62 lakhs; subsidy : Rs. 7.82 lakhs) to open 20 Departmental Stores during 1974-75 to 1981-82.

(iii) Of the 19 Stores opened during 1974-75 to 1981-82 two Stores (financial assistance : Rs. 8.22 lakhs ; cumulative loss incurred Rs. 28.23 lakhs) went into liquidation during 1980-81, due to mismanagement, indiscreet borrowings, heavy credit sales, etc. ; one Store (financial assistance : Rs. 10.43 lakhs) which ran into financial difficulties had been taken up (March 1979) for rehabilitation and 2 other Stores (financial assistance : Rs. 4.20 lakhs) which ran into financial difficulties had been proposed for rehabilitation in 1981-82.

(iv) Four Stores which were paid assistance of Rs. 10.80 lakhs between 1976-77 and 1978-79 started business after delays ranging from 1 to 5 years; one Store (assistance received : Rs. 2.10 lakhs in 1980-81) had not started business (August 1982) for want of suitable accommodation. The delay in two cases was also reported to be due to non-availability of suitable accommodation. The Public Accounts Committee while considering a comment in paragraphs 100-105 of the Comptroller and Auditor General's Report for 1972-73 on the old scheme had recommended (paragraph 2.8 of Sixteenth Report—April 1977) that before releasing financial assistance Government should satisfy itself regarding the feasibility of starting business in the immediate future.

(v) Four out of 12 Departmental Stores, for which information was furnished to Audit, could not achieve the targeted turnover even after 3 to 5 years of their running. The shortfall ranging from 35 to 45 per cent was attributed by the Departmental Stores, *inter alia*, to decontrol of

controlled articles, short supply of controlled articles, non-commencement of all the departments, paucity of working capital, etc. Information was not received in respect of the remaining 7 Departmental Stores.

(vi) In 7 Departmental Stores shortages and misappropriations amounting to Rs. 5.81 lakhs were noticed by the auditors and officers of the Co-operation Department; the accumulated loss to the end of 30th June 1981 amounted to Rs. 43.18 lakhs in 4 Departmental Stores. This was attributed by the Consumer Co-operative Stores to mismanagement, decontrol of controlled articles, inadequate supply of controlled articles, etc.

(vii) According to the terms and conditions prescribed for grant of governmental assistance each Consumer Co-operative Store was to prepare quarterly trading and profit and loss account and balance sheet together with quarterly management report on its working and submit a copy to Government. Of the 12 Consumer Co-operative Stores, which furnished information to Audit, 4 had not prepared and submitted such reports to Government.

6.18.3 *Retail outlets.*—(i) According to information collected by Audit from the Directorate of Marketing, 8 Consumer Co-operative Stores were paid Rs. 7.47 lakhs (share capital: Rs. 4.15 lakhs; loan: Rs. 1.84 lakhs; subsidy: Rs. 1.48 lakhs) between 1971-72 and 1981-82 to open 16 retail outlets. Of the 16 outlets, two were opened after delay of 4 to 5 years from the date of granting financial assistance due to non-availability of accommodation.

(ii) Four out of 6 retail outlets, which had furnished information to Audit, could not achieve the targeted turnover, the shortfall ranging from 21 per cent to 62 per cent. The shortfall was attributed by the Consumer Co-operative Stores to decontrol of controlled goods, inadequate supply of controlled commodities, etc. Information from the remaining units was not received.

(iii) In 4 retail outlets shortages and misappropriations amounting to Rs. 1.93 lakhs were noticed by the auditors of the Co-operative Department. The accumulated loss to end of June 1981 suffered by 3 of these outlets amounted to Rs. 44.94 lakhs.

6.18.4 *Establishment of smaller branches (Janata Shops).*—(i) To serve the weakest of the consumer community, Government introduced (January 1977)

under the old 20 Point Programme a scheme for opening of smaller branches (*Janata Shops*) by Consumer Co-operative Societies in areas predominantly inhabited by industrial workers, plantation labour and low income groups in urban areas. The *Janata Shops* were to be operated on low gross margins, and savings accrued from low overheads were to be passed on to the consumers by adopting a 'differential pricing policy'. Financial assistance (limited to Rs. 0.25 lakh) in the form of share capital, loan and subsidy was sanctioned by the Directorate of Marketing to 7 Consumer Co-operative Stores for opening 18 *Janata Shops*. The scheme was extended (May 1977) to those living in slums having concentration of Scheduled Castes and unorganised sectors and financial assistance upto Rs. 14,000 per *Janata Shop* was sanctioned to 7 Consumer Co-operative Stores to enable them to open 19 *Janata Shops*. During 1977-78 to 1981-82 total financial assistance of Rs. 7.16 lakhs (share capital: Rs. 5.50 lakhs; loan: Rs. 0.59 lakh; subsidy: Rs. 1.07 lakhs) was sanctioned under the scheme. Following points were noticed:

(ii) Of the 37 *Janata Shops* for which financial assistance was given for establishment of smaller branches for supply of essential commodities at reasonable prices, 9 Shops (share capital: Rs. 1.30 lakhs; loan: Rs. 0.14 lakh; subsidy: Rs. 0.26 lakh) were not opened due to non-availability of accommodation; only one Shop refunded the financial assistance (Rs. 0.25 lakh) after one year without interest. Even though orders were issued (May 1982) by the Directorate of Marketing to the District Deputy Registrars of Co-operative Societies to call back the entire financial assistance no recovery had been effected (December 1982).

(iii) Two Shops opened in June 1976 (share capital: Rs. 0.40 lakh; loan: Rs. 0.04 lakh; subsidy: Rs. 0.06 lakh) and 5 Shops opened in July 1978 (share capital: Rs. 0.50 lakh; loan: Rs. 0.05 lakh; subsidy: Rs. 0.15 lakh) were closed in June 1977 and November 1981 respectively as they incurred heavy losses. Financial assistance for 2 of these Shops was released after they had closed. One Consumer Co-operative Store to which financial assistance of Rs. 1.25 lakhs (share capital: Rs. 1 lakh; loan: Rs. 0.11 lakh; subsidy: Rs. 0.14 lakh) was given during 1977-78 to open 5 *Janata Shops*, did not open them for want of accommodation and went into liquidation during 1981-82.

(iv) Information regarding the working of 8 units at Ahmadnagar (1), Amravati (2), Barshi (Solapur District) (1), Dondaicha (Dhule District)(2), Miraj (1) and Nanded (1) was awaited (December 1982).

(v) Funds sanctioned by Government of India for specific programmes on the basis of proposals received from the State Government were to be utilised only for the purpose for which they were sanctioned. Any portion of the funds remaining unutilised at the end of the financial year was to be refunded to Government of India. The loan of Rs. 1.67 lakhs released by Government of India in September 1977 for assisting one Consumer Store in Bombay to open 8 *Janata* Shops was not released by the State Government as the Store had gone into liquidation. However, according to the Directorate of Marketing (May 1982), the amount had not been refunded to Government of India.

The Project Implementation Committee appointed by the State Government to implement the scheme and watch the progress had observed (October 1979) after a review of the working of the scheme that the Consumer Co-operative Stores had to face cut-throat competition due to decontrol and removal of ban on inter-State movement of goods as a result of which they had to close down the *Janata* Shops. It was decided to allow them 3 months' time for reopening the Shops before calling back the assistance. The Directorate stated (August 1982) that the concerned District Deputy Registrars of Co-operative Societies were being directed to recover the financial assistance where the Shops had not been re-opened or had been closed. The Department had no information regarding the recovery effected (December 1982).

6.18.5 *Common kitchen centres.*—(i) Under the scheme, introduced in July 1976 under the 20 Point Programme, financial assistance was provided to University/College Consumer Co-operative Stores to enable them to establish common kitchen centres for providing wholesome food to poor students living outside the hostels, particularly those hailing from rural areas. The assistance was provided in the form of share capital at the rate of Rs. 0.15 lakh per kitchen unit of about 100 students and grant for purchase of utensils, furniture, etc., limited to 50 per cent of the cost or Rs. 0.05 lakh, whichever was less. During 1976-77 and 1977-78, financial assistance of Rs. 2.40 lakhs (share capital: Rs. 2.10 lakhs; grant : Rs. 0.30 lakh) was given to 7 Consumer Co-operative Stores to start 14 kitchen units. No assistance was given under the scheme after

1977-78 in view of the unsatisfactory working of the kitchens. Scrutiny of the records in the Directorate of Marketing (April 1982 to June 1982) revealed the following:

(ii) Eight units (financial assistance received: Rs. 1.20 lakhs) had not opened the kitchens; the assistance was utilised by the Consumer Co-operative Stores of the University as their share capital.

(iii) In one unit at Pune (financial assistance received: Rs. 0.20 lakh) the kitchen was attached to the hostel mess and the benefit was derived only by the inmates of the hostel and not by poor students living outside the hostel.

(iv) Four units (financial assistance-share capital: Rs. 0.60 lakh; grant : Rs. 0.20 lakh) opened in 1976-77 were closed (June 1979) due to difficulties in recovering dues from students, poor response from students and recurring losses.

(v) In respect of two units the financial assistance (share capital: Rs. 0.30 lakh; grant: Rs. 0.10 lakh) was released (1976-77) after the kitchens were closed; one unit kept the assistance in fixed deposit whereas in the other case the assistance was set off against accumulated loss.

(vi) Of the 14 units sanctioned, only 2 [including one mentioned at sub paragraph (iii) above] are working (August 1982). The State Level Project Implementation Committee recommended (October 1979) that the share capital contribution of Government should be recalled from the Consumer Co-operative Stores which had stopped running the common kitchens. No recovery had been made so far (December 1982).

6.18.6 *Strengthening of the State Consumer's Co-operative Federation.—*

(i) Financial assistance in the form of share capital contribution was to be made to the State Consumers' Co-operative Federation to enable it to undertake on a large scale, pooling and institutionalisation of purchases, taking up additional lines of business, setting up branches-cum-distribution centres, etc., so that it would enable it to make larger supplies at favourable terms to consumer co-operatives. Loan/subsidy was also payable for setting up warehousing/distribution centres and Consumer Industries. During 1973-74 to 1981-82 the Maharashtra State Co-operative Consumers' Federation Ltd., Bombay (Federation) received Rs. 100.25 lakhs as share capital contribution mainly for increasing its borrowing capacity. Following points were noticed:

(ii) According to the Federation (August 1982) it handles bulk purchases and distribution of goods of daily necessity, but it was not able to expand its activities beyond Bombay due to financial constraints. The Departmental Stores at Kolhapur stated (June 1982) that the Stores had been dealing in more than 3,000 articles whereas the State and National Federations were dealing with selected commodities implying thereby certain inherent constraints in effecting bulk purchases through the Federation. It also stated that in respect of certain commodities purchased from the Federation the prices were higher than the market rate.

(iii) The Project Implementation Committee appointed (April 1972) by Government to ensure speedy implementation of the scheme was to review the working of the Federation twice a year. The Committee had not reviewed the working of the Federation (July 1982) reasons for which had not been intimated by the Directorate of Marketing.

6.18.7 *Setting up of Consumer Industries.*—(i) The scheme for providing financial assistance to viable Consumer Co-operative Societies to enable them to set up identified Consumer Industries for catering to the needs of low and middle income consumers was sanctioned by Government of India in May 1976. Eighty per cent of the cost was provided by Central Government by way of loans, 15 per cent by the State Government as share capital, remaining 5 per cent was to be raised by the Society. During 1977-78 to 1981-82 six Consumer Co-operative Societies were provided financial assistance of Rs. 18.04 lakhs (share capital: Rs. 2.80 lakhs; loans : Rs. 15.24 lakhs) for setting up 8 industries manufacturing utensils, exercise books, stationery articles, hosiery and bakery products. According to information furnished to Audit by 5 Consumer Co-operative Societies 6 units had started functioning; information regarding the starting of bakery units at Aurangabad and Kolhapur had not been received (December 1982).

(ii) Scrutiny of the records of the Department controlling the grants and information received in Audit in respect of 6 units showed that (i) the Consumer Co-operative Societies had not mortgaged to Government their assets as required under the conditions of the loan, (ii) shortfall in production in three out of 6 units varied from 60 per cent to 100 per cent and (iii) in one unit no target was fixed but the shortfall compared to installed capacity varied from 18 per cent to 66 per cent during 1977-78 to 1981-82. No information was available in respect of 2 units. The

shortfall in production was attributed by the Societies to less demand by consumers, delay in release of share capital by the State Government and inadequate availability of quota of paper at controlled price. Interest amounting to Rs. 0.50 lakh payable on Government loan was overdue from the Societies for the period 1978-79 to 1981-82.

6.18.8 *Rehabilitation of sick/weak Consumer Co-operative Stores.*—

(i) The benefits of the scheme were extended (March 1978) by Government of India for the strengthening and rehabilitation of existing stores especially those which had incurred losses but which had basic potential and scope for recovery and improvement. Approximately 75 per cent of the additional estimated requirement of resources was to be provided as loan (out of Central assistance to the State Government) and the balance 25 per cent was to be provided by the State Government preferably as share capital. The proportion could be changed according to circumstances of each Store. The State Government provided assistance under the scheme on the basis of 50 per cent loan and 50 per cent share capital. During 1978-79 and 1979-80, the State Government released Rs. 41 lakhs (share capital : Rs. 20.50 lakhs; loan : Rs. 20.50 lakhs) through District Central Co-operative Banks to 3 Stores at Akola, Pune and Thane against their estimated requirement of Rs. 57.50 lakhs (balance to be obtained from the Federation). Following points were noticed in Audit :

(ii) According to the sanctions issued by Government the funds released were to be used essentially for building up of inventory and the Department was to ensure that the assistance was not adjusted by the financing Banks of the Stores against outstanding dues. In Thane the Bank adjusted Rs. 5.50 lakhs out of Government contribution against dues payable to it by the Store. The Directorate had stated (September 1982) that the matter had been taken up with the Bank.

(iii) The existing cash credit limits of all the Stores with their respective Banks were to be converted as long term loans repayable in suitable instalments. However, this had not been done so far (December 1982). The Directorate had stated (September 1982) that the matter had been taken up with the Banks.

(iv) A sum of Rs. 5 lakhs required as working capital for the rehabilitation of the Store at Thane was to be provided by the Maharashtra State

Co-operative Consumers' Federation. Instead of providing the capital the Federation adjusted the amount against its dues.

(v) The Stores were required to mortgage to the State Government all movable and immovable assets created out of Government assistance. This was not done by any of the 3 Stores. The Directorate stated (September 1982) that the Stores were being directed to do the needful.

(vi) In the absence of records relating to consumer index and stabilisation of price levels and also regarding creation of employment potential with Government, it could not be ascertained in Audit whether the objectives of the scheme were achieved. Government stated (August 1982) that the information was not readily available and had been called for from the District Deputy Registrars of Co-operative Societies.

(vii) Scrutiny of loan ledgers maintained by the District Deputy Registrars of Co-operative Societies showed that year-wise balances due from the Stores had not been worked out; acknowledgement of dues from loanees had not been obtained and notes of issue of demand notices had not been taken, adversely affecting prompt recovery of loans.

(viii) According to information furnished (July 1982) by the Commissioner for Co-operation, Rs. 28.64 lakhs (principal: Rs. 22.52 lakhs; interest : Rs. 6.12 lakhs) were overdue for recovery from the Consumer Co-operatives as at the end of March 1981.

6.18.9 *Summing up.*—Eight Departmental/Retail Stores out of the 19 stores opened under the scheme during 1974-75 to 1981-82 could not reach the targeted sales and had to incur heavy losses (Rs. 28.23 lakhs). Two Stores (assistance : Rs. 8.22 lakhs) had gone into liquidation. The scheme for opening *Janata* Shops to serve the weaker and backward sections of the community did not succeed. Of 37 Shops to which assistance was given 21 (financial assistance : Rs. 4.15 lakhs) were either not opened or were closed after short periods or went into liquidation. The scheme for opening common kitchen centres for providing wholesome food for poor students of Universities/Colleges was a total failure as 13 out of the 14 kitchens (financial assistance: Rs. 2.40 lakhs) were either not opened or closed soon after opening or served students not covered by the schemes. The Maharashtra State Co-operative Consumers' Federation Ltd., which was financed (Rs. 100.25 lakhs) to expand its activities and setting up branches-*cum*-distribution centres, etc., could

not expand its activities beyond Bombay City reportedly due to financial constraints. The Departmental Stores could not get the full benefit of bulk purchases from the Federation in many of the consumer goods, as the Federation was not dealing in many consumer goods. The financial assistance rendered for rehabilitation of Consumer Stores was adjusted by the Bank/Federation against their dues though this was specifically prohibited under the scheme. It could not be ascertained in Audit whether the objectives of the scheme were achieved as the relevant information was not readily available with Government.

The matter was reported to Government in September 1982; reply is awaited (February 1983).

6.19 Financial assistance to the Vasant Sahakari Sakhar Karkhana Limited, Pusad.—

The Vasant Sahakari Sakhar Karkhana Limited, Pusad (*Karkhana*) was registered in July 1969 under the Maharashtra Co-operative Societies Act 1960, with a licensed crushing capacity of 1250 tonnes of Sugar cane a day (2 lakh tonnes per year) and was commissioned in February 1973. Government had nominated the District Deputy Registrar of Co-operative Societies as the Government nominee on the Board of Directors of the *Karkhana* to safeguard the interests of Government in view of the large financial assistance rendered and also to provide necessary guidance for efficient functioning of the management. Government had also entrusted the supervisory control of the *Karkhana* to the Director of Sugar who was required to exercise necessary control through inspections conducted by him or by the Regional Deputy Director.

Against the authorised share capital of Rs. 145 lakhs, paid up capital as on 30th June 1981 was Rs. 119.31 lakhs consisting of Rs. 60 lakhs contributed by Government, Rs. 57.63 lakhs by producer members and Rs. 1.68 lakhs by society members. Government had also paid to the *Karkhana* loans for various purposes *i.e.*, for payment of cane price Rs. 22.63 lakhs (January 1976), defaulted amount of interest to the Industrial Finance Corporation Rs. 7.68 lakhs (August 1976), purchase tax Rs. 43.52 lakhs (March 1978 and October 1978) and rehabilitation loan of Rs. 37 lakhs (August 1981 and November 1981). The *Karkhana* also received the institutional finance of Rs. 521.69 lakhs from the Industrial Finance Corporation (Rs. 145 lakhs) and the Maharashtra State Co-operative Bank (Rs. 376.69 lakhs).

Scrutiny by Audit (December 1981 to February 1982) of the accounts and other records of the *Karkhana* available with the Administrative Department and the Director of Sugar disclosed the following :

(i) The results of operation and profit earned/loss sustained by the *Karkhana* were as under :

Year	Cane crushed (tonnes)	Profit (+)/ Loss (-)	Cumulative loss
		(in lakhs of rupees)	
1972-73	6,385	-36.64	36.64
1973-74	26,714	-47.39	84.03
1974-75	71,570	-34.58	118.61
1975-76	55,623	-60.88	179.49
1976-77	1,06,795	-72.91	252.40
1977-78	2,07,269	-76.46	328.86
1978-79	1,78,047	+45.16	283.70
1979-80	87,597	-39.44	323.14
1980-81	91,043	-29.23	352.37

The *Karkhana* had not crushed sugarcane upto the optimum utilisation capacity of the plant of 2 lakh tonnes per annum in any of the years except in the year 1977-78. The underutilisation of the optimum capacity was attributed to non-availability of area for sugarcane which was stated to be due to low prices of sugarcane offered to the growers. Besides the non-utilisation of optimum capacity, increased expenditure on overheads, transportation and harvesting, payment of interest on loans, wide gap between cost of production and sale price, etc., were reported by management as contributory factors for the heavy loss incurred by the *Karkhana*.

While the *Karkhana* was running continuously in loss from 1972-73 to 1980-81 except in 1978-79, neither did the District Deputy Registrar of Co-operative Societies nor the Director of Sugar provide any guidance to the Management till 1980-81 to improve the working of the *Karkhana*. The District Deputy Registrar did not attend the meetings of the Board of Directors during 1973-74 to 1979-80 regularly

reportedly due to pressure of work. The Director of Sugar confirmed (September 1981) that the District Deputy Registrar had not provided any guidance to the Management in writing during the period from April 1975 to December 1980. Further, neither the Director of Sugar nor the Deputy Director inspected the *Karkhana* during the period from April 1975 to September 1979 reportedly due to paucity of staff. Thus, envisaged guidance was not provided to the *Karkhana* till 1980-81 by which time the accumulated losses had amounted to Rs. 352.37 lakhs.

(ii) The repayment of loan of Rs. 22.63 lakhs paid for payment of cane price and Rs. 7.68 lakhs for payment of defaulted amount of interest to the Industrial Finance Corporation was to commence from 1975-76 and 1977-78 respectively and was to be completed in five annual instalments. To end of June 1981, the *Karkhana* failed to pay the overdue instalments amounting to Rs. 22.63 lakhs and Rs. 4.22 lakhs respectively payable for the period from September 1976 to September 1980 and interest of Rs. 8.79 lakhs thereon, due to heavy losses incurred by the *Karkhana*. No action was taken for recovery of overdue instalments of loans and interest by the Department (March 1982).

(iii) Loan of Rs. 43.52 lakhs adjusted towards payment of purchase tax was also not recovered from the *Karkhana*. The final decision as to how the Department proposes to recover this loan was not intimated (February 1983).

(iv) In terms of orders issued by Government in August 1976, guarantee fee at the rate of 50 paise per Rs. 100 was to be charged with effect from 1st July 1976 on the guarantee given by Government and also in respect of cases of extension of old guarantees. Accordingly, guarantee fee of Rs. 1.59 lakhs was payable by the *Karkhana* on the outstanding amount of loan of Rs. 73.93 lakhs guaranteed by Government. The *Karkhana* had not paid the guarantee fee of Rs. 0.74 lakh.

(v) The terms and conditions governing the grant of share capital contribution by Government envisaged creation of share capital redemption fund for redemption of Government share capital. No such fund was created. Government stated (March 1982) that the financial condition of the *Karkhana* being acute, this provision could not be insisted upon and that in course of time it will be looked into.

(vi) The Industrial Finance Corporation had conducted the inspection of the *Karkhana* in December 1977 and suggested that a high level committee should be appointed to make an in-depth study of the working of the *Karkhana* and to identify the areas/means to put it on sound footing. This suggestion has not been implemented. The Director of Sugar stated (February 1982) that in view of the conditions created due to removal of control on prices and movement of sugar in 1978, this suggestion was not implemented and that the committee of experts appointed by Government to identify the sick factories would look into the problems of this *Karkhana*. The Committee had submitted its interim report which was reportedly under consideration of Government.

(vii) The Industrial Finance Corporation who had rendered financial assistance to the *Karkhana* observed in its report sent to Government in June 1978 that the working of the *Karkhana* was uneconomical due to low crush, low recovery and higher incidence of transportation and harvesting cost and suggested that for achieving the viability in operations it was necessary to increase the sugarcane area in its own operational zone. The area harvested during 1979-80 and 1980-81 was 3,962 acres and 3,116 acres respectively against the area of 7,071 acres harvested during 1978-79. Though the Director of Sugar claimed that in view of the introduction of pilot project scheme in 1976-77 considerable area was brought under cane, actual area harvested during 1979-80 and 1980-81 indicates that efforts made to increase the area did not prove to be successful.

(viii) Government/*Karkhana* had not evolved any effective system of cost control to reduce the cost of production so as to earn profit with reference to the sale price.

The matter was referred to Government in December 1981. Government stated (March 1982) that it was Government's policy to see that the *Karkhana* comes to a viable position for which purpose Government would render necessary assistance and the proposal in regard to control over actual costs was yet to be formulated.

Summing up.—The *Karkhana* set up in 1969 and in which Government had invested funds to the extent of Rs. 1.70 crores in the form of share capital contribution and loan, was running in loss year after year due to non-availability of sugarcane, non-utilisation of optimum capacity of the

plant and increased expenditure on overheads. The cumulative loss to end of 1980-81 amounted to Rs. 3.52 crores. Owing to heavy losses sustained by the *Karkhana* overdue instalments of loan and interest thereon as well as guarantee fee, total amounting to Rs. 36.38 lakhs were not paid to Government and the condition stipulated by Government to create share capital redemption fund was also not fulfilled. The Government nominee on the *Karkhana* did not attend the meeting of the Board of Directors. Neither effective cost control was evolved nor were steps taken to improve the working of the *Karkhana* so as to make it profitable. Thus, Government investment of Rs. 1.70 crores proved to be unfruitful.

6.20 Town milk supply scheme on co-operative basis

With a view to developing milk industry on an organised and scientific basis and to make available unadulterated milk to consumers at a reasonable price, Government introduced (June 1969) the Town milk supply scheme to be implemented through co-operative federations in Jalgaon, Nanded, and Yavatmal Districts. During the period from 1969-70 to 1980-81, Government provided financial assistance of Rs. 12.70 lakhs in the form of share capital, loan and subsidy to enable the federations to purchase milch cattle, plant and machinery, vehicles, tools and equipments, etc. Other financing agencies provided Rs. 9.48 lakhs assistance to the federations. The District Deputy Registrar of Co-operative Societies concerned functioned as a Government nominee on the Board of Directors of the Federations.

A scrutiny of the records of the sanctioning authorities i.e., Divisional Joint Registrars at Aurangabad and Nagpur (August 1982) and the concerned District Deputy Registrars (March-May 1982) disclosed the following:

- (1) *Nanded*.—(a) During the period from 1975-76 to 1979-80 while the target of procurement of milk ranged from 15 lakh litres to 45 lakh litres, actual procurement was between 3.98 lakh litres and 14.32 lakh litres and thus targeted procurement was never achieved. The shortfall was of the order of 37.40 per cent to 91.13 per cent. The Federation owned Rs. 2.24 lakhs to the primary societies for supply of milk to it. Procurement was taken over by Government from May 1980. To end of June 1981 accumulated loss amounted to Rs. 10.32 lakhs reportedly mainly due to curdling.

(b) The accumulations (June 1981) in the share capital redemption fund (Rs. 0.60 lakh) which were to be refunded to Government towards redemption of share capital were neither used for that purpose nor invested separately but were being used for working expenses, contrary to the terms and conditions prescribed by Government. Similarly, reserve funds (Rs. 1.48 lakhs) were also being utilised as working capital instead of investing in gilt-edged securities. The Divisional Joint Registrar stated (August 1982) that the District Deputy Registrar of Co-operative Societies (Dairy) was being instructed to take action for creation of the required share capital redemption fund account. Further progress was awaited (February 1983).

(c) Government loan overdue for repayment (August 1982) was Rs. 2.27 lakhs. No efforts were made by the Federation to repay it.

(d) A chilling plant (cost Rs. 9.54 lakhs) purchased out of Government and institutional finance and installed in 1974-75 was lying idle since January 1979, on introduction of Government Milk Scheme in the district.

The Divisional Joint Registrar, Aurangabad stated (August 1982) that fulfilment of the conditions attached to financial assistance to the Federation was watched by him through his departmental officers and any deviation noticed was brought to the notice of the Federation through the reports. No records relating to the functioning of the Federation/societies *vis-a-vis* assistance released were, however, produced to Audit (August 1982) for its verification.

(2) *Jalgaon*.—The Federation received Government financial assistance of Rs. 4.70 lakhs and went into liquidation in July 1976 on account of heavy losses (amount not specified). The scheme has since been transferred to the Dairy Development Department in May 1978. Details of liquidation proceedings including the manner in which assets were disposed of, amount realised and credited to Government, position regarding repayment of loan (Rs. 3.70 lakhs), interest thereon had been called for from the Department (June 1982); reply was awaited (February 1983).

(3) *Yavatmal*.—(a) No written directives were issued by the Government nominee i.e., the District Deputy Registrar of Co-operative Societies nor any specific periodical reports drawn up by him were produced for scrutiny. The Federation, registered in March 1969,

did not function from June 1970 to October 1974. Financial assistance to the extent of Rs. 2.20 lakhs was nevertheless drawn by it in 1969-70 itself and remained unutilised during that period. Even after Federation's revival under Government appointed Board of Administrators (October 1974), the Federation did not achieve the targeted procurement of milk of 10 lakh litres to 25.55 lakh litres during 1975-76 to 1980-81 except in 1978-79. An advance of Rs. 0.10 lakh was paid (April 1975) to one of the members of Board of Administrators, for purchase of dairy equipments. Neither the equipment was purchased nor the advance recovered. Cumulative losses of the Federation to end of June 1981 amounted to Rs. 0.96 lakh.

(b) Amount collected as matching share capital was Rs. 0.47 lakh (1980-81). Out of Rs. 0.25 lakh accumulated (June 1981) in share capital redemption fund, only Rs. 0.20 lakh were paid to redeem Government share capital contribution. The balance was used as working capital. Amount of loan due for repayment was Rs. 0.30 lakh.

(c) A total of 144 cattle were purchased at a cost of Rs. 2.36 lakhs out of Government assistance and institutional finance. The number which survived at the end of June 1981 was 33. The Assistant Registrar of Dairy Co-operatives, Yeotmal stated (October 1982) that out of 5 societies, to whom financial assistance in the form of loan of Rs. 1 lakh was rendered for purchase of milch cattle and with whom agreements to supply milk to Federation were executed, only one society was supplying milk to the Federation and others have become defunct. Necessary action under Co-operative Societies Act was taken against three societies and in one case it was under consideration. The Federation had not appointed any veterinary official to provide aid to the cattle, as envisaged by Government while releasing the loans to the Federation.

The Divisional Joint Registrar, Co-operative Societies, Nagpur, intimated (September 1982) that records relating to Government sanctions could not be traced. In the absence of these records, Audit could not verify as to how the sanctioning authority satisfied itself about the fulfilment of conditions for assistance given to the Federation.

Government investment of Rs. 12.70 lakhs did not yield the desired results. No direct control was exercised by the sanctioning authorities to ensure that conditions under which financial assistance was granted,

were satisfied, and that the objectives were achieved. While the Federation at Jalgaon went into liquidation, those at Nanded and Yavatmal were running under losses. The cumulative loss of the Federation at Nanded was Rs. 10.32 lakhs and that of Yavatmal Rs. 0.96 lakh. Advance sanctioned to a member of Board of Administrators at Yavatmal was not refunded. Loan and share capital contribution together with interest due thereon remained to be repaid to Government.

The matter was reported to Government in September 1982; Government confirmed (February 1983) the facts and stated that review was being done in each case by the concerned Deputy Registrar.

6.21 Unfruitful financial assistance to a co-operative sugar factory

Government paid share capital contribution of Rs. 20 lakhs (Rs. 14 lakhs in December 1971; Rs. 6 lakhs in March 1972) to the Saswad Mali Sahakari Sakhar Karkhana Ltd., a co-operative society registered with the object of purchasing a Sugar Mill owned by a Public Limited Company to enable it to complete the purchase transaction. As the original agreement (March 1971) between the Company and the Society for sale/purchase of the Mill did not materialise due to a petition filed by some share holders of the Company, a new agreement was entered into (July 1976), under which the Sugar Mill was to be leased to the Society for a period of 30 years from 1st August 1974 on payment of lease rent of Rs. 6.50 lakhs per annum. The operation of the Sugar Mill had already been taken over by the Society from 1971-72. The Society continuously incurred losses in its operation and the accumulated loss to end of June 1980 was Rs. 104 lakhs. As the Society could not undertake crushing during 1980-81 due to inadequacy of cane and financial difficulties the Company took over (August 1981) the factory from the Society in terms of the lease agreement according to which in the event of the lessee ceasing to manufacture sugar the lessor had the right to take over possession of the premises and property from the date of such event.

A scrutiny by Audit (February 1982-July 1982) of the records in the Directorate of Sugar disclosed the following:

(i) Government was to pay share capital contribution on matching basis. While sanctioning (December 1971) Government's contribution of Rs. 14 lakhs, Government had agreed to sanction balance share

capital as soon as the members' own share capital reached Rs. 20 lakhs. The balance was, however, released in March 1972 as a special case even though the Society had received only Rs. 14.24 lakhs from its members upto end of April 1982. To an Audit query as to whether the financial viability of the Mill particularly when the plant and machinery of the Mill were very old, having been installed in 1932, was considered while deciding to assist the Society, the Directorate stated (August 1982) that this might have been assessed by the competent authority in this behalf. In the absence of records the facts could not be verified by Audit.

(ii) The Society was to create a capital redemption fund out of its profits and Government shares were to be redeemed out of such fund. As the Society was running continuously at loss no such fund was created.

(iii) Although it was known in August 1974 that the proposal to purchase the Sugar Mill by the Society had not materialised, Government decided (March 1977) almost after $2\frac{1}{2}$ years to withdraw its share capital contribution (Rs. 20 lakhs) from 1977-78 onwards in yearly instalments of Rs. 2 lakhs. However, no instalment had been paid by the Society (October 1982).

(iv) According to Government (October 1980) the Society had been incurring loss continuously due to heavy expenditure on repairs and maintenance of the old and outdated machinery, inadequate supply of sugarcane and inefficient management. The Society had incurred expenditure of Rs. 35 lakhs (upto June 1979) on modification and replacement of the plant to maintain productivity but according to an assessment made by the Deccan Sugar Institute, Pune (June 1979) a further amount of Rs. 58 lakhs was required to be spent for the purpose. Against the installed capacity to crush 1016 tonnes of sugarcane per day for 160 working days in a season the Society on an average crushed only 811 tonnes per day for 94 to 192 days during 1971-72 to 1978-79; cent per cent utilisation was achieved only in 3 years (1974-75, 1975-76 and 1977-78).

(v) Although the area of operation of the Society was stated to extend over 60 villages of 6 *tahsils*, its membership was confined to two *tahsils* (Malshiras: 884; Madha: 16) which restricted the assured supply of sugarcane and necessitated procurement from non-members.

(vi) Government paid (February 1981) a loan of Rs. 5 lakhs to the Society to make the payment of wages to its employees. Of this, a sum of Rs. 2.50 lakhs was to be adjusted against the profit earned by the Society on its share in the export of molasses during 1978-79 and the balance was to be recovered in a period of 3 years, the first instalment to be paid in March 1982. The Directorate stated (October 1982) that no recovery could be made due to the weak financial position of the Society.

(vii) The Sugar Mill was taken over by the Company from August 1981. According to the accounts of the Society for 1979-80, Rs. 65.62 lakhs (share capital: Rs. 20 lakhs; arrears of purchase tax: Rs. 28.96 lakhs and loan against Purchase Tax on sugarcane: Rs. 11.66 lakhs; loan for payment of salary of staff: Rs. 5 lakhs) were due from the Society to Government and it had other liabilities of Rs. 234.93 lakhs, (Bank loan: Rs. 85.98 lakhs; other deposits: Rs. 48.65 lakhs; sugarcane payments: Rs. 30.39 lakhs; share deposit: Rs. 2.34 lakhs; miscellaneous creditors: Rs. 62.50 lakhs; overdraft: Rs. 0.36 lakh; education cess, etc.: Rs. 4.71 lakhs). Against this, the assets of the Society amounted to Rs. 118.56 lakhs (Cash: Rs. 7.15 lakhs; Investments: Rs. 2.05 lakhs; Bank deposits: Rs. 40.97 lakhs; Advances and other dues: Rs. 68.39 lakhs). As the accounts for 1980-81 had not been compiled the financial position of the Society at the end of June 1981 could not be ascertained.

The matter was reported to Government in September 1982; reply is awaited (February 1983).

CHAPTER VII

COMMERCIAL ACTIVITIES

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

7.1.1 As on 31st March 1982 there were 42* departmentally managed Government commercial/*quasi*-commercial undertakings.

Out of 34 undertakings the accounts of which for the year 1981-82 were received up to February 1983, only 1 undertaking made a net profit of 4.90 lakhs. The remaining 33 undertakings incurred losses aggregating Rs. 23,62.21 lakhs. The *pro forma* accounts for the year 1981-82 of the remaining 8 undertakings indicated in Appendix VII-1 were awaited (February 1983).

7.1.2 A synoptic statement showing the summarised financial results of the working of 34 undertakings for the year 1981-82, 1 undertaking for the year 1979-80 and 5 undertakings for the year 1980-81 (which were received after finalisation of the last Audit Report), is given in Appendix VII-2.

The audit of 5 out of 40 undertakings incorporated in Appendix VII-2 revealed the following:—

- (i) Confirmations were not obtained for sundry debtors.
- (ii) Year-wise break-up of sundry debtors was not available.
- (iii) Assets registers were not maintained.

*For the Rehabilitation Production Centres at Pimpri and Ulhasnagar only one consolidated account has been prepared this year.

- (iv) Depreciation was not provided for some assets or was not correctly provided resulting in under charge.
- (v) Interest on mean capital was not correctly provided.
- (vi) The value of assets was not ascertained and exhibited in the *pro forma* accounts.
- (vii) Outstanding liabilities were not correctly provided.

AGRICULTURE AND CO-OPERATION DEPARTMENT

Greater Bombay Milk Scheme

7.2 Failure to recover sales tax on scrap

Scrap such as aluminium foils, glass bottles and polythene waste generated as a result of dairy operations are sold by the Greater Bombay Milk Scheme (GBMS) by invitation of tenders.

The agreements entered into between the Greater Bombay Milk Scheme and the scrap dealers, provide, *interalia*, for recovery of taxes from the dealers.

A test-check by Audit (March 1982) revealed that the offices of Dairy Department omitted to recover from the dealers sales tax amounting to Rs. 4.54 lakhs on sales of scrap made during the years 1977-78 to 1979-80, from the Dairies at Aarey, Worli and Kurla, even though the amount has been paid to the sales tax department in 1981-82 and 1982-83.

The matter was reported to the Department/Government (December 1982) and their replies are awaited (February 1983).

7.3 Blending of ghee

The GBMS purchases ghee from other Government Milk Schemes and private agencies to supplement the ghee produced by it for sale in Bombay. A co-operative milk producing society of Warnanagar is a regular supplier of ghee to the GBMS.

The ghee supplied by the Society at Warnanagar is analysed by the Quality Control Officer, Miraj and sent to the Regional Dairy Development Officer (RDDO), Pune where it is again checked and stored until it is sent to the Mother Dairy, Kurla for being packed in polythene bags for sale in Bombay.

Between January 1979 and March 1980 the Warnanagar Society supplied 387 tonnes of ghee in tins (cost: Rs. 74.60 lakhs). Of the ghee stored by the RDDO, Pune, 162.6 tonnes were received by the Mother Dairy at Kurla between September 1979 and September 1980. On receipt at the Mother Dairy, Kurla and on analysis, it was noticed that most of the tins had rusted and the ghee had oxidised and lost flavour. The oxidised and off-flavour ghee was salvaged by blending with good ghee except for a quantity of 9.9 tonnes (value : Rs. 2.27 lakhs).

A test-check of the analytical reports at various stages revealed the following:

(i) The Quality Control Officer, Miraj did not carry out the prescribed tests in accordance with the Indian Standards Institution (ISI) specifications.

(ii) Ghee in tins was not opened and tested organoleptically for flavour and taste to the prescribed extent.

(iii) Ghee in some lots certified by the Quality Control Officer, Miraj was reported rancid when received by the RDDO (Pune) for storage.

(iv) Ghee that was reported rancid, oxidised and containing berry was declared fit for distribution after blending with good ghee in ratios ranging from as low as 25 (good ghee) with 75 (spoilt ghee).

(v) Ghee received in open tins and containing berry was filtered and blended with good ghee.

In this connection the following observations are made:

(i) Sales are effected without making any distinction between "blended ghee" and "pure ghee". Ghee which is acidic, rancid and received in rusted containers is being sold after blending with good ghee.

(ii) The dates of packing and shelf life are not recorded on the polythene bags meant for retail sales.

(iii) The quality control of ghee is not done by an independent agency such as 'AGMARK'.

The matter was reported to the Department/Government (December 1982); their replies are awaited (February 1983).

7.4 Loss due to rusting of crown corks

The GBMS market sterilised flavoured milk through its retail outlets. The production is of the order of 40,000 bottles daily.

Pursuant to a decision of Government (September 1979) to introduce a new product with more vitamins and ingredients it was decided (September 1979) to step up the production to 1.10 lakh bottles per day and to market the flavoured milk as a new product from October 1979. The marketing of the new product styled "ENERGEE" was, however, launched only in March 1980. It was also decided while launching the new product to cap the bottles with crown corks with the inscription "ENERGEE".

To meet the increased requirement of crown corks the Dairy Development Commissioner (DDC) placed (October 1979) orders for the supply of 2.5 lakh gross crown corks (cost : Rs. 22.95 lakhs). By March 1980, 0.76 lakh gross crown corks (cost : Rs. 9.76 lakhs) were supplied by the suppliers.

The GBMS had a stock of 0.20 lakh gross crown corks at the end of September 1979. Against the total of 0.96 lakh gross crown corks (cost: Rs. 12.26 lakhs) available for use during the period October 1979 to March 1980, only 0.33 lakh gross crown corks (cost : Rs. 4.24 lakhs) were utilised, leaving a balance of 0.63 lakh gross crown corks (cost : Rs. 7.02 lakhs). The unutilised corks were sent for repainting and inscription of the name of the new product (July 1981). Out of the 0.63 lakh gross crown corks sent for repainting only 0.43 lakh gross (cost : Rs. 4.52 lakhs) could be salvaged at a cost of Rs. 2.35 lakhs and 0.20 lakh gross crown corks (cost : Rs. 2.50 lakhs) had to be scrapped as they had rusted.

The following further points were noticed:

(i) The order for additional corks was placed before a decision on the name of the new product and design of the caps was taken. This entailed an avoidable expenditure of Rs. 2.35 lakhs on repainting of 0.43 lakh gross crown corks.

(ii) The contract for supply envisaged a guarantee of 6 months for the crown corks. The crown corks were sent for repainting in June 1981 more than a year after delivery by the suppliers. Delay on the part of the Department to get the crown corks repainted within the guarantee period resulted in a loss of Rs. 2.5 lakhs on the crown corks (0.20 lakh gross) which had to be scrapped.

The matter was reported to the Department/Government (December 1982); their replies are awaited (February 1983).

7.5 Loss of revenue due to delay in revising selling prices of *masala* milk

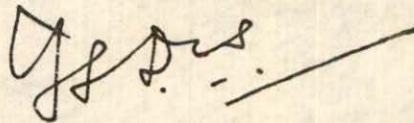
The GBMS manufactures and sells condensed *masala* milk containing nine per cent fat and ingredients such as almonds, pistachios, cashew nuts and flavouring agents. The wholesale and retail sale prices of the product were fixed (February 1979) with reference to the cost worked out by the Dairy Development Department as follows:

			Cost	Selling price	Profit margin
			Rs.	Rs.	Rs.
Wholesale	...	...	1.59	2.20	0.61
Retail	...	...	1.59	2.50	0.91

On subsequent occasions between August 1981 and March 1982, when the milk procurement costs were raised and the cost of the *masala* used for the preparation of *masala* milk went up the cost of the product was not determined and the sale prices were not revised.

It was observed in Audit that during the period the increase in cost resulted in the reduction of the profit margin by 58 paise to 0.03 (wholesale) and 0.33 (retail). The Department thus, sustained a loss of revenue of Rs. 0.85 lakh on the sale during the period.

Although the cost was worked out by Audit and the extent of reduction in margin brought to the notice of the DDC (July 1982), no decision has been taken on the selling prices so far (October 1982).

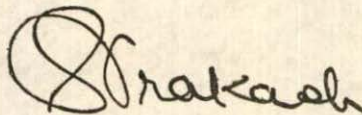


(Y S DAS)

Accountant General (I), Maharashtra

Bombay,
The

Countersigned



(GIAN PRAKASH)

Comptroller and Auditor General of India

New Delhi,
The

A receipt for the sum of £1000
being the amount of the
loan granted to the
Government of India by the
British Government in the
year 1858.

[Handwritten signature]

Wm. Pitt Rivers
Secretary to the
Government of India

1858

The
Secretary

[Handwritten signature]

Wm. Pitt Rivers
Secretary to the
Government of India

The
Secretary

APPENDICES

ATLANTA

APPENDIX I-1

(Reference : Paragraphs 1.4 and 1.11, pages 5 and 24)

Provision/expenditure on revenue account with variations

Sector/sub-sector of expenditure	Budget estimates	Budget plus supplementary	Actuals *	Variation: Increase (+)/Decrease (-)
(1)	(2)	(3)	(4)	(5)
(in crores of rupees)				
<i>A—Plan</i>				
A-General Services ..	1.15	7.95	2.06 (2.56)	-5.89
B-Social and Community Services	1,32.11	1,61.99	1,65.45 (1,00.77)	+3.46
C-Economic Services—				
(a) General Economic Services ..	15.10	18.01	16.67 (10.78)	-1.34
(b) Agriculture and Allied Services	83.45	1,12.15	77.21 (81.39)	-34.94
(c) Industry and Minerals ..	3.29	3.30	2.81 (2.49)	-0.49
(d) Water and Power Development	3.20	4.71	4.59 (2.26)	-0.12
(e) Transport and Communications	1.77	1.96	3.35 (2.59)	+1.39
(f) Railways ..	0.20	0.20	0.20 (0.36)	....
Total—C ..	1,07.01	1,40.33	1,04.83 (99.87)	-35.50
Total—Plan ..	2,40.27	3,10.27	2,72.34 (2,03.20)	-37.93

* Figures in brackets represent actuals for 1980-81.

APPENDIX I-1—concl.

Sector/sub-sector of expenditure	Budget estimates	Budget plus supple- mentary	Actuals *	Variation: Increase (+)/ Decrease (—)
(1)	(2)	(3)	(4)	(5)
(in crores of rupees)				
<i>B—Non-Plan</i>				
A-General Services ..	7,32.95	8,79.56	7,96.21 (6,28.40)	—83.35
B-Social and Community Services ..	5,53.91	6,34.00	6,09.39 (5,53.71)	—24.61
<i>C—Economic Services—</i>				
(a) General Economic Services ..	78.98	93.69	85.97 (1,10.39)	—7.72
(b) Agriculture and Allied Services ..	2,66.99	2,75.83	2,73.15 (2,40.84)	—2.68
(c) Industry and Minerals ..	3.02	7.17	7.12 (2.52)	—0.05
(d) Water and Power Development ..	1,53.70	1,79.59	1,73.74 (1,59.56)	—5.85
(e) Transport and Communications ..	9.91	12.23	11.11 (10.20)	—0.52
(f) Railways ..	0.02	0.02	0.02 (0.01)	....
Total—C ..	5,12.62	5,68.53	5,51.71 (5,23.52)	—16.82
D—Grant-in-aid and Contributions ..	8.63	8.72	8.37 (8.21)	—0.35
Total—Non-Plan ..	18,08.11	20,90.81	19,65.68 (17,13.84)	—1,25.13

* Figures in brackets represent actuals for 1980-81.

APPENDIX I-2

(Reference : Paragraphs 1.5 and 1.11, pages 6 and 24)

Provision/expenditure on capital account with variations

Sector/sub-sector of expenditure	Budget estimates	Budget plus supplementary	Actuals* ⁽¹⁾	Variation: Increase (+)/ Decrease (-)
(1)	(2)	(3)	(4)	(5)
(in crores of rupees)				
A—Plan				
General Services ..	7.13	9.11	15.95 (7.45)	(+)6.84
Social and Community Services ..	19.97	22.47	23.00 (19.72)	(+)0.53
General Economic Services ..	17.05	17.35	15.58 (6.72)	(-)1.77
Agriculture and Allied Services ..	25.46	31.58	33.04 (23.05)	(+)1.46
Industries and Minerals ..	8.58	8.75	6.35 (7.93)	(-)2.40
Water and Power Development ..	2,31.38	2,84.48	2,44.46 (1,96.02)	(-)40.02
Transport and Communications ..	37.73	43.37	49.24 (40.51)	(+)5.87
Total-Plan ..	3,47.30	4,17.11	3,87.62 (3,01.40)	(-)29.49

*Figures in brackets represent actuals for 1980-81.

APPENDIX I-2—concl.

Sector/sub-sector of expenditure	Budget estimates	Budget plus supplementary	Actuals*	Variation: Increase (+)/ Decrease (—)
(1)	(2)	(3)	(4)	(5)
(in crores of rupees)				
B—Non-Plan				
General Services ..	..	0.98	9.96 (0.64)	(—)0.02
Social and Community Services ..	0.07	0.07	2.38 (0.41)	(+)2.31
General Economic Services ..	0.76	0.77	(—)0.37 (0.23)	(—)1.14
Agriculture and Allied Services ..	42.36	1,80.11	0.65 (45.74)	(—)1,79.46
Water and Power Development ..	0.12	0.17	0.09 (0.15)	(—)0.08
Total—Non-Plan ..	43.31	1,82.10	3.71 (47.17)	(—)1,78.39

*Figures in brackets represent actuals for 1980-81.

APPENDIX I-3

(Reference : Paragraphs 1.6 and 1.11, pages 7 and 24)

Provision/expenditure on loans and advances account with variations

Sector/sub-sector of expenditure	Budget estimates	Budget plus supplementary	Actuals	Variation: Increase (+)/ Decrease (—)
(1)	(2)	(3)	(4)	(5)
(in crores of rupees)				
A—Plan				
Social and Community Services ..	49.63	60.54	43.05	—17.49
General Economic Services ..	12.57	12.75	20.26	+7.51
Agriculture and Allied Services ..	5.55	8.09	8.91	+0.82
Industry and Minerals ..	9.65	14.55	13.74	—0.81
Water and Power Development ..	1,57.92	1,68.08	1,68.08	....
Transport and Communications ..	0.19	0.87	0.87	....
Other Programmes ..	1.09	1.09	....	—1.09
Total—Plan ..	2,36.60	2,65.97	2,54.91	—11.06

APPENDIX I-3—concl.

Sector/sub-sector of expenditure	Budget estimates	Budget plus supplementary	Actuals	Variation : Increase (+)/ Decrease (-)
(1)	(2)	(3)	(4)	(5)
(in crores of rupees)				
B—Non-Plan				
Social and Community Services ..	6.39	8.12	3.32	-4.80
General Economic Services ..	10.00	23.21	13.20	-10.01
Agriculture and Allied Services ..	13.18	17.53	16.28	-1.25
Industry and Minerals ..	1.06	4.05	3.96	-0.09
Other Services ..	7.37	27.50	3.76	-23.74
Total—Non-Plan ..	38.00	80.41	40.52	-39.89

APPENDIX II-1
Summary of grants/appropriations and expenditure

Year	Department	Appropriation	Expenditure	Balance	Total	Total		Total
						Grants	Appropriations	
1971
1972
1973
1974
1975
1976
1977
1978
1979
1980
1981
1982
1983
1984
1985
1986
1987
1988
1989
1990
1991
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2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019
2020
2021
2022

Summary of grants/appropriations and expenditure

(Continued from page 329)

APPENDIX II-1

APPENDIX II-1

(Reference : Paragraph 2.1(a), page 28)

Summary of grants/appropriations and expenditure

			Revenue	Capital	Public debt	Loans and advances	Inter- state Settlement	Total			
			(V) Voted								
			(C) Charged								
			(T) Total								
(in crores of rupees)											
Authorised to be spent (grants and charged appropriations)—											
Original	(V)	20,52.60	9,99.59	....	5,41.06	....	35,93.25		
			(C)	4,19.78	(a)	4,34.12	0.05	(b)	8,53.95		
			(T)	24,72.38	9,99.59	4,34.12	5,41.11	....	44,47.20	
Supplementary	(V)	2,68.48	2,08.43	....	71.72	....	5,48.63		
			(C)	84.22	0.18	6,42.18	0.05	0.57	7,27.30		
			(T)	3,52.70	2,08.61	6,42.18	71.77	0.67	12,75.93		
Appropriations to Fund	Contingency		....	....	....	....	40.00		
			Total	..	(V)	23,21.08	12,08.02	6,12.78	41,41.88
					(C)	5,04.00	0.18	10,76.30	0.10	0.67	15,81.25
					(T)	28,25.08	12,08.20	10,76.30	6,12.88	0.67	57,23.13

Appropriations to Contingency Fund	40.00
Actual expenditure (grants and charged appropriations) .. (V)	22,42.84	12,67.16	....	5,76.60	....	40,86.60
(C)	4,90.25	0.18	10,46.39	0.05	....	15,36.87
(T)	27,33.09	12,67.34	10,46.39	5,76.65	....	56,23.47
Appropriations to Contingency Fund .. ..	....	....	....	....	....	40.00
Shortfall (—)/excess (+) .. (V)	(—)78.24	(+)59.14	....	(—)36.18	....	(—)55.28
(C)	(—)13.75	....	(—)29.91	(—)0.05	(—)0.67	(—)44.38
(T)	(—)91.99	(+)59.14	(—)29.91	(—)36.23	(—)0.67	(—)99.66	
Appropriations to Contingency Fund .. ..	....	....	....	....	....	....

(a) Rs. 30,000 only.

(b) Rs. 1,000 only.

APPENDIX II-2

(Reference : Paragraph 2. 2, page 39)

Statement showing details of excess (not exceeding Rs. 50 lakhs each)
in various grants/appropriations

(i) In the following cases the reasons for the excess have not been intimated (January 1983) :

(a) Grants—

Serial number	Number and name of grant	Total grant Rs.	Expenditure Rs.	Excess Rs.
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Revenue Section

GENERAL ADMINISTRATION DEPARTMENT

1	6-Public Service Commission—			
	Original .. 85,000	85,000	85,862	862
	Supplementary			
2	11-Housing—			
	Original .. 5,55,000	5,82,000	5,98,642	16,642
	Supplementary .. 27,000			

HOME DEPARTMENT

3	22-Jails—			
	Original .. 5,39,87,000	5,81,29,000	5,90,39,895	9,10,895
	Supplementary .. 41,42,000			

Excess occurred mainly under "Central Jails".

APPENDIX II-2—contd.

Serial number	Number and name of grant	Total grant	Expenditure	Excess
		Rs.	Rs.	Rs.

4 32-Indian Railways—

Original	..	21,80,000	21,88,000	21,88,020	20
Supplementary	..	8,000			

5 33-Compensation and Assignments to Local Bodies and Panchayati Raj Institutions—

Original	..	1,62,000	1,62,000	1,66,619	4,619
Supplementary			

REVENUE AND FORESTS DEPARTMENT

6 46-Social Security and Welfare—

Original	..	12,11,21,000	13,11,41,410	13,31,60,341	20,18,931
Supplementary	..	1,00,20,410			

Excess occurred mainly under “B-Relief and Rehabilitation of Displaced persons and Repatriates—C-Other Relief measures—C(ii)-Migrants from erstwhile East Pakistan—Sanitary Establishment—Works”, “Other expenditure—Grants to Zilla Parishads”, and “Scheme for providing house sites to and construction of huts for the landless workers in Rural areas”.

47—Relief on account of Natural Calamities—

Original	..	4,56,80,000	4,87,75,000	5,22,54,878	34,79,878
Supplementary	..	30,95,000			

Excess occurred mainly under “A-Special Relief—(b) Public Health, Water Supply and Sanitation—Emergency Water Supply Scheme”.

APPENDIX II-2—contd.

Serial number	Number and name of grant	Total grant	Expenditure	Excess
		Rs.	Rs.	Rs.

REVENUE AND FORESTS DEPARTMENT

8	48-Other Social and Community Services—			
	Original ..	77,000	77,000	1,05,004
	Supplementary ..	....			28,004
9	52-Compensation and Assignments to Local Bodies and Panchayati Raj Institutions—			
	Original ..	53,000	53,000	54,274
	Supplementary ..	....			1,274

AGRICULTURE AND CO-OPERATION DEPARTMENT

10	58-A-Minor Irrigation—			
	Original ..	....	60,00,000	69,47,041
	Supplementary ..	60,00,000			9,47,041

Excess occurred under " Construction and Energisation of wells on the lands of small marginal farmers ".

11	63-Fisheries—			
	Original ..	1,65,96,000	1,89,57,040	1,90,59,293
	Supplementary ..	23,61,040			1,02,253

Excess occurred mainly under " Direction and Administration—Fisheries ".

APPENDIX II-2—contd.

Serial number	Number and name of grant	Total grant	Expenditure	Excess
		Rs.	Rs.	Rs.
URBAN DEVELOPMENT AND PUBLIC HEALTH DEPARTMENT				
12	79-Family Welfare—			
	Original .. 12,26,66,000	19,62,60,246	19,68,27,643	5,67,397
	Supplementary .. 7,35,94,246			

Excess occurred mainly under “Rural Family Welfare Services”, “Maternity and Child Health”, “Other Services and Supplies” and “Training, research and statistics”.

FINANCE DEPARTMENT

13	98-Compensation and Assignments to Local Bodies and Panchayati Raj Institutions—			
	Original .. 76,36,000	77,49,000	77,49,628	628
	Supplementary .. 1,13,000			

PUBLIC WORKS DEPARTMENT

14	108-Civil Aviation—			
	Original .. 7,50,000	7,50,000	8,05,248	55,248
	Supplementary			

Excess occurred under “C-Aerodromes and Air Route Services-Maintenance of Air Strips”.

IRRIGATION DEPARTMENT

15	III-Social Security and Welfare—			
	Original .. 1,50,000	1,70,000	1,82,897	12,897
	Supplementary .. 20,000			

APPENDIX II-2—contd.

Serial number	Number and name of grant	Total grant Rs.	Expenditure Rs.	Excess Rs.
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16	112-Relief on account of Natural Calamities—			
	Original ..	33,40,000	57,08,000	65,34,775
	Supplementary ..	23,68,000		

Excess occurred under "D-General-(a) Direction and Administration".

17	114-Minor Irrigation—			
	Original ..	2,36,90,000	3,49,30,000	3,74,90,971
	Supplementary ..	1,12,40,000		

Excess occurred mainly under "Other Minor Irrigation Works (State Sector)".

LAW AND JUDICIARY DEPARTMENT

18	121-Other Administrative Services—			
	Original ..	44,33,000	49,28,000	49,50,512
	Supplementary ..	4,95,000		

Excess occurred mainly under "(s) Other expenditure-(i) Charity Commissioner".

INDUSTRIES, ENERGY AND LABOUR DEPARTMENT

19	126-Other Taxes and Duties on Commodities and Services—			
	Original ..	1,35,37,000	1,49,85,000	1,51,38,851
	Supplementary ..	14,48,000		

Excess occurred under "Collection Charges-Electricity Duty".

APPENDIX II-2—contd.

Serial number	Number and name of grant	Total grant Rs.	Expenditure Rs.	Excess Rs.
20	137-Water and Power Development Services—			
	Original ..	68,05,000	1,21,28,000	1,37,63,460
	Supplementary ..	53,23,000		

Excess occurred mainly under "Suspense (Debits) and Establishment".

RURAL DEVELOPMENT DEPARTMENT

21	142-Treasury and Accounts Administration—			
	Original ..	22,000	35,000	39,668
	Supplementary ..	13,000		
22	150-Minor Irrigation—			
	Original ..	11,56,99,000	12,60,70,300	12,81,34,299
	Supplementary ..	1,03,71,300		

Excess occurred mainly under "Grants to Zilla Parishads under Section 187 of the Maharashtra Zilla Parishads and Panchayat Samitis Act, 1961".

LEGISLATIVE AFFAIRS DEPARTMENT

23	180-Secretariat—General Services—			
	Original ..	5,22,000	6,59,000	6,79,933
	Supplementary ..	1,37,000		

HOUSING AND SPECIAL ASSISTANCE DEPARTMENT

24	190-Secretariat—Economic Services—			
	Original ..	19,41,000	21,95,010	23,22,172
	Supplementary ..	2,54,010		

Excess occurred under "(b) Secretariat-Housing and Special Assistance Department".

APPENDIX II-2—*contd.*

Serial number	Number and name of grant	Total grant	Expenditure	Excess
		Rs.	Rs.	Rs.

Capital Section

HOME DEPARTMENT

1	195-Capital Outlay on Ports, Light Houses and Shipping—			
	Original .. 1,17,47,000	} 1,17,47,000	1,21,17,582	3,70,582
	Supplementary			

Excess occurred mainly under “A-Ports—Development of Minor Ports—Construction”.

AGRICULTURE AND CO-OPERATION DEPARTMENT

2	202-Capital Outlay on Minor Irrigation, Soil Conservation and Area Development—			
	Original .. 39,83,000	} 52,53,000	56,89,870	4,36,870
	Supplementary .. 12,70,000			

Excess occurred mainly under “C-Area Development Programmes—(c) (ii) Land Development under Ayacut Development Programme”.

3	203-Capital Outlay on Animal Husbandry—			
	Original .. 1,00,65,000	} 1,09,64,010	1,11,15,491	1,51,481
	Supplementary .. 8,99,010			

Excess occurred mainly under “(b) Veterinary Services and Animal Health—(b) (i) Works”.

APPENDIX II-2—contd.

Serial number	Number and name of grant	Total grant	Expenditure		Excess
			Rs.	Rs.	Rs.

URBAN DEVELOPMENT AND PUBLIC HEALTH DEPARTMENT

4	208-Capital Outlay on Public Health, Sanitation and Water Supply—				
	Original .. 4,07,12,000	} 5,60,00,000	5,60,26,244	26,244	
	Supplementary .. 1,52,88,000				

INDUSTRIES, ENERGY AND LABOUR DEPARTMENT

5	225-Capital Outlay on Roads and Bridges—				
	Original .. 1,50,00,000	} 1,50,00,000	1,50,68,173	68,173	
	Supplementary				

Loans and Advances Section

AGRICULTURE AND CO-OPERATION DEPARTMENT

1	248-Loans for Fisheries—				
	Original .. 9,69,000	} 12,04,000	12,68,177	64,177	
	Supplementary .. 2,35,000				

Excess occurred mainly under “(c) Other Loans—Loans to Fishermen for other aspects”.

PUBLIC WORKS DEPARTMENT

2	261-Loans to Government Servants—				
	Original .. 43,70,000	} 43,70,000	47,44,923	3,74,923	
	Supplementary				

Excess occurred mainly under “Festival Advances”.

APPENDIX II-2—contd.

Serial number	Number and name of grant	Total grant Rs.	Expenditure Rs.	Excess Rs.
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SOCIAL WELFARE, CULTURAL AFFAIRS AND SPORTS DEPARTMENT

3 285-Loans to Government Servants—

Original	..	10,97,000	10,97,000	13,92,104	2,95,104
Supplementary			

Excess occurred mainly under " Festival Advances ".

4 286-Loans for Tribal Area Development Sub-Plan—

Original	..	5,01,99,000	5,72,59,760	5,80,00,418	7,40,658
Supplementary	..	70,60,760			

Excess occurred mainly under " 683-Loans for Housing—Rural Housing Schemes—Loans for purchase of tiles and other materials ".

HOUSING AND SPECIAL ASSISTANCE DEPARTMENT

5 292-Loans to Government Servants—

Original	..	1,40,000	1,40,000	1,75,180	35,180
Supplementary			

Excess occurred under " Festival Advances ".

HORTICULTURE AND SOCIAL FORESTRY DEPARTMENT

6 292-A-Loans for Agriculture—

Original	10,00,000	10,20,000	20,000
Supplementary	..	10,00,000			

Excess occurred under " Loans for Horticulture Development—Loans to Cultivators ".

APPENDIX II-2—contd.

(b) Charged appropriations—

Serial number	Number and name of appropriation	Total appropriation	Expenditure	Excess
		Rs.	Rs.	Rs.
Revenue Section				
HOME DEPARTMENT				
1	17-State Excise—			
	Original ..	5,000		
	Supplementary ..	.....	
		5,000	7,775	2,775

Excess occurred under “(e) (ii)-Inspection and preventive establishment”.

REVENUE AND FORESTS DEPARTMENT

2	40-District Administration—			
	Original ..	25,000		
	Supplementary ..	1,04,315		
		1,29,315	1,38,465	9,150
3	52-Compensation and Assignments to Local Bodies and Panchayati Raj Institutions—			
	Original ..	3,15,000		
	Supplementary ..	.....	
		3,15,000	5,18,677	2,03,677

Excess occurred under “Compensation for Stamp Duty payable under Nagpur Improvement Trust Act, 1936”.

EDUCATION AND EMPLOYMENT DEPARTMENT

4	67-Education—			
	Original ..	15,000		
	Supplementary ..	.....	
		15,000	34,679	19,679

APPENDIX II-2—contd.

Serial number	Number and name of appropriation	Total appropriation Rs.	Expenditure Rs.	Excess Rs.
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PUBLIC WORKS DEPARTMENT

5	110-Public Works and Administrative and Functional Buildings—			
	<i>Original</i> ..	18,77,000	18,77,000	46,73,219
	<i>Supplementary</i> ..	....	
				27,96,219

Excess occurred mainly under “ 259-Public Works—Maintenance and Repairs to Raj Bhavan—Repairs to Buildings—Municipal charges ”.

Public Debt Section

PUBLIC WORKS DEPARTMENT

1	259-Internal Debt of the State Government—			
	<i>Original</i> ..	8,02,000	8,02,000	8,81,138
	<i>Supplementary</i> ..	....	
				79,138

(ii) In the following cases, the reasons for excess have been included to the extent available:

(a) Grants—

Serial number	Number and name of grant	Total grant Rs.	Expenditure Rs.	Excess Rs.
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Revenue Section

GENERAL ADMINISTRATION DEPARTMENT

1	2-Council of Ministers—			
	<i>Original</i> ..	74,49,000	78,99,000	83,55,551
	<i>Supplementary</i> ..	4,50,000		
				4,56,551

Excess occurred mainly under “ Other expenditure ” due mainly to heavy expenditure on telephone bills and payment of Government Transport Service bills on account of frequent repairs to certain cars allotted to ministers.

APPENDIX II-2—concl.

HOME DEPARTMENT

Serial number	Number and name of appropriation	Total appropriation	Expenditure	Excess
		Rs.	R s .	Rs.
1	23-Other Administrative Services—			
	Original ..	2,88,39,000	3,55,68,000	3,62,78,425
	Supplementary ..	67,29,000			7,10,425

Excess was mainly under "Home Guards" due to heavy deployment of Home Guards during *Rasta Roko* Stir and University examination and under "Motor Garages—Aviation Adviser to Government" due to payment of insurance charges and maintenance charges of staff car which were not anticipated during 1981-82.

APPENDIX II-3

(Reference : Paragraph 2.9, Page 49)

Statement showing details of withdrawal of funds in advance of requirements

Serial No.	Name of the Drawing Officer	Date of drawal	Amount drawn (in lakhs of rupees)	Particulars of stores/ equipment	Particulars of actual supply	Value (in lakhs of rupees)	Remarks
1	2	3	4	5	6	7	8
1	The Superintendent of Police, Motor Transport, Pune	3-2-1981 ..	3.52	Cost of chassis	November 1981 to January 1982	57.26	Chassis for which orders were placed with a firm in January 1980 were delivered between November 1981 and January 1982.
		18-2-1981 ..	10.65				
		18-3-1981 ..	6.13				
		25-3-1981 ..	10.56				
		31-3-1981	26.40				
			57.26				
2	The Superintendent of Police, Motor Transport, Pune	6-3-1982 ..	28.44	Purchase of 87 Jeeps.	April 1982 May 1982 June 1982	15.37 15.37 20.76	The suppliers had stated (January 1982) that delivery of vehicles could be expected only after six to eight months. Out of 87 jeeps (cost Rs. 66.87 lakhs), 20 were delivered before 31st March 1982. The remaining vehicles (cost Rs. 51.50 lakhs) were received only between April 1982 and June 1982.
		15-3-1982	23.06				
			51.50				

3	The Superintendent of Police, Motor Transport, Pune	25-3-1982	9.48	Charges for body building on chassis	May 1982 ..	4.35	Orders were placed for building chassis on 24 vans at a cost of Rs. 9.48 lakhs in November 1981. The vehicles were to be handed over before 31st March 1982. However, an amount of Rs. 5.13 lakhs being the cost of 13 vehicles were held in form of cheques as the vehicles were not delivered till July 1982.
4	The Superintendent of Police, Motor Transport, Pune	19-3,1982	8.24	Fabrication of personnel carriers	May 1982 June 1982 July 1982	0.46 1.37 2.29	Work order for fabrication of 18 personnel carriers was placed on a firm on 27-11-81 at Rs. 44,000 each. Amount was drawn in March 1982 after obtaining a <i>proforma</i> invoice from the suppliers. The firm supplied one prototype on 23 April 1982, 14 vehicles were received between June and July 1982, Rs. 4.12 lakhs are still (August 1982) kept in cash balance though the vehicles were reported to have been delivered on 25th July 1982 to 31st July 1982.
						4.12	

APPENDIX-II-3—concl-

Serial No.	Name of the Drawing Officer	Date of drawal	Amount drawn (in lakhs of rupees)	Particulars of stores/ equipment	Particulars of actual supply	Value (in lakhs of rupees)	Remarks
1	2	3	4	5	6	7	8
5	Director of Police, Wire Less, Pune	31-3-1982	9.44 (19 bills)	Purchase of self-supporting towers and ladders	April 1982 June 1982 July 1982 Still to be paid	6.57 0.83 0.06 1.98 <hr/> 9.44	Orders for supply of towers and ladders were placed in November/December 1981. The materials were to be received by end of February 1982. However, some towers were actually received during 1982-83 and some are yet to be received. The drawing officer had unspent balance of Rs. 1.98 lakhs with him (September 1982). The amounts were drawn in March 1982 with reference to <i>proforma</i> invoices.
6	Jt. Director of Health Services, Pune	30-3-1982 31-3-1982	40.82 7.80 <hr/> 48.62	Cost of 200 film projectors Jeeps	July/August 1982	48.62	The equipment in question was received mostly during July/August 1982.

APPENDIX III-1

(Reference : Paragraph 3.1.2, Page 51)

Statement showing the details of provision of funds, expenditure incurred, physical targets fixed and achieved for the period from 1976-77 to 1981-82 in respect of the schemes commented upon in the Paragraph 3.1.

Name of the scheme (1)	Financial		Physical			Remarks (7)
	Provision of funds (2)	Expenditure (3)	Unit (4)	Target (5)	Achievement (6)	
(in lakhs of rupees)						
<i>Schemes for Welfare of Backward Classes viz., Scheduled Castes, Scheduled Tribes and Other Backward Classes</i>						
I. Education—						
(a) Government of India Post-Matric Scholarships	39,96.21	40,98.45	Students	Not available	4,36,691	
(b) Construction of Hostel buildings for Scheduled Caste/Scheduled Tribe girls	60.22	15.52	Hostels	26	5	
			Students	829	Not available	
(c) Centrally sponsored scheme of Book Banks for Scheduled Caste/Scheduled Tribe students in Medical and Engineering colleges	8.62	6.50	Colleges	47	44	
			Students	3,374	3,374	

APPENDIX III-1—*contd.*

(1)	(2)	(3)	(4)	(5)	(6)	(7)
(d) Centrally sponsored scheme of Pre-matric scholarships to children of persons engaged in unclean occupations	5.40	2.37	Students	500	163	
(e) Centrally sponsored scheme of Post-matric scholarships to children of persons engaged in unclean occupations	1.00	Nil	Students	100	Nil	For 1980-81 and 1981-82 only.
(f) <i>Ashram</i> Schools for <i>Vimukta Jatis</i> and Nomadic Tribes	278.41	284.05	<i>Ashram</i> Schools	165	128	As on 31st March 1982.
(g) Hostels for Backward Classes	23,50.33	24,50.77	Hostels	Not available	127 +15,61 16,88	Government Aided Position as on 31st March 1982.
			Beneficiaries	Not available	61,322 7,236	Government Aided Position as on 31st March 1982.

(h) Scheme of award of scholarships to Backward Class students studying in high Schools	119.19	53.61	Beneficiary students	Not available	Not available	
(i) Maintenance allowance to the Backward class students undergoing training in Sainik/Military schools	31.98	26.24	Beneficiary students	Not fixed	991	
II. Housing—						
(a) Financial assistance to the Backward Class Co-operative Societies (PWR 219)	213.82	227.03	Societies	Not available	700*	*Old Scheme
			Beneficiaries		17,136	
					235*	*New Scheme
					8,390	
(b) Financial assistance to individual or group housing for Scheduled Castes and Tribes	82.84	74.99	Beneficiary (numbers)	Not available	9,539	
III. Economic uplift—						
(a) Mahatma Phule Backward Class Development Corporation Ltd.	Not available	193.89	Beneficiary (Numbers)	1,26,300	27,163	For 1979-80 to 1981-82
		*			*	
		509.53			1,04,750		39,800	*Special Central assistance
	Not available	703.42		2,31,050	66,963	

APPENDIX III-1—*contd.*

(1)	(2)	(3)	(3)	(5)	(6)	(7)
(b) Financial assistance to Backward Class Agriculturists for purchase of implements and development of land	33.56	29.72	Beneficiaries (numbers)	5,985	5,178*	*For 1974-75 to 1980-81. Details for 1981-82 not available. Year-wise details for 1976-77 to 1981-82 not available.
(c) Supply of oil engines and electric motor pump sets	3.88	3.15	Beneficiary (numbers)	Not available.	156	
(d) Construction of irrigation wells and repairs to old wells	51.68	34.62	number of wells.	3,130		Not available
(e) Financial assistance to Industrial Co-operative Societies of Backward Classes for share capital	2.39	0.62*	number of societies.	91*	39	1980-81 awaited. *Details for 1976-77 and 1981-82 awaited.
(f) Financial assistance for training course of motor driving through the Maharashtra State Road Transport Corporation	3.62	1.44	Candidates (numbers)	1,350	2.87	
(g) Utilisation of assigned resources by the Zilla Parishads for the benefit of Backward Classes	Nil	Nil	Nil	Nil	Nil	This is not a scheme in the proper sense.

IV. *Other schemes—*

(a) District Level Vigilance Committee for removal of untouchability	Nil	Nil	Nil	Nil	Nil	
(b) Implementation of measures recommended for effective dealing with atrocities on Harijans	10.77*	7.55*	....	Not available	Not available	*Expenditure on the scheme of strengthening implementation of Protection of Civil Rights Act.
(c) Grant-in-aid to voluntary agencies for propaganda through <i>Pracharaks</i> and <i>Sevaks</i>	3.04	3.03	Villages covered	Not available	22,183	For 1979-80 to 1981-82.
(d) Other points of interest ..	Nil	Nil	Nil	Nil	Nil	

V. *Research and Training—*

Tribal Research and Training Institute	44.26	33.09	Nil	Nil	Nil	For 1978-81.
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Tribal Sub-Plan

I. *Social and Community Services—*

Alienation of land— <i>Ashram</i> School Complex ..	12,41.32	545.14*	Numbers	240	170	*Upto 1979-80
Supply of electric motor pumps.	216.15	234.11	Numbers	5,182	3,769 Installed 3,194 Energised	Position as on 31st October 1981.

APPENDIX III-1—*contd.*

(1)	(2)	(3)	(4)	(5)	(6)	(7)	
II. Agriculture and Allied Services—							
(a) Crop Husbandry—							
Setting up of Gobar Gas plants	13.05	5.54	numbers	232	232	For 1977-82	
Distribution of subsidised seeds and chemical fertilisers	75.94	58.61	Area in hectares Beneficiaries (numbers.)	49,606	57,224 97,724		
Subsidy for plant protection appliances	12.95	2.87	Beneficiaries (numbers)	1,380	781		
Subsidy for Pesticides and Raticides	28.52	8.38	Area in hectares	....	23,105	
Demonstration on oil seed crops	1.46	0.51	Groundnut— hectares Safflower— hectares Niger/hectares	487 70 130	188 34 85	} 1976-81	
Training of young couples ..	1.19	0.35	25	25		For 1978-81
Study tour of farmers ..	2.58	0.86	963	1,085		For 1978-82
(b) Minor Irrigation—							
Construction of wells ..	38.16	2.97	numbers	3,146	442	For 1976-80	
Construction of bandharas ..	4.91	2.32	Hectares	4,222	4,022	For 1976-81	
Installation of pump sets ..	16.16	1.65	numbers	949	216	For 1976-80	

(c) *Animal Husbandry—*

Supply of milch cows ..	51.43	35.92	....	Not available	Not available	
Supply of bullocks ..	12.35	8.81	....	Not available	Not available.	
Establishment of key village centres	9.45	5.92	....	2	2	
Establishment of Regional Artificial Insemination Centres under Intensive Cattle Development Programme	13.28	13.52	....	2	2	
Premium Bull Scheme ..	4.59	3.22	....	Not available	22	For 1978-82.
Distribution of improved boars.	0.95	0.30	....	Not available	73	For 1979-82
<i>(d) Dairy Development Programme—</i>						
Milk Producers' Co-operative Societies/Unions/Federation Managerial subsidy	18.09	3.46	....	Not available	....	For 1977-82.
Supply of dry pregnant buffaloes	10.68	2.69	....	Not available	....	For 1977-82
Supply of one year old high progeny buffalo calves	25.03	21.04	numbers	4,746	3,894	For 1977-82
Transport subsidy to Dairy Co-operatives	38.75	29.98	....	....	....	For 1979-82
Establishment of Chilling Plants and Dairy Plants	316.85	252.19	numbers	....	15	For 1974-82

APPENDIX III-1—concl'd.

(1)	(2)	(3)	(4)	(5)	(6)	(7)
<i>III. Co-operation—</i>						
<i>(a) Adivasi Co-operative Societies (ACS)</i>						
Construction of Godowns. . .	....	278.40	numbers	232	104	upto December 1979.
Construction of staff quarters	20.00	20.00	numbers	50	....	During 1981-82.
Consumption Finance ..	....	305.56	Beneficiary (numbers)	....	2,64,000	For 1978-81.
<i>(b) Forest Labourers Co-operative Societies (FLCS)</i>						

<i>(c) Labour Contract Co-operative Societies (LCS)</i>						

<i>IV. Transport and Communications</i>						
Road Development Programme	Not available	3,089.83	Kilometres	Not available	2,736	For 1976-81.
<i>V. Water and Power Development</i>						
Rural Electrification of tribal villages	....	22,03.16	.....	....	1,821	For 1976-82.

APPENDIX—III-2

(Reference : Paragraph 3.3, page 100)

Details of expenditure under Integrated Cotton Development Project, Amravati

Items of expenditure (1)	1976-77 (2)	1977-78 (3)	1978-79 (4)	1979-80 (5)	1980-81 (6)	1981-82 (7)	Total (8)
<i>Cotton Development Services—</i>							
	(in lakhs of rupees)						
Staff	1.78	3.65	6.73	9.71	13.51	14.95	50.33
Contingencies	0.83	0.80	1.34	1.26	6.09	1.87	12.19
Equipments	0.99	1.00	....	....	0.34	4.29	6.62
Subsidies	0.21	4.27	6.19	6.64	5.05	9.33	31.69
Total—C.D.S. ..	3.81	9.72	14.26	17.61	24.99	30.44	100.83
<i>Research Component—</i>							
<i>A. ICAR Share—</i>							
(for staff, cont., & lab. equipments) ..	0.64	6.84	17.44	13.35	12.57	19.28	70.12
<i>B. State Share—</i>							
1. Land Development	4.50	1.27	0.77	0.68	1.23	2.87	11.32
2. Civil Works (Construction of Research Lab., consultants' quarters, seed storage godown, equipment service shelter and Trainees' hostel).	Nil	1.65	5.29	16.12	30.71	28.24	82.01
3. Equipments, Machinery for cotton seed processing farm and vehicles.	0.35	4.40	2.70	6.48	14.92	30.16	59.01
Total research ..	5.49	14.16	26.20	36.63	59.43	80.55	2,22.46
Grand Total ..	9.30	23.88	40.46	54.24	84.42	1,10.99	3,23.29

APPENDIX

(Reference : Paragraph

Cases of misappropriations reported upto March 1982

Name of Department	Reported upto September 1977		Reported during October 1977 to March 1978		Reported in 1978-79	
	No.	Amount Rs.	No.	Amount Rs.	No.	Amount Rs.
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Revenue and Forests	187	18,54,892	5	32,265	32	3,77,546
Agriculture and Co-operation ..	51	7,25,111	1	.....	1	46,750
Urban Development and Public Health ..	20	8,69,844	1	11,359	..	..
Rural Development	11	5,80,965	..	..	..	..
Education and Employment	5	3,85,981	..	..	2	2,56,404
Home	22	3,00,079	..	..	1	12,093
Food and Civil Supplies	13	2,39,458	..	..	4	64,732
Social Welfare and Sports	1	1,43,142	..	..	1	31,422
Housing and Special Assistance ..	3	69,968	..	..	3	27,834
Finance	3	96,585	..	..	..	..
Law and Judiciary	1	10,013	..	..	..	..
Public Works	2	5,146	..	..	..	..
Industries, Energy and Labour ..	2	21,747	1	2,853	..	..
Irrigation	2	10,171	1	34,492	..	..
General Administration	4	20,436	..	..	..	..
Total	327	53,33,538	9	80,969	44	8,16,781

III-3

APPENDIX III-4

3.16, page 143). (Reference: Paragraph 3.17, page 143)

and awaiting finalisation on 30th September 1982

Reported in 1979-80		Reported in 1980-81		Reported in 1981-82		Total	
No.	Amount Rs.	No.	Amount Rs.	No.	Amount Rs.	No.	Amount Rs.
(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
27	1,52,167	18	1,43,023	18	2,59,193	287	28,19,086
14	2,96,137	5	57,162	9	1,56,688	81	12,81,848
1	20,583	2	39,867	1	38,486	25	9,80,139
13	2,69,454	1	7,004	4	51,727	29	9,09,150
1	3,162	..	..	1	18,565	9	6,64,112
6	2,18,617	4	88,833	1	2,936	34	6,22,558
2	88,061	..	..	1	46,784	20	4,39,035
2	43,149	..	..	3	16,835	7	2,34,548
2	69,622	..	..	..	..	8	1,67,424
1	3,275	..	..	4	33,340	8	1,33,200
3	17,047	1	12,351	2	60,300	7	99,711
..	..	1	70,000	1	10,872	4	86,018
1	24,776	..	..	..	..	4	49,376
..	..	..	..	..	..	3	44,663
1	4,930	..	..	..	..	5	25,366
74	12,10,980	32	4,18,240	45	6,95,726	531	85,56,234

APPENDIX III-4

(Reference : Paragraph 3.17, page 143)

Miscellaneous irregularities, writes-off of losses, etc.*Part I—Miscellaneous irregularities*

Department	Amount (in lakhs of rupees)	Brief particulars
(1)	(2)	(3)
Agriculture and Co-operation	2.11	<p>A sum of Rs. 2.11 lakhs was outstanding (to end of March 1980-Amravati and January 1981-Nagpur) against the private individuals on account of hire charge of bulldozers, plant protection appliances and oil engines for the period from 1969-70 to 1979-80. Although such dues were recoverable in advance, the officers failed to do so, resulting in accumulation of arrears over the past thirteen years. Superintending Agricultural Officer, Amravati stated (February 1982) that the cases would be referred to the Revenue Officers for recovery. In Nagpur, all the cases were stated to have been already referred to the revenue authorities.</p>
		<p>The matter was reported to Government in September 1982; reply is awaited (February 1983).</p>

APPENDIX III-4—concl'd.

Part II—Other Cases

During 1981-82, in 1,735 cases, losses due to theft, fire, etc., irrecoverable revenue, duties and advances, etc., were written off; the total amount was Rs. 440.75 lakhs. The details are given below:

Department	Writes-off of losses, irrecoverable revenue, advances, etc.		Waiver of recovery	
	Cases	Amount Rs.	Cases	Amount Rs.
(1)	(2)	(3)	(4)	(5)
Agriculture and Co-operation ..	129	2,65,91,872	9	1,49,61,888
Food and Civil Supplies ..	1492	16,59,946	..	..
Education and Employment ..	4	5,16,048	..	..
Industries, Energy and Labour ..	58	1,46,749	..	..
Revenue and Forests ..	21	1,22,568	2	4,189
Urban Development and Public Health	3	13,412	1	4,471
Information, Public Relations, Tourism and Cultural Affairs	1	8,311	..	..
Law and Judiciary ..	2	5,314	..	..
General Administration ..	1	3,892	1	762
Home ..	3	2,576	2	31,774
Irrigation ..	2	915	..	..
Rural Development ..	2	421	..	..
Finance ..	2	38	..	..
Total ..	1720	2,90,72,062	15	1,50,03,084

APPENDIX VI-1

(Reference : Paragraph 6.2, page 199)

**Departments from which information/annual accounts in respect of
bodies/authorities in receipt of grants/loans of Rs. 5 lakhs and
more, was/were awaited**

Serial No.	Department	Year for which information was awaited
1	Agriculture and Co-operation	.. .. 1971-72 to 1981-82
2	Education and Employment	.. .. 1971-72 to 1981-82
3	Social Welfare and Sports	.. .. 1971-72 to 1981-82
4	Urban Development and Public Health	.. .. 1971-72 to 1981-82
5	Industries, Energy and Labour	.. .. 1975-76 to 1977-78 and 1981-82
6	Finance	.. .. 1977-78, 1980-81 and 1981-82
7	Home	.. .. 1978-79 to 1981-82
8	Irrigation	.. .. 1979-80 to 1981-82
9	Housing and Special Assistance	.. .. 1980-81 and 1981-82
10	Information and Public Relations, Tourism and Cultural Affairs	.. .. 1980-81 and 1981-82
11	Rural Development	.. .. 1980-81 and 1981-82
12	General Administration	.. .. 1981-82
13	Law and Judiciary	.. .. 1981-82
14	Planning	.. .. 1981-82

APPENDIX-VI-2

Statement showing financial assistance rendered for Handloom development

Sl. No.	Description	Amount
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VEENDEE A-2

APPENDIX VI-2

(Reference : Paragraph 6.14.1, page 212)

Statement showing financial assistance rendered for Handloom development

Scheme	Period	Financial assistance					Total
		Share Capital contribution	Loan	Subsidy	Rebate	Contribu- tion to thrift fund	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
(in lakhs of rupees)							
Export oriented production programme	1976-77 to 1981-82	30.00	9.60	....	....	....	39.60
Synthetic fabrics processing unit ..	1979-80 ..	....	35.40	....	....	....	35.40
Diversified production programme ..	1976-77 ..	12.25	....	....	....	....	12.25
Expansion of dye house facilities ..	1979-80 ..	....	24.29	....	....	....	24.29
Establishment of design centre ..	1976-77 ..	6.27	....	....	....	....	6.27
Intensive Development Project ..	1976-77 to 1978-79	101.00	....	....	....	....	101.00

Marketing Federation	..	1976 to 1981-82	127.00	....	....	....	....	127.00
Conversion of handlooms	..	1978-79	24.00	....	....	....	....	24.00
Subsidy for <i>Janata</i> cloth	..	1976-77 to 1981-82	....	....	1680.33	....	....	1680.33
Special rebate	..	1979-80 to 1981-82	....	....	....	384.97	....	384.97
Assistance to primary co-operative societies		1976-77 to 1981-82	282.85	....	....	....	....	282.85
Supply of improved tools and equipment		1976-77 to 1981-82	....	2.07	6.19	....	....	8.26
Thrift fund	..	1976-77 to 1981-82	....	....	....	....	7.20	7.20
			583.37	71.36	1686.52	384.97	7.20	2733.42

APPDNDIX-VII-1

(Reference : Paragraph 7.1.1, page 256)

Commercial and quasi-commercial undertakings for which *pro forma* accounts were awaited

Serial No.	Name of the undertaking	Year for which accounts were awaited
A. AGRICULTURE AND CO-OPERATION DEPARTMENT		
1	Government Milk Scheme, Bhoom	1981-82
2	Greater Bombay Milk Scheme, Bombay	1980-81 1981-82 1979-80
3	Government Milk Scheme, Nagpur	1980-81 1981-82
B. FOOD AND CIVIL SUPPLIES DEPARTMENT		
4	Procurement, Distribution and Price Control Scheme, Bombay City	1981-82
5	Procurement, Distribution and Price Control Scheme, Mofussil	1981-82
C. REVENUE AND FORESTS DEPARTMENT		
6	Allapalli and pedigundum Forest Ranges of Allapalli Forest Division including Saw Mill and Timber Depot	1980-81 1981-82
7	Integrated Unit, Ballarshah	1981-82
8	Integrated Unit, Paratwada	1981-82

APPENDIX

(Reference)

Summary of financial results of departmentally managed

Serial No.	Name	Year of Period of Commission			Total cost (ajit)	Total revenue (ajit)	Net profit (ajit)
		(1)	(2)	(3)			

AGRICULTURE AND

APPENDIX VII-2

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Agriculture

Sl. No.	Name	Year of Period of Commission	Total cost (ajit)	Total revenue (ajit)	Net profit (ajit)
1	Government Milk Scheme, 1969	1961-62	10.72	12.20	1.48
2	Government Milk Scheme, 1964	1957-62	28.03	26.72	-1.31
3	Government Milk Scheme, 1962	1958-62	14.72	13.82	-0.90
4	Co-operative Milk Scheme, 1960	1951-52	1847.33	21.08	-1826.25
5	Government Milk Scheme, 1957	1951-52	24.81	28.51	3.70
6	Government Milk Scheme, 1955	1951-52	20.64	24.42	3.78
7	Government Milk Scheme, 1953	1947-52	41.38	23.02	-18.36
8	Government Milk Scheme, 1950	1944-52	127.20	22.50	-104.70
9	Government Milk Scheme, 1952	1951-52	28.04	24.00	-4.04

APPENDIX

(Reference :

Summarised financial results of departmentally managed

Serial No.	Name	Year of commencement	Period of account	Government capital (mean capital)	Block assets at depreciated cost
(1)	(2)	(3)	(4)	(5)	(6)

AGRICULTURE AND

*A—Milk**Bombay Region*

1	Government Chalisgaon.	Milk	Scheme, 1969	1981-82	40.72	12.29
2	Government Chiplun.	Milk	Scheme, 1964	1981-82	58.00	34.33
3	Government Dhule.	Milk	Scheme, 1962	1981-82	347.58	155.32
4	Dairy Project, Dapchari.		.. 1960	1981-82	847.59	721.08
5	Government Kankavali.	Milk	Scheme, 1967	1981-82	36.87	28.81
6	Government Khalapur.	Milk	Scheme, 1966	1981-82	29.63	24.13
7	Government Mahad.	Milk	Scheme, 1966	1981-82	41.38	27.08
8	Government Nashik.	Milk	Scheme, 1960	1981-82	157.50	92.09
9	Government Ratnagiri.	Milk	Scheme, 1966	1981-82	26.06	21.60

VII-2

Paragraph 7.1.2, page 256)

Commercial/quasi-commercial undertakings

Cumulative depreciation	Turn-over	Net profit (+)/ net loss (-)	Interest on mean capital	Total return (9+10)	Percentage of return on mean capital
(7)	(8)	(9)	(10)	(11)	(12)

(amounts in lakhs of rupees)

CO-OPERATION DEPARTMENT

Schemes

0.39(B)	73.01	(-)16.53	3.26	(-)13.27	....
4.02(B)	139.70	(-)27.40	4.64	(-)22.76	....
11.89(B)	12,39.95	(-)170.47	26.07	(-)144.40	....
97.52(A)	42.07	(-)154.12	67.81	(-)86.31	....
1.72(B)	49.95	(-)19.36	2.95	(-)16.41	....
1.00(B)	46.40	(-)12.60	2.55	(-)10.05	....
1.57(B)	70.65	(-)23.65	3.31	(-)20.34	....
7.11(B)	357.96	(-)62.05	12.60	(-)49.45	....
1.54(B)	36.28	(-)21.08	2.74	(-)18.34	....

APPENDIX

Serial No.	Name	Year of commencement	Period of account	Government capital (mean capital)	Block assets at depreciated cost
(1)	(2)	(3)	(4)	(5)	(6)
AGRICULTURE AND					
10	Government Milk Chilling Centre, Saralgaon.	1979	1981-82	10.83	7.37
11	Government Milk Chilling Centre, Wada, District Thane.	1980	1981-82	11.59	10.77
12	Government Milk Scheme, Vani.	1978	1981-82	46.78	34.46
<i>Pune Region</i>					
13	Government Milk Scheme, Ahmadnagar.	1969	1981-82	269.73	206.55
14	Government Milk Scheme, Kolhapur.	1968	1981-82	140.09	43.30
15	Government Milk Scheme, Miraj.	1961	1981-82	899.88	188.61
16	Government Milk Scheme, Mahabaleshwar.	1966	1981-82	26.78	14.17
17	Government Milk Scheme, Pune.	1950	1981-82	504.75	227.84
18	Government Milk Scheme, Satara.	1979	1981-82	206.71	116.89
19	Government Milk Scheme, Solapur.	1960	1981-82	248.28	142.21
<i>Nagpur Region</i>					
20	Government Milk Scheme, Akola.	1962	1981-82	149.74	91.83
21	Government Milk Scheme, Amravati.	1962	1981-82	98.59	37.87

VII-2—contd.

Cumulative depreciation	Turn-over	Net profit (+)/ net loss (—)	Interest on mean capital	Total return (9+10)	Percentage of return on mean capital
(7)	(8)	(9)	(10)	(11)	(12)
(amounts in lakhs of rupees)					
CO-OPERATION DEPARTMENT					
0.39(B)	10.35	(—)4.51	0.87	(—)3.64	....
0.43(B)	1.84	(—)3.53	0.93	(—)2.60	....
1.66(B)	39.32	(—)14.28	3.74	(—)10.54	....
7.30(B)	787.24	(—)140.66	21.58	(—)119.08	....
4.17(B)	782.90	(—)99.74	11.21	(—)88.53	...
16.39(B)	13,51.52	(—)237.10	71.99	(—)165.11	...
1.01(B)	48.93	(—)11.00	2.00	(—)9.00	...
15.74(B)	15,31.49	(—)222.42	40.38	(—)182.04	....
7.14(B)	523.43	(—)66.09	8.11	(—)57.98	....
10.69(B)	380.61	(—)100.03	18.62	(—)81.41	....
6.27(B)	132.86	(—)62.92	11.85	(—)51.07	....
0.97(B)	101.77	(—)35.78	7.64	(—)28.14	....

APPENDIX

Serial No.	Name	Year of commencement	Period of account	Government capital (mean capital)	Block assets at depreciated cost
(1)	(2)	(3)	(4)	(5)	(6)
AGRICULTURE AND					
22	Government Milk Scheme, Chandrapur.	1979	1981-82	53.65	48.64
23	Government Milk Scheme, Gondia.	1979	1981-82	106.61	52.71
24	Government Milk Scheme, Nandura.	1978	1981-82	129.57	61.97
25	Government Milk Scheme, Wardha.	1976	1981-82	91.71	63.06
26	Government Milk Scheme, Aurangabad.	1962	1981-82	223.62	105.13
27	Government Milk Scheme, Beed.	1977	1981-82	200.40	150.03
28	Government Milk Scheme, Bhoom.	1978	1980-81	113.93	50.75
29	Government Milk Scheme, Nanded.	1977	1981-82	149.91	109.12
30	Government Milk Scheme, Parbhani.	1979	1981-82	114.26	91.17
31	Government Milk Scheme, Udgir.	1971	1981-82	586.31	252.87
<i>B—Others</i>					
32	Land Development by Bulldozers Scheme, Aurangabad.	1960	1981-82	28.24	4.82
33	Land Development by Bulldozers Scheme, Pune.	1944	1981-82	73.68	33.26

VII-2—*contd.*

Cumulative depreciation	Turn-over	Net profit (+)/ net loss (—)	Interest on mean capital	Total return (9+10)	Percentage of return on mean capital
(7)	(8)	(9)	(10)	(11)	(12)

(amounts in lakhs of rupees)

CO-OPERATION DEPARTMENT—*contd.*

3.02(B)	54.78	(—)22.47	4.28	(—)18.19	....
3.01(B)	214.94	(—)59.18	8.52	(—)50.66	....
5.25(B)	121.86	(—)49.71	13.60	(—)36.11	....
4.49(B)	105.83	(—)36.41	7.31	(—)29.10	....
4.55(B)	226.94	(—)164.70	17.89	(—)146.81	....
6.42(B)	162.08	(—)71.18	9.30	(—)61.88	....
2.19(B)	110.40	(—)78.28	8.83	(—)69.45	....
9.02(B)	40.68	(—)86.26	11.99	(—)74.27	....
4.18(B)	65.40	(—)33.84	9.14	(—)24.70	....
18.62(B)	116.15	(—)318.71	46.90	(—)271.81	....
1.21(B)	14.49	(—)0.32	2.12	(+)1.80	6.4
2.81(B)	43.43	(—)12.15	5.34	(—)6.81	....

APPENDIX

Serial No.	Name	Year of commencement	Period of account	Government capital (mean capital)	Block assets at depreciated cost
(1)	(2)	(3)	(4)	(5)	(6)

REVENUE AND

34	Allapalli and Pedigundum Forest Ranges of Allapalli Forest Division including Saw Mill and Timber Depot	1926	1979-80	366.12	16.55
35	Rehabilitation Production Centres, Ulhasnagar / Pimpri (Consolidated)	1949	1981-82	31.14	5.48
36	Integrated Unit, Ballarshah ..	1962	1980-81	(—)13.77	7.24
37	Integrated Unit, Dahanu ..	1962	1981-82	14.84	8.02
38	Integrated Unit, Paratwada ..	1962	1980-81	(—)8.42	7.50

FOOD AND CIVIL

39	Procurement, Distribution and Control Scheme, Bombay City	1959	1980-81	51,36.57	5.43
40	Procurement, Distribution and Control Scheme, Mofussil	1957	1980-81	8,48.61	32.11

(A) Represents the balance at the credit of Depreciation Reserve Fund.

(B) Represents the depreciation provided for the year only.

VII-2—concl'd.

Cumulative depreciation	Turn-over	Net profit (+)/ net loss (—)	Interest on mean capital	Total return (9+10)	Percentage of return on mean capital
(7)	(8)	(9)	(10)	(11)	(12)
(amounts in lakhs of rupees)					
FORESTS DEPARTMENT					
8.25(A)	355.87	(+)280.56	24.75	(+)305.31	83.4
0.30(B)	53.30	(+)4.90	2.02	(+)6.92	22.2
0.36(B)	42.06	(+)2.40	....	(+)2.40	
9.62(A)	22.77	(—)1.96	1.11	(—)0.85	
0.33(B)	43.14	(+)1.55	1.48	(+)3.03	
SUPPLIES DEPARTMENT					
7.14(B)	98,46.37	(—)55.45	....	(—)55.45	
24.31(A)	145,23.88	(—)7,47.34	....	(—)7,47.34	

