







GOVERNMENT OF MADRAS

# AUDIT REPORT

1965

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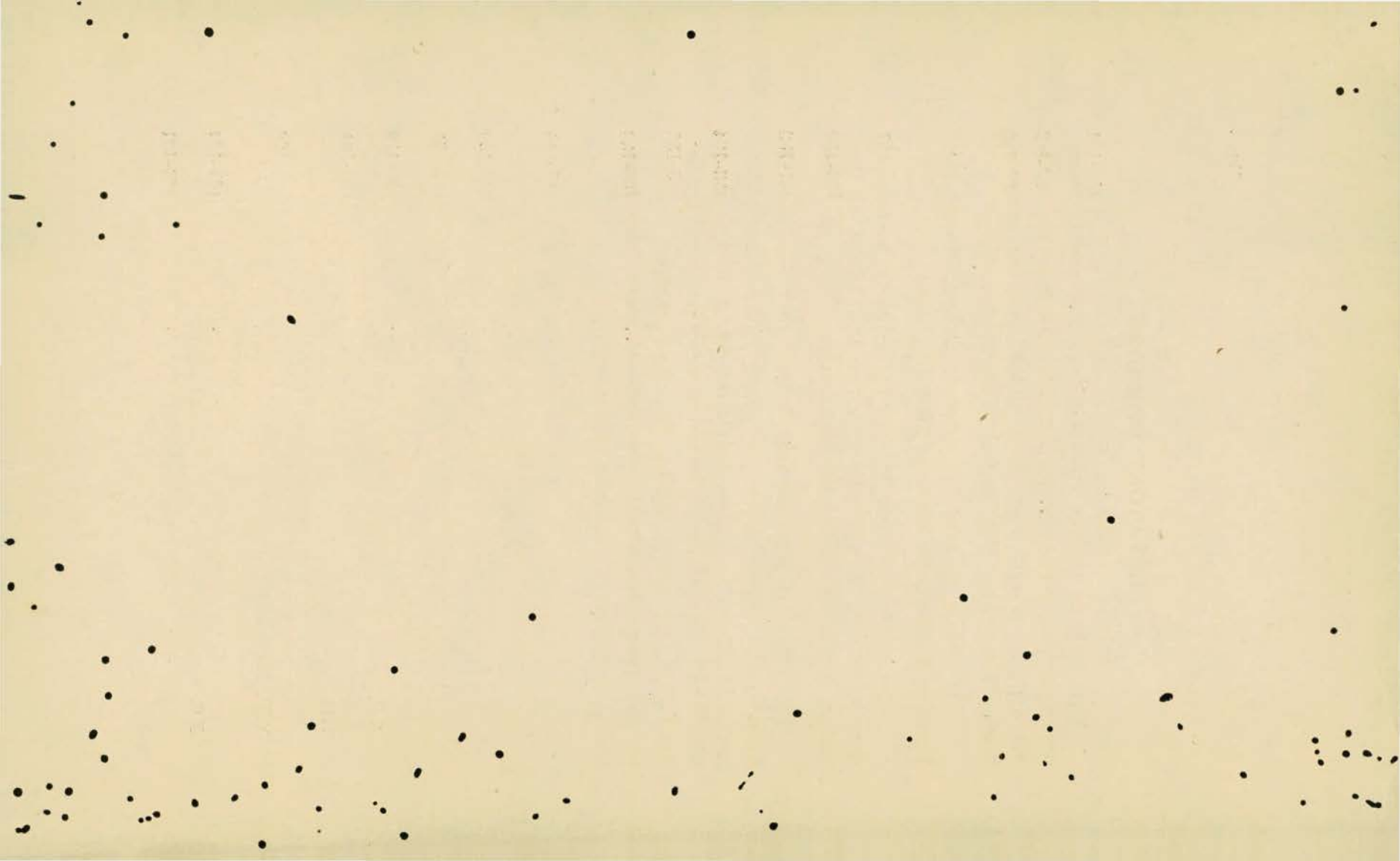
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115	Paragraph 104(b) (ii)—line 2 ..	analysi	analysis
116	Paragraph 105 (b) (a) Treasuries—item (ii)	Insert the figure 5 in column 2 against this entry.	
117	Item (b) (iii)—column 2 .. ..	Insert the figure 6 above the entry “(Rs. 0.36 lakh).”	
129	Item 5—last line .. ..	apses	lapses
131	Item 1—Remarks column—line 1 ..	planata-	planta-
133	Item 4—last column .. ..	1962-6	1962-63
135	last item .. ..	Insert the figure 6 in column 1.	
„	„ Remarks column—line 11	fo	for
136	Item 10—line 1 .. ..	Purchase	Purchase
161	Heading— <i>yearwise break-up</i> ..	<i>upto</i> 1963-64	1963-64

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Page No.	Reference to paragraph, line, etc.	For	Read
iii	Line 7—Pages .. .. .	54-55	54
3	Paragraph 3—Total under 1963-64.	1,33.00	1,35.00
11	Sub paragraph (e)—first line ..	of loa	of loans
30	Paragraph 22—Item (ii) of sub paragraph 2.	Delete the comma after the word ' cows '.	
37	Last line—first word . . . .	alem.	Salem.
39	Paragraph 31—Item (ii) (2)—line 5.	Substitute a comma for the semi-colon appearing after the word ' area '.	
42	Paragraph 37—line 6 .. .. .	3.03 cror.	3.03 crores.
„	Table—Column 2—heading ..	nt of	Want of
52	Serial No. 6—Agriculture-Tools and Plant—Issues during the year.	14.81	14.21
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63	Paragraph 67 (i) (a)—Table—Column 1.	General Sales Tax.	Central Sales Tax.
69	Paragraph 71—A. (i) (a)—line 2. . .	6.03	7.03
75	Paragraph 77—second sub-paragraph, line 2.	appropri-	appropria-
77	Paragraph 80—Table-item (ii) ..	utitisation	utilisation.
81	Table—item 5 .. .. .	6.40	0.40
87	„ —Item No (xxiii) .. .. .	1.35	1,35
„	Table—Item No. (xxxiii) last column.	..	9.0
93	Second table—Table given in the remarks column—Penultimate column—heading	Septem	September
101	Paragraph 94—line 6 .. . . .	Insert the word ' to ' after the word ' amounted '.	

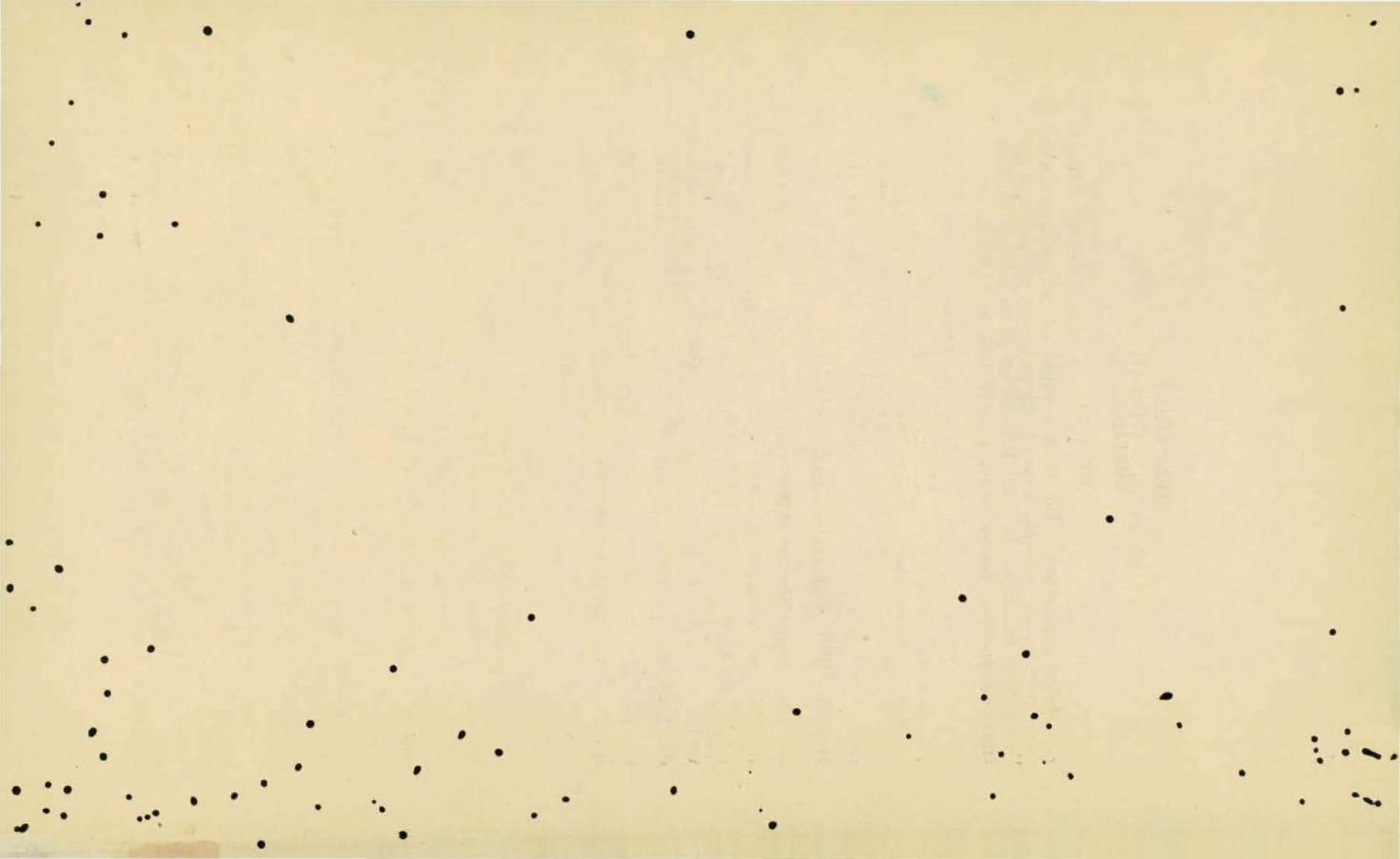
## PREFATORY REMARKS

This volume mainly relates to matters arising from the Appropriation Accounts for 1963-64 together with other points arising from audit of the financial transactions of Government of Madras. It also includes :

(i) certain points of interest arising from the Finance Accounts for the year 1963-64 ; and

(ii) matters relating to certain statutory and autonomous bodies, the accounts of which are audited by the Indian Audit and Accounts Department.

The financial irregularities, losses, etc., commented upon in the Report relate to cases which came to the notice of Audit during the year 1963-64 as well as those which had come to notice in earlier years but could not be dealt with in previous Audit Reports ; matters relating to the period subsequent to 1963-64 have also been included wherever considered necessary.



## CHAPTER I

### GENERAL

#### REVENUE

*Budget and actuals.*—The budget estimates and the actuals in respect of revenue receipts, expenditure met from revenue and the net revenue deficit for the year 1963-64 are given below along with the corresponding figures for the years 1961-62 and 1962-63:—

Year.	Budget.	Actuals.	Variation.		
			Amount	Per-centage.	
(IN CRORES OF RUPEES)					
<i>Revenue Receipts.</i>					
1961-62 ..	87.50	92.18	+ 4.68	5.35	
1962-63 ..	1,13.15	1,17.97	+ 4.82	4.26	
1963-64 ..	1,24.45	1,34.77	+10.32	8.29	
					Year.
					Revenue Deficit (—)
					Budget. Actuals.
					(IN CRORES OF RUPEES)
					1961-62 ..
					1962-63 ..
					1963-64 ..
					—2.85 —9.61
					—2.86 —3.84
					—2.74 —0.23
<i>Expenditure met from Revenue.</i>					
1961-62 ..	90.35	1,01.79	+11.44	12.66	
1962-63 ..	1,16.01	1,21.81	+5.80	5.00	
1963-64 ..	1,27.19	1,35.00	+7.81	6.14	

The revenue receipts and the expenditure met from revenue exceeded the budget estimates by 8.29 per cent and 6.14 per cent respectively in 1963-64.

The revenue deficit during the year was Rs. 0.23 crore as against the deficit of Rs. 3.84 crores in 1962-63; the improvement was mainly due to (i) larger receipts from the Central Government by way of share of Central taxes and grants and (ii) increased receipts due to additional taxation measures introduced in the middle of 1962-63 and during the year.

2. *Revenue receipts.*—(a) During 1963-64 there was an increase of Rs. 34.93 crores (about 35 per cent) in the revenue receipts as compared with 1961-62 and of Rs. 16.80 crores (about 14.2 per cent) as compared with 1962-63 as indicated below :—

	1961-62.	1962-63.	1963-64.	Increase since 1961-62.
(IN CRORES OF RUPEES)				
<i>(i) Receipts from the Central Government—</i>				
<i>(a) State's share of divisible Central taxes—</i>				
Union Excise Duties..	6.55	8.79	9.40	2.85
Taxes on income other than Corporation tax.	7.87	7.74	9.72	1.85
Estate duty .. ..	0.41	0.37	0.39	— 0.02
Grants in lieu of taxes on Railway passenger fares .. ..	0.81	0.81	0.81	..
<i>(b) Grants-in-aid under Article 275 of the Constitution .. ..</i>	0.03	3.00	3.05	3.02
<i>(c) Other grants-in-aid..</i>	9.82	11.05	12.84	3.02
<i>(ii) Revenue raised by the State Government—</i>				
<i>(a) Taxes, duties and other principal sources.</i>	42.18	51.09	62.09	19.91
<i>(b) Other receipts, such as rent from buildings, etc. .. ..</i>	32.17	35.12	36.47	4.30
Total ..	99.84*	1,17.97	1,34.77	34.93

The receipts from the Central Government during 1963-64 amounted to Rs. 36.21 crores (26.86 per cent of the total revenue receipts) as against Rs. 31.76 crores during 1962-63 (26.95 per cent of the revenues of that year).

Analysing further the revenue raised by the State Government from taxes, duties, etc., the receipts from the different sources were as follows :—

	1962-63.	1963-64.
(IN CRORES OF RUPEES)		
Taxes on vehicles .. ..	10.19	12.34
Sales tax .. ..	24.80	27.02
Other taxes and duties..	4.58	6.73
Stamps .. ..	5.48	6.68
Other heads .. ..	6.04	9.32

\* The figures for 1961-62 have been recast in accordance with the revised classification adopted from 1962-63 as explained in paragraph 2 of Chapter I of the Audit Report, 1964.



During the year under review the rate of sales tax on certain luxury articles was increased from 7 per cent to 10 per cent. Further, the enhancement of the rate of wet assessment and water rates announced in the previous year was implemented with retrospective effect from the previous *fashi*. The additional revenue on account of these measures was estimated at Rs. 1.45 crores. Legislation for the introduction of Urban Land Tax was also enacted on the 25th March, 1964.

(b) *Arrears of revenue*.—According to the figures furnished by the departments, the arrears in the collection of revenue amounted to Rs. 6.85 crores as on the 31st March, 1964, out of which Rs. 2.51 crores related to sales tax and Rs. 1.48 crores to land revenue.

The yearwise details of the arrears in the recovery of sales tax and receipts of the Jails department have not been received; as regards other sources of revenue an amount of Rs. 1.19 crores was pending recovery for over two years.

Further particulars are furnished in paragraph 67 of Chapter VI.

3. *Expenditure on Revenue Account*.—The expenditure on Revenue Account during the year 1963-64 showed an increase of 10.8 per cent over that in 1962-63 and 23.3 per cent compared with 1961-62. The increase is analysed below :—

	1961-62.	1962-63.	1963-64.	Increase since 1961-62.
(IN CRORES OF RUPEES)				
Collection of taxes and other principal revenues.	2.41	2.38	2.59	0.18
Administrative Services ..	16.77	17.59	17.71	0.94
Social and Developmental Services .. .. .	54.23	61.61	66.83	12.60
Other Services .. .. .	36.04	40.23	47.87	11.83
Total ..	1,09.45*	1,21.81	1,33.00	25.55

The more important items which contributed to the increases are indicated below :—

(a) *Social and developmental services*

	1961-62.	1962-63.	1963-64.	Increase since 1961-62
(IN CRORES OF RUPEES)				
Education .. .. .	23.46	25.76	27.41	3.95

\* The figures for 1961-62 have been recast in accordance with the revised classification adopted from 1962-63 as explained in paragraph 2 of Chapter I of the Audit Report, 1964.

The increase was mainly due to larger expenditure on grants to local bodies for primary and secondary education (Rs. 5.33 crores) and development schemes (Rs. 0.90 crore), partly offset by less expenditure on direct grants to non-Government primary schools (Rs. 2.75 crores).

	1961-62.	1962-63.	1963-64.	<i>Increase since 1961-62.</i>
(IN CRORES OF RUPEES)				
Medical and Public Health.	8.68	9.58	10.62	1.94

The increase was mainly due to more expenditure on hospitals and dispensaries (Rs. 1.06 crores) and larger grants for public health purposes (Rs. 0.22 crore).

Agriculture .. .. .	4.17	5.41	6.82	2.65
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The increase was attributable mainly to larger expenditure on development schemes (Rs. 2.31 crores).

Industries .. .. .	3.74	5.51	4.95	1.21
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The increase was mainly due to more expenditure on cottage and smallscale industries (Rs. 3.03 crores) and development schemes (Rs. 0.44 crore) partly offset by less expenditure under 'Industries' (Rs. 2.27 crores).

Community Development Projects, National Extension Service, etc. ..	5.44	6.40	6.69	1.25
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The increase was mainly due to larger expenditure on community development projects (Rs. 1.35 crores) and development schemes (Rs. 0.30 crore) partly offset by less expenditure on local development works (Rs. 0.56 crore).

(b) *Other services*

Debt Services .. .. .	8.82	10.10	12.53	3.71
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The increase was mainly due to more interest paid on loans from the Central Government (Rs. 1.95 crores) and on permanent loans (Rs. 0.50 crore) and more contributions to sinking funds (Rs. 0.24 crore).

Public Works .. .. .	8.89	9.23	10.00	1.11
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The increase occurred mainly under "Grants-in-aid" (Rs. 0.69 crore) and "Repairs" (Rs. 0.46 crore).

Transport and Communications .. .. .	3.47	4.30	5.36	1.89
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The increase was mainly due to increased operational expenses of the Madras State Transport department (Rs. 1.60 crores).

1961-62. 1962-63. 1963-64. *Increase since 1961-62.*

(IN CRORES OF RUPEES)

Contributions and Miscellaneous Adjustments ..	2.48	2.91	3.94	1.46
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The increase was mainly due to larger payment of net proceeds of entertainment tax to local authorities (Rs. 1.33 crores).

#### EXPENDITURE OUTSIDE THE REVENUE ACCOUNT

4. (a) The expenditure recorded outside the Revenue Account includes, besides capital expenditure, the amount disbursed by Government as loans and advances.

The expenditure on capital account during the three years ending with 1963-64, as compared with the budget estimates for these years, is shown below :—

(Loans and advances are dealt with in paragraph 5).

Year.	Budget.	Actuals.	Variation.	
			Amount.	Percentage.
(IN CRORES OF RUPEES)				
1961-62 .. ..	18.10	17.62	— 0.48	— 2.65
1962-63 .. ..	18.85	18.94	0.09	0.48
1963-64 .. ..	18.87	23.64	4.77	25.28

During 1963-64 the capital expenditure showed an increase of Rs. 4.70 crores over that in 1962-63 and Rs. 6.02 crores compared with 1961-62. The increases occurred mainly under Irrigation Schemes, Schemes of Government Trading, Road and Water Transport Schemes and other works as indicated below :—

1961-62. 1962-63. 1963-64.

(IN CRORES OF RUPEES)

#### Capital Outlay on Irrigation—

Commercial .. ..	4.72	5.13	6.62
Non-Commercial .. ..	1.95	2.35	3.00
Schemes of Government Trading ..	0.99	0.07	1.53
Road and Water Transport Schemes..	0.63	0.15	1.56
Capital Outlay on Other Works ..	1.28	2.08	3.2

(b) An analysis of the expenditure outside the revenue account is given below :—

	<i>During</i> 1963-64.	<i>During</i> 1961-62 to 1963-64.	<i>Progressive</i> <i>expenditure</i> <i>upto</i> 1963-64.
(IN CRORES OF RUPEES)			
I. Capital expenditure on—			
(i) Irrigation and Multi-purpose schemes.	9.62	23.77	81.98
(ii) Schemes of Government Trading, Industrial Development, Road and Water Transport and Agriculture.	4.19	8.31	4.43
(iii) Public Works and Other Works.	9.11	19.70	54.90
(iv) Improvement of Public Health, Forests, Payment of compensation to landholders on the abolition of Zamindari System.	0.72	8.42	12.86
II. Net expenditure under "Loans and Advances by State Government" after taking into account recoveries of loans.			
	23.78	53.91	2,12.53
Total ..	47.42	1,14.11	3,66.65

(c) The sources from which the total expenditure outside the revenue account and the revenue deficit was met during (i) 1963-64 and (ii) during the three-year period ended with 1963-64 are indicated below :—

	1963-64.	1961-62 to 1963-64.
(IN CRORES OF RUPEES)		
I. Net additions to—		
(i) Market loans .. .. .	— 5.46	14.71
(ii) Loans from the Central Government	38.37	77.05
(iii) Loans from other sources and unfunded debt.	4.98	10.37

	1963-64.	1961-62 to 1963-64.
	(IN CRORES OF RUPEES)	
II. Miscellaneous (mainly excess of deposits etc., received by Government over repayments on this account).	11.34	21.89
III. Decrease (+)/Increase (-) in cash balance.	- 1.58	3.77
IV. Revenue Deficit (-)	- 0.23	- 13.68
Net amount available for expenditure outside the Revenue Account.	47.42	1,14.11

## LOANS AND ADVANCES BY THE STATE GOVERNMENT

5. (a) The disbursements under "Loans and Advances by the State Government" and the recoveries thereof during the years 1961-62 to 1963-64 as compared with the corresponding budget estimates are given below :—

Year.	Disbursements.		Variation percen- tage.	Recoveries.		Variation percen- tage.
	Budget.	Actuals.		Budget.	Actuals.	
	(IN CRORES OF RUPEES)			(IN CRORES OF RUPEES)		
1961-62 ..	21.37	25.43	+ 19.00	6.57	10.53	+ 60.27
1962-63 ..	24.55	22.99	- 6.35	9.16	7.79	- 17.58
1963-64 ..	21.81	31.28	+ 43.42	8.00	7.50	- 6.25

During 1963-64, the disbursements exceeded the budget estimates by Rs. 9.47 crores mainly due to grant of an additional loan of Rs. 8 crores to the Madras State Electricity Board.

(b) The total loans and advances given by the State Government and outstanding on the 31st March, 1964 amounted to Rs. 2,12.53 crores, as indicated below :—

Category of loans and advances.	Amount outstanding on the 31st March, 1964.
	(IN CRORES OF RUPEES)
1. Loans to local bodies, municipalities, etc. ..	30.01
2. Advances to cultivators .. .. .	12.13
3. Loans to Co-operative Societies and Land Mortgage Banks .. .. .	11.53
4. Loans to State Electricity Board .. .. .	1,45.29
5. Loans and Advances under the Community Develop- ment Programme .. .. .	4.81
6. Other loans .. .. .	8.76
Total ..	2,12.53

The detailed accounts in respect of the loans falling under categories 2, 3, 5 and part of 6 above are maintained by the departmental officers.

(c) (i) The non-submission to Audit by Heads of Departments of the annual statements showing the amounts of overdue instalments of principal and interest in respect of loans disbursed has been mentioned in successive Audit Reports. The statements to the end of 1963-64 have not been received from any department (October, 1964).

In respect of loans, the detailed accounts of which are kept by the Audit office, an amount of Rs. 23.84 lakhs (principal: Rs. 5.95 lakhs and interest: Rs. 17.89 lakhs) was pending recovery on the 31st March, 1964. Out of this, an amount of Rs. 7.30 lakhs was pending recovery for more than one year.

Certificates of acceptance of balances have not been furnished to Audit in respect of (a) takkavi loans (355 cases), (b) revenue and special advances (289 cases) and (c) miscellaneous loans, etc., (1,220 cases) for the years from 1956-57 onwards.

(ii) Mention was made in earlier Audit Reports of the arrears in the reconciliation of the departmental and treasury figures in respect of takkavi loans and the need for early completion of the work.

The extent of arrears in reconciliation as in October, 1964 is indicated below :—

Pending in—

- For the year 1959-60—4 districts.
- For the year 1960-61—8 districts.
- For the year 1961-62—8 districts.
- For the year 1962-63—12 districts.

(iii) Some of the other important points noticed in Audit are indicated below :—

(a) Default in repayment of loans disbursed to private licensees in the Dairy and Milk Project and to Co-operative Societies for the purchase of milch animals,

(b) mis-utilisation/non-utilisation of loans granted to co-operative societies for the purchase of heifers,

(c) large balances of loans to the Corporation of Madras remaining unutilised and

(d) heavy amounts pending recovery in respect of fore-closed loans under the State Aid to Industries Act.

Further particulars are given in Chapter VII.

## DEBT POSITION.

6. (a) Details of the debt transactions of the year 1963-64 are given below :—

	<i>Receipts during the year.</i>	<i>Repayments during the year.</i>	<i>Net decrease(—) increase (+) during the year.</i>
(IN CRORES OF RUPEES)			
(i) Market loans ..	0.01	5.47	-5.46
(ii) Floating Debt ..	32.64	32.64	..
(iii) Loans from the Central Government for developmental and other purposes.	57.69	19.32	+38.37
(iv) Other loans ..	2.98	0.37	+2.61
(v) Unfunded debt ..	3.93	1.56	+2.37
Total ..	<u>97.25</u>	<u>59.36</u>	<u>+37.89</u>

(b) The total debt outstanding at the end of each of the three years ending with 1963-64 was as shown below :—

	1961-62.	1962-63.	1963-64.
(IN CRORES OF RUPEES)			
Market loans .. ..	67.38	79.09	73.63
Floating Debt ..	1.39	..	..
Loans from the Central Government for developmental and other purposes .. ..	1,44.96	1,66.32	2,04.69
Other loans .. ..	5.72	8.50	11.11
Unfunded Debt ..	10.53	10.97	13.34
Total ..	<u>2,29.98</u>	<u>2,64.88</u>	<u>3,02.77</u>

(c) *Market loans.*—No fresh loan was raised by the State Government in the open market during the year 1963-64. A loan of Rs. 13 crores was, however, received by the State Government representing the share allocated to them out of the proceeds of market borrowings of the Central Government during 1963-64.

During 1963-64 a sum of Rs. 1.44 crores was contributed to the Depreciation Fund and Sinking Fund. The total amount at the credit of these two funds at the end of March, 1964 was Rs. 5.58 crores and Rs. 5.71 crores respectively. The arrangements for amortisation are indicated below :—

(i) A sum equal to  $1\frac{1}{2}$  per cent of the total nominal amount of the loan is set apart from revenue annually to form a Depreciation Fund for purchasing the securities of the loans for cancellation.

(ii) An annual contribution is made to the Sinking Fund at such rates as the Government may decide from time to time.

Out of the total amount of Rs. 11.29 crores at the credit of these funds at the end of March, 1964, an amount of Rs. 2.34 crores stood invested in the securities of the Government of India and other State Governments and the remaining amount was merged in the cash balance.

(d) *Floating Debt.*—Under an agreement with the Reserve Bank of India, the Government of Madras have to maintain with the Bank a minimum balance of Rs. 40 lakhs on Fridays and Rs. 35 lakhs on other days. If the cash balance falls below the agreed minimum, the deficiency is made good either by selling Treasury Bills or by taking “Ways and Means Advances” from the Bank, which are, however, limited to a maximum amount of Rs. 80 lakhs. In addition, “Special Advances” not exceeding Rs. 300 lakhs are also made by the Bank, whenever necessary. On days when the cash balance falls short of the stipulated minimum balance even after taking “Ways and Means Advances” and “Special Advances” upto the maximum limit, Government take overdraft from the Bank.

The total interest paid during the year on “Ways and Means Advances” and “Special Advances” and on overdrafts amounted to Rs. 31.08 lakhs, which was about six times the interest paid in the previous year, as indicated below :—

Year.	<i>Maximum amount of outstanding “Ways and Means Advances” and “Special Advances” at the end of any month.</i>	<i>Total interest paid during the year on “Ways and Means Advances”, “Special Advances” and overdrafts.</i> (IN LAKHS OF RUPEES)
1962-63	Rs. 3.80 crores (April, 1962, December, 1962, February, 1963 and March, 1963).	5.54
1963-64	Rs. 3.80 crores (April, June, July, September, October and December, 1963).	31.08

No Treasury Bills were issued during the year.



(e) *Loans from the Central Government.*—The amount of loans taken from the Central Government and outstanding on the 31st March, 1964 was Rs. 2,04.69 crores, which formed 67.6 per cent of the total debt. Government did not consider it necessary to have any amortisation arrangements in respect of these loans.

The terms and conditions of repayment of 20 loans totalling Rs. 6.51 crores received between 1958-59 and 1963-64 for the development of handloom, cottage industries, etc., have not yet been finally settled. The Government of India have given lumpsum loans for the development of a group of schemes relating to these industries and have prescribed different terms and conditions for individual schemes, falling within a group. The State Government have found it difficult to furnish schemewise analysis of the lumpsum loans and have requested the Government of India to prescribe terms and conditions for the lumpsum loans instead of for individual schemes.

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

	1961-62.	1962-63.	1963-64.
	(IN CRORES OF RUPEES)		
(i) Interest paid by State Government	7.54	8.78	10.84
(ii) (a) Interest received on loans and advances .. .. .	7.98	8.23	7.51
(b) Interest received on investment of cash balance .. .. .	0.23	0.02	0.01
(iii) Net burden of interest on revenue			
(i) minus (ii) .. .. .	-0.67	0.53	3.32

7. *Guarantees given by Government.*—Government have guaranteed the repayment of loans, share capital, etc., raised by Statutory Corporations, Government Companies, Co-operative Institutions and Joint Stock Companies. The payment of minimum dividend on the share capital of the Madras Industrial Investment Corporation Limited and payment of cost of machinery purchased by certain companies have also been guaranteed.

The guarantees are in the nature of contingent liabilities on the State revenues. Brief particulars of the maximum amount of the contingent liabilities in terms of the guarantees are given below.

Further details are given in Statement No. 6 of the State Finance Accounts, 1963-64.

	<i>Maximum amount guaranteed.</i>	<i>Amount guaranteed as on the 31st March, 1964.</i>
(IN CRORES OF RUPEES)		
(i) Guarantee for the repayment (with interest) of bonds issued by Statutory Corporations (Madras State Electricity Board) .. ..	15.10	15.10
(ii) Government Companies— (Madras Industrial Investment Corporation Limited).		
(a) Guarantee for share capital and dividends at 3 per cent per annum.	1.01	0.30
(b) Guarantee for the repayment of bonds, fixed deposits, call deposits and cash certificates .. ..	14.94	14.08
(iii) Guarantees given to Co-operative institutions (including banks) for repayment of loans, debentures, cash credit accommodation and letter of guarantee to suppliers for deferred payment .. ..	56.20	27.97
(iv) Guarantee for payment of cost of machinery purchased by Joint Stock Companies .. ..	3.86	3.84
Total ..	91.11	61.29

8. *Financial results of irrigation schemes.*—(a) On the 31st March, 1964, the State Government's investment in 44 irrigation projects, for which capital and revenue accounts have been kept, amounted to Rs. 66.80 crores; this comprised—

(i) outlay of Rs. 65.49 crores on 40 projects which have become revenue-earning,

(ii) expenditure of Rs. 0.99 crore on the Araniar Project, pending allocation between Andhra Pradesh and Madras Governments and

(iii) outlay of Rs. 0.32 crore on 3 projects which are still under construction and have not become revenue-earning.

Out of 40 projects which have become revenue-earning, 35 projects during 1962-63 and 38 during 1963-64 showed deficits. The working results of these 40 projects are given below :—

	1962-63.	1963-64.
	(IN LAKHS OF RUPEES)	
Revenue .. .. .	1,57.58	1,66.63
Working expenses .. .. .	1,85.88	1,19.64
Net revenue before charging interest. —	28.30	46.99
Interest on capital .. .. .	2,81.87	3,13.34
Net revenue after charging interest ..	-3,10.17	-2,66.35

Out of five projects which showed surplus during 1962-63, three showed deficits and one reduced surplus during 1963-64.

Further details are given in statement No. 3 of the Finance Accounts, 1963-64.

(b) The particulars in respect of some of the projects completed during the First and Second Plan periods given below, indicate that there has been considerable shortfall during 1963-64 in the net revenue compared with the anticipated amounts. This was attributed partly to high cost of maintenance and partly to shortfall in the area irrigated.

Name of the project.	Capital outlay to end of 1963-64.	Area irrigated.		
		Target.	Actuals.	Shortfall.
	(IN LAKHS OF RUPEES)	(IN ACRES)		
1 Amaravathi Project .. .. .	3,33.51	53,500	50,135	3,365
2 Vaigai Reservoir Project .. .. .	2,26.34	24,000	18,117	5,883
3 Sathanur Project .. .. .	2,88.21	20,000	23,320	..
4 Krishnagiri Project .. .. .	1,59.16	9,000	5,815	3,185
5 New Kattalai High Level Canal ..	2,30.65	20,622	14,205	6,417
6 Pullambadi Canal .. .. .	2,07.57	22,114	13,869	8,245

Name of the project.	Net revenue.		
	Anticipated.	Actuals.	Shortfall.
	(IN LAKHS OF RUPEES)		
1 Amaravathi Project .. .. .	2.75	1.60	1.15
2 Vaigai Reservoir Project .. .. .	1.49	-1.63	3.12
3 Sathanur Project .. .. .	2.83	1.21	1.62
4 Krishnagiri Project .. .. .	0.89	-0.21	1.10
5 New Kattalai High Level Canal ..	1.90	-0.91	2.81
6 Pullambadi Canal .. .. .	2.42	-0.90	3.32

9. *Grants-in-aid.*—A total amount of Rs. 30.11 crores was paid as grants-in-aid during the year to local bodies, co-operative societies and other institutions.

The expenditure out of the grants paid to local bodies, including Panchayat Union councils, is audited by the Examiner of Local Fund Accounts, who is an officer of the State Government. He furnishes to Audit, certificates showing the utilisation of the grants. In the case of grants to other institutions such certificates are furnished by the departmental officers. The certificates were awaited (December, 1964) in 245 cases involving a total amount of Rs. 41.28 lakhs paid during the period from 1960-61 to 1963-64.

In addition consolidated certificates of utilisation in respect of grants amounting to Rs. 40.49 crores paid to aided educational institutions and to mid-day meal centres during 1959-60 to 1963-64 were awaited from the Director of Public Instruction (December, 1964).

Some of the important irregularities noticed in Audit and by the Examiner of Local Fund Accounts are indicated below :—

(i) Irregular payments/overpayments of grants to educational institutions (Rs. 0.14 crore).

(ii) Overpayments of grants to Panchayat Union Councils for various developmental activities (Rs. 0.13 crore).

(iii) Grants paid to local bodies, institutions, etc., held inadmissible by the Examiner of Local Fund Accounts (Rs. 1.94 crores).

Further details are given in Chapter IX.

10. *Sugarcane Cess Fund.*—This Fund is constituted out of the cess levied under the Madras Sugar Factories Control Act, 1949 on cane brought into factories for crushing and is intended to be utilised for sugarcane development in the State. The cess collected is taken as revenue receipts of the Agriculture department and an equivalent amount is credited annually to the Fund by debit to the service Major Head (31-Agriculture).

The receipts from the cess and the expenditure met therefrom during the last five years are given below :—

<i>Year.</i>	<i>Receipts.</i>	<i>Expenditure.</i>
(IN LAKHS OF RUPEES)		
1959-60 .. .. .	17.30	11.29
1960-61 .. .. .	21.48	11.82
1961-62 .. .. .	10.46	9.44
1962-63 .. .. .	26.88	10.84
1963-64 .. .. .	62.61	15.32

The balance in the Fund at the end of March, 1964 was Rs. 1,07.38 lakhs.

In this connection, the Committee on Public Accounts (1958-59) had observed that "if the object of the Fund is to be fully achieved, the developmental activities of the department pertaining to the sugarcane industry should be increased commensurate with the receipts and closing balance of the Fund". Government stated in September, 1959 that when the schemes formulated for the Third Five-Year Plan were implemented in full, the entire savings in the Cess Fund would be exhausted. The heavy balance in the Fund would appear to indicate that the developmental activities have not kept pace with the accretions to the Fund.

## CHAPTER II

### APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

#### I. APPROPRIATION AUDIT

11. *Summary.*—The following table compares the expenditure during the year with the total of voted grants and charged appropriations :—

		<i>Grants/ Appropriations.</i>	<i>Actual expenditure.</i>	<i>Saving — Excess +</i>	<i>Per- centage</i> [Columns (3) to (1)].
		(1)	(2)	(3)	(4)
(IN CRORES OF RUPEES)					
Voted—					
Original ..	1,67.92	1,98.61	1,91.52	— 7.09	3.6
Supplementary	30.69				
Charged—					
Original ..	54.46	77.28	76.70	— 0.58	0.8
Supplementary	22.82				
Total ..		2,75.89	2,68.22	— 7.67	2.8

The saving amounting to Rs. 7.67 crores (2.8 per cent of the total amount of voted grants and charged appropriations) was the net result of savings in 28 grants and 25 appropriations (Rs. 8.81 crores) and excesses in 19 grants and 5 appropriations (Rs. 1.14 crores).

In the preceding two years (1961-62 and 1962-63), the savings amounted to 14.4 and 4.6 per cent respectively.

12. *Supplementary grants/appropriations.*—Supplementary provision amounting to Rs. 53.51 crores was obtained during the year under voted grants and charged appropriations.

The details given in Appendix I indicate the following points :—

(i) The supplementary provision exceeding Rs. 1 lakh in each case, proved entirely unnecessary in 8 cases, as the expenditure did not come up even to the original grant/appropriation ; in 2 of these cases, the supplementary provision amounting to Rs. 21.65 lakhs had been obtained as late as on the 31st March, 1964.

(ii) In 14 cases, the supplementary provision obtained proved inadequate by more than Rs. 1 lakh in each case. In these cases, while the additional provision made totalled Rs. 6.23 crores, the actual expenditure exceeded the total grant (including the supplementary provision) by Rs. 1.10 crores.

13. *Savings in grants/appropriations.*—(a) Among voted grants there were 5 cases in which the savings exceeded 10 per cent (the details are given in Appendix II); in one of these the saving was 22.3 per cent. The total savings in these 5 cases amounted to Rs. 2.81 crores forming 17.8 per cent of the total provision under these grants.

There were savings totalling Rs. 0.64 crore under 25 charged appropriations; the bulk of the savings occurred under "Public Debt—Repayment" and was attributed to the Madras Government 4 per cent Loan, 1963 (which was notified for discharge on the 15th July, 1963) not having been repaid in full, due to non-preferment of claims by the holders of scrips.

(b) An analysis of the saving in the provision made for different groups of Government activity is given below :—

	Total provision.	Savings.	
		Amount.	Per-centage.
(IN CRORES OF RUPEES).			
I. Expenditure met from Revenue—			
(i) Administrative Services ..	19.57	0.67	3.5
(ii) Social and Developmental Services.	71.49	3.23	4.5
(iii) Other Services .. ..	52.83	0.29	0.5
II. Expenditure Outside the Revenue Account—			
(i) Industrial Development ..	6.44	1.43	22.3
(ii) Other Capital Expenditure.	30.39	0.43	1.1
(iii) Public Debt—Repayment.	62.84	0.57	0.9
(iv) Loans and Advances ..	32.33	1.05	3.3

(c) Some of the major schemes/items the provision for which remained wholly or substantially unutilised are given below; some others are mentioned in Appendix III.—

Number, name of grant and description of item	Funds provided	Amount (and percentage) of saving	Reasons for saving.
(IN LAKHS OF RUPEES.)			
XIII. Education—			
28. I. H. Special dearness allowance grant.	62.00	37.84 61 per cent.	Reasons have not been furnished (December, 1964).
28. v. IV. (i) Government Special Schools.	22.84	9.05 39.6 per cent.	Mainly due to provision having been made twice for the scheme "Training of additional teachers"; reduction in the number of trainees and less purchase of cotton kapas by special schools due to non-availability of kapas.

Number, name of grant and description of item	Funds provided	Amount (and percentage) of saving	Reasons for saving
(IN LAKHS OF RUPEES)			
XIV. Medical— g. Development schemes— Schemes in the Third Five Year Plan—I. B. Presi- dency hospitals.	10.00	8.98 <hr/> 89.8 per cent.	The provision was intend- ed for popularisation of surgical methods of family planning; it remained substantially unutilised owing to fall in the number of operations as the canvassing system was abolished from the 1st April, 1963.
XV. Public Health— Development Schemes— Schemes in the Third Five- Year Plan—B. Grants to Corporation for water- supply and drainage schemes.	72.50	50.93 <hr/> 70.3 per cent.	The saving was attributed to the curtailment of grants to the Corpora- tion of Madras; reasons for this have not been furnished (December, 1964).
XXIX. Public Works—Grants- in-aid— Miscellaneous grants to local bodies and others for road maintenance.	34.26	17.01 <hr/> 49.7 per cent.	The saving was attributed to non-sanction of grants to the Corporation of Madras for road improve- ment works, pending a decision on the taking over by Government of important roads in the City.
XL. Capital Outlay on Indus- trial Development— Defence Industries Project, Avadi.	58.00	32.83 <hr/> 56.6 per cent.	Slow progress of work.
Refractories factory at Vridhachalam.	8.00	7.96 <hr/> 99.5 per cent.	Non-commencement of construction of building and non-receipt of machinery indented for.
General purposes engineering workshops in small towns.	14.58	8.87 <hr/> 60.8 per cent.	Slow progress of construc- tion work and delay in acquisition of sites.
Mechanical and metallurgical laboratory.	8.01	7.11 <hr/> 88.8 per cent.	Non-commencement of building work and non- procurement of machi- nery due to difficulty in obtaining foreign exchange
Improvement of water facilities for industries.	1,75.00	1,75.00 <hr/> 100 per cent.	Delay in finalising land acquisition awards.
Mechanised Brick Plant	8.00	7.00 <hr/> 87.5 per cent.	Non-receipt of machinery.
Contributions towards share capital of consumers' stores societies	23.75	19.28 <hr/> 82.2 per cent.	Reasons have not been furnished (December, 1964).



<i>Number, name of grant and description of item.</i>	<i>Funds provided.</i>	<i>Amount (and per centage) of saving.</i>	<i>Reasons for saving.</i>
(IN LAKHS OF RUPEES.)			
<b>XLVII. Loans and advances by the State Government—</b>			
<b>d. Advances to cultivators—</b>			
A. Loans for the purchase of chemical fertilisers.	1,16-04	59-64 51.4 per cent.	Non-sanction of loans in areas in which "full finance scheme" had been introduced, non-preferment of claims for fertilisers supplied by dealers before the end of the year, etc.
Short-term loans to Madras Industrial Investment Corporation, Limited.	50-00	50-00 100 per cent.	Due to the Corporation not requiring the loan in view of the receipt of a substantial amount of fixed deposits from the Life Insurance Corporation.

14. *Excess over voted grants.*—The following 18 cases of excess over voted grants require to be regularised under Article 205 of the Constitution :—

(In this table 'O' stands for original grant and 'S' for supplementary grant).

<i>Serial number.</i>	<i>Number and name of grant.</i>	<i>Total grant.</i>	<i>Expenditure.</i>	<i>Excess.</i>	
				<i>Amount.</i>	<i>Percentage.</i>
		RS.	RS.	RS.	
1.	VI. State Legislature—				
	O. 13,04,600	13,04,600	13,42,134	37,534	2.9
	S. ..				
	The excess occurred mainly under the group heads "a. Legislative Assembly—C. Allowances" and "a. D. Office Contingencies".				
2.	VIII. Head of State, Ministers and Headquarters Staff—				
	O. 1,82,32,200	2,02,15,800	2,02,36,472	20,672	0.1
	S. 19,83,600				
3.	X. Administration of Justice—				
	O. 1,41,82,800	1,48,54,300	1,48,63,295	8,995	0.1
	S. 6,71,500				
4.	XIV. Medical—				
	O. 7,14,18,100	8,10,68,300	8,28,67,545	17,99,245	2.2
	S. 96,50,200				

The excess was the net result of excesses under 20 group heads and savings under certain other group heads in the grant; the more important cases of excesses are given below :—

<i>Group head.</i>	<i>Total provision.</i>	<i>Excess.</i>	
(IN LAKHS OF RUPEES.)			
b. Hospitals and dispensaries—			
A. Presidency hospitals (excluding the Hospital of Integrated Medicine.)	1,76.87	4.47	Reasons for the excesses have not been furnished (December, 1964.)
B. Mofussal hospitals and dispensaries.	3,28.34	19.11	
C. Hospitals and dispensaries of Integrated Medicine.	12.68	1.23	
M. Primary Health Centres	30.34	2.01	
H. D. Improvements to Medical Colleges.	9.02	2.04	

<i>Serial number.</i>	<i>Number and name of grant.</i>	<i>Total grant.</i>	<i>Expenditure.</i>	<i>Excess.</i>	
				<i>Amount</i>	<i>Percentage.</i>
		RS.	RS.	RS.	
5. XVI. Agriculture—					
O.	6,27,39,000	6,40,16,000	6,70,66,129	30,50,129	4.8
S.	12,77,000				

In addition to the excess of Rs. 30,50,129 under the voted grant shown above, an expenditure of Rs. 1,44,566 erroneously classified under the grant 'XXXIX-Capital Outlay on Agriculture' also requires regularisation. If the expenditure had been correctly debited to this grant, the excess under the grant would have been Rs. 31,94,695.

The excess was the net result of excesses under 60 group heads and savings under certain other group heads; the more important cases of excesses are indicated below :—

<i>Group head.</i>	<i>Total provision.</i>	<i>Excess.</i>	<i>Reasons for the excess.</i>
(IN LAKHS OF RUPEES.)			
f. Agricultural Engineering—			
F. Tractor Hiring Scheme ..	20.53	3.61	More debits from the Director General, Supplies and Disposals, than anticipated, towards cost of oil, lubricants, spare parts, etc., of tractors, bulldozers, etc.
e. Development Schemes—			
Scheme for undertaking plant protection measures in Madras State.	7.29	1.48	Distribution of plant protection chemicals on a larger scale than anticipated owing to heavy attack of pests on cotton crops.

Serial number.	Number and name of grant.	Total grant.	Actual expenditure.	Excess.	
				Amount.	Percentage.
		RS.	RS.	RS.	
6. XXIII. Community Development Projects, etc.—					
O.	5,75,43,500	6,62,06,600	6,68,65,105	6,58,505	1.0
S.	86,63,100				

The excess was the net result of excesses under 10 group heads and savings under certain other group heads; the more important cases of excesses are given below :—

Group head.	Total provision.	Excess.			
(IN LAKHS OF RUPEES.)					
Expenditure on staff in Stage I Blocks which completed three years of operation and on staff of Stage II Blocks.	1,13.61	1.90			
General—Other Schemes ..	80.08	1.51			
Development Schemes—Schemes in the Third Five Year Plan—Project/Block Headquarters.	75.38	2.33			
Communications .. ..	1,22.63	1.44			
7. XXV. Welfare of Scheduled Castes, Tribes and other Backward Classes—					
O.	3,89,71,800	4,49,29,800	4,52,95,030	3,65,230	0.8
S.	59,58,000				
8. XXVI. Irrigation—					
O.	5,24,89,300	6,19,82,200	6,33,01,588	13,19,388	2.1
S.	94,92,900				

The excess was mainly due to larger expenditure on "Maintenance and repairs" of irrigation works (Rs. 18.74 lakhs) and on irrigation research experiments and other projects (Rs. 1.45 lakhs); these excesses were partly offset by savings under certain other group heads.

9. XXVII. Public Works—Works—					
O.	5,73,66,600	6,57,50,300	6,62,37,231	4,86,931	0.7
S.	83,83,700				

The excess was the net result of excesses under 9 group heads and savings under certain other group heads; the more important cases of excesses are given below:—

Group head.	Total provision.	Excess.	Reasons for the excess.
(IN LAKHS OF RUPEES.)			
d. Repairs—Public Works Department—B. Buildings—(ii) Excluding High Court.	60.00	3.41	Reasons for the excess are awaited (December, 1964).
j. Suspense—Public Works Department—Other Suspense Accounts—Suspense.	..	14.10	
j. Suspense—Highways and Rural Works Department—Other Suspense Accounts—Suspense.	..	13.19	More debits to "Suspense" than anticipated, owing to clearance of old understandings under "Purchases", larger purchase of stores for "Stock", non-clearance of debits under, "Miscellaneous Public Works Advances", etc.

Serial Number and number.	name of grant.	Total grant.	Expenditure.	Excess.	
				Amount.	Percentage.
		RS.	RS.	RS.	
10. XXVIII. Public Works—Establishment and Tools and Plant—					
O.	1,98,74,100	2,16,37,700	2,23,07,366	6,69,666	3.1
S.	17,63,600				

The excess occurred mainly under "50. f. Tools and Plant—Highways and Rural Works Department—Repairs and carriage" (Rs. 3.74 lakhs) and was stated to be due to all-round increase in the tempo of execution of works and in the cost of consumable stores, spare parts, etc.

11. XXX. Road Transport Schemes—

O.	4,61,90,700	5,34,88,200	5,36,71,487	1,83,287	0.3
S.	72,97,500				

12. XXXI. Famine Relief—

O.	7,20,500	7,46,500	8,38,245	91,745	12.3
S.	26,000				

13. XXXII. Pensions—

O.	3,34,65,100	3,64,74,100	3,70,02,336	5,28,236	1.4
S.	30,09,000				

Serial Number and number. name of grant.	Total grant.	Expen- diture.	Excess.	
			Amount.	Per- centage.
	RS.	RS.	RS.	
14. XXXIV. Stationery and Printing—				
O. 1,53,45,200	1,71,06,100	1,73,21,323	2,15,223	1.3
S. 17,60,900				
15. XXXV. Forest Department—				
O. 91,27,800	1,05,44,800	1,06,16,159	71,359	0.7
S. 14,17,000				
16. XLIII. Capital Outlay on Road Transport Schemes—				
O. 1,33,82,000	1,79,82,000	1,90,18,929	10,36,929	5.8
S. 46,00,000				

The excess occurred mainly under the head "a. D. Suspense" (Rs. 8.36 lakhs) and was attributed to larger purchase of stores.

17. XLIV. Capital Outlay on Forests—				
O. 62,05,000	64,86,700	66,42,525	1,55,825	2.4
S. 2,81,700				

The excess occurred mainly under the group head "b. Development Schemes—Schemes in the Third Five-Year Plan—I. Works" (Rs. 1.42 lakhs).

18. XLV. Commuted Value of Pensions—				
O. 5,02,500	7,59,900	8,22,358	62,458	8.2
S. 2,57,400				

The excess occurred mainly under the group head "a. Payments in India—(i) Payments to Pensioners".

15. *Excess over charged appropriations.*—Excess over charged appropriations which occurred in the following 5 cases requires regularisation :—

Serial Number and number. name of appropriation.	Total appropri- ation.	Expen- diture.	Excess.	
			Amount.	Per- centage
	RS.	RS.	RS.	

1. VI. State Legis- lature—				
O. 63,500	67,900	71,381	3,481	5.1
S. 4,400				

Serial Number and number. name of appropriation.	Total appropri- ation.	Expen- diture.	Excess.	
			Amount	Per- centage.
	RS.	RS.	RS.	
2. XXVII. Public Works—Works—				
O. 2,56,400	3,62,000	3,63,793	1,793	0.5
S. 1,05,600				
3. XXXII. Pensions—				
O. 4,96,400	5,54,000	8,98,078	3,44,078	62.1
S. 57,600				

The excess occurred mainly under the group head "65. a. F. Payments to other Governments" and was attributed to larger adjustments of debits received from other Governments in the closing months of the year than anticipated.

4. XXXIII. Miscell- aneous—				
O. 13,50,000	14,98,900	17,15,329	2,16,429	14.4
S. 1,48,900				

The excess occurred under the following group heads:—

Group head.	Total appropri- ation.	Excess.	
		RS.	RS.
64. Territorial and Political Pensions.			52,117
67. A. Privy purses and Allowances of ex-rulers of integrated States and allo- wances of their relatives and servants—Integrated States—Payments to other Governments—Kerala,	1,48,900		1,64,312

5. XXXVI. Other Miscellaneous Con- tributions and Assignments—				
O. 22,13,000	22,88,000	23,08,638	20,638	0.9
S. 75,000				

## II. CONTROL OVER EXPENDITURE

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

(i) sanctioning re-appropriations for the transfer of funds from sub-heads of grant where a saving is anticipated to other sub-heads in the same grant where there is need for additional provision of funds,

(ii) obtaining supplementary grants or appropriations, where necessary, and

(iii) effecting surrender of surplus funds under any sub-head as soon as the surpluses can be foreseen.

Cases where the total expenditure against a grant or appropriation, as a whole, has exceeded the sanctioned amounts and require regularisation by the Legislature have been mentioned in paragraphs 14 and 15 above. It will be seen therefrom that excesses amounting to Rs. 1.15 crores were left uncovered by supplementary provision or by an advance from the Contingency Fund in as many as 18 grants and 5 appropriations.

Cases where the additional funds provided, in the course of the year, by supplementary grant or appropriation, proved unnecessary have been indicated in paragraph 12 above.

The following points were noticed in connection with the surrender of unutilised amounts :—

(a) Although the rules require that the unutilised amounts should be surrendered as soon as the possibility of savings is envisaged, the surrenders, totalling Rs. 7.53 crores in all, were made only in the last month of the year.

(b) While in the case of 9 grants and 2 appropriations amounts of Rs. 1 lakh or more in each case totalling in all Rs. 1.69 crores remained unsurrendered (details in Appendix IV), in 11 cases (details in Appendix V) amounts of Rs. 1 lakh or more in each case aggregating Rs. 1.47 crores were surrendered although there were (i) excesses over the grant in 3 cases (and no amount was available for surrender) or (ii) the savings ultimately found to be available were substantially less than the amounts surrendered in 8 cases.

Important instances of defective control over expenditure in respect of individual group heads within the grants have been indicated in the Appropriation Accounts.

17. *Reconciliation of departmental figures.*—Mention was made in the Audit Report, 1963, of the delay in reconciling the figures of expenditure recorded in the registers of controlling officers with those in the books of Audit Office and in furnishing a certificate of reconciliation to Audit every month. Despite the instructions issued by the Finance department in this regard from time to

time, such delays continue to exist ; as at the end of July, 1964, the departmental accounts maintained by 10 controlling officers have not been reconciled for all the twelve months of 1963-64. In 47 cases they remained partially unreconciled for periods ranging from 1 to 11 months. The certificates relating to past years have not also been received so far (September, 1964) as indicated below, despite the position having been periodically brought to the notice of Government :—

<i>Year.</i>	<i>Number of certificates due.</i>
1960-61 .. .. .	8
1961-62 .. .. .	79
1962-63 .. .. .	283
1963-64 .. .. .	1,034
Total ..	<u>1,404</u>



## CHAPTER III

### CIVIL DEPARTMENTS

#### EDUCATION AND PUBLIC HEALTH DEPARTMENT

18. *National water-supply and sanitation (rural) scheme.*—The object of the scheme is to eradicate water-borne diseases such as cholera, typhoid, etc., in certain villages by providing adequate protected water-supply and sanitation facilities. The scheme was started in 1956-57 and completed by March, 1964. The total outlay on the scheme up to March, 1964 was Rs. 1,55.86 lakhs. Out of this, Rs. 26.79 lakhs represented the expenditure on establishment and tools and plant, which exceeded the estimated cost of Rs. 12.98 lakhs by Rs. 13.81 lakhs.

During a test-check in June, 1964 of the accounts relating to the Tiruchirapalli subdivision (which was one of the special subdivisions which executed the scheme and was abolished in March, 1964), the following points were noticed :—

(a) Water-supply and sanitary materials valued at Rs. 5 lakhs purchased as early as 1958 were lying unutilised. This surplus was explained by the department as due to—

(1) purchases having been made on a *pro rata* basis for all villages approved by Government in anticipation of sanction to estimates for works ; and

(2) poor off-take of sanitary materials due to lack of interest among the villagers.

(b) Proper accounts showing the receipts, issues and balances of stores had not been maintained by the special subdivision at Tiruchirapalli ; on the abolition of this special subdivision in March, 1964, the available materials were transferred to the regular subdivision without the difference between the book balance and ground balance being investigated.

The following further points were also noticed in Audit :—

(i) 42,336 stoneware pipes were transferred in September, 1963 for use in Northern Public Health division, Madras at a cost of Rs. 2 each against the average cost of purchase of Rs. 2.55 ; the loss worked out to about Rs. 23,000. The Chief Engineer (Highways) suggested to Government in December, 1963, the transfer of the remaining sanitary materials to Panchayat Unions ; orders of Government are awaited (December, 1964).

(ii) Certain materials (such as G.I. pipes, M.S. rods) were purchased in open market during August, 1960 to March, 1961, for Rs. 7.18 lakhs; the cost of these materials at the rate contracts entered into by the Director General of Supplies and Disposals was Rs. 5.97 lakhs. The purchases in the open market were stated to have been made so as to facilitate speedy execution of works and to make up the shortfall in the plan target in previous years. The extra expenditure of Rs. 1.21 lakhs did not prove justified as even up to July, 1962, stores valued at Rs. 3.98 lakhs remained unutilised.

(iii) After inspection of a few villages, the departmental officers reported in September, 1962, that 2,166 (value: Rs.1.08 lakhs) out of 4,515 single unit latrines and 58 (value: Rs.0.12 lakh) of the community latrines were not in use, that 55 (value: Rs.1.38 lakhs) tubewells were under repairs and that 15 panchayats to whom the works were handed over had not attended to their maintenance. Government observed in December, 1964, that most of the sanitation works executed under the scheme were in a state of disrepair and neglect; they have asked the Collectors to issue suitable instructions to the panchayats concerned to maintain these works in proper condition.

19. *Extra expenditure in the purchase of X-ray films.*—Based on open tenders invited in January, 1963 and February 1963, for the supply of X-ray films required for use in Government medical institutions during 1963-64, the Director of Medical Services, Madras, submitted proposals to Government on the 30th March, 1963.

On the 19th April, 1963 Government ordered that the smaller sizes of films might be purchased from the lowest tenderer and the larger sizes from four other firms which had quoted higher rates, as the larger sizes offered by the lowest tenderer "were not found satisfactory with reference to the diagnostic value." As, however, the firms other than the lowest were not agreeable to execute necessary agreements with penalty clause, Government ordered in July, 1963, that the larger sizes might also be purchased from the lowest tenderer.

Orders were accordingly placed with the lowest tenderer on the 25th July, 1963. Eventually, however, the firms (which had quoted higher rates) were permitted (August, 1963) to execute agreements without the penalty clause, but the lowest tenderer reported that he had made arrangements for the supplies. Therefore, Government ordered (19th December, 1963) that 50 per cent of the requirements of six sizes of larger films might be purchased from the lowest tenderer and the rest of the larger sizes from the other firms.

The financial advantage lost due to not purchasing the entire requirement of larger sizes of films at the lowest rate was about Rs. 21,000.

The fact that 50 per cent of the requirements of certain larger sizes were purchased from the lowest tenderer would indicate that the quality of these films was acceptable. It is also observed that the films offered by the lowest tenderer have been certified by Government Test House, Alipore and the Defence Research Laboratory as possessing the characteristics of well-known brand of Government X-ray films used in medical radiology.

20. *Government medical farm at Arumbakkam.*—With a view to meet the requirements of the pharmacy attached to the Kilpauk Medical College, Madras and to serve as a herbarium for the students of the College of Indigenous Medicine, Government sanctioned the establishment of a farm in August, 1950.

The farm was started in 1953. The total recurring expenditure on the farm from 1958 to 1963 was Rs. 94,152 and the value of herbs supplied was Rs. 58,382. It has been stated by the Director of Medical Services that the farm had not been able to meet the entire requirements of the pharmacy and there were no rare species of plants in the farm which could not be procured in the open market.

The maintenance of the farm to serve as a herbarium was not also considered necessary as there was a herbarium in the college premises. The Director of Medical Services proposed to Government in September, 1961, the closure of the farm. A final decision was, however, deferred pending issue of orders on the setting up of the New College of Indian Systems of Medicine. This college has started functioning in a mofussil place from November, 1964. It has been reported in January, 1965, that "in the light of the changed circumstances, the Government are considering as to how best the farm could be utilised."

There has been no fresh cultivation after December, 1962 and the supplies are obtained from the standing growth. The average annual deficit in the working of the farm is about Rs. 11,000.

21. *Infructuous expenditure.*—Under the Local Development and National Extension Service Programme, a building for Primary Health Centre at Thandalaiputhur (Musiri taluk) was constructed in March, 1960 at a cost of Rs. 27,000 (Government grant: Rs. 12,000; beneficiaries' share Rs. 15,000). The building was damaged during storm and rain in May, 1962. After an inspection, the Divisional Engineer (Highways), Tiruchirappalli reported in June, 1962 as follows :—

"The building as a whole is an embodiment of defective construction. Materials used are of very poor quality and the workmanship is also poor. . . . it is quite unsafe to hold the primary centre therein".

The building was vacated in August, 1962 and the Primary Health Centre is functioning in a rented building from the 20th August, 1962

on a rent of Rs. 70 per mensem. Repairs to the building estimated at Rs. 18,000 have not been carried out (November, 1964).

Responsibility on the part of the officials for allowing payment for sub-standard work has not yet been fixed (November, 1964).

#### FOOD AND AGRICULTURE DEPARTMENT

22 *Key village scheme.*—During the period from 1961-62 to 1963-64 18 key village blocks were opened and the total expenditure to end of March, 1964 on account of the pay and allowances of the staff and the maintenance of breeding bulls, amounted to Rs.18.38 lakhs. In the Key Village Plan, it was anticipated that each key village with a population of 500 cows should produce mainly by artificial insemination, 100 bulls and 100 heifers annually; in other words, the anticipated multiplication of cattle per year was 40 per cent of the total number of cows. The actual increase according to the information furnished by the department was as follows :—

	<i>Number of animals fit for breeding.</i>	<i>Number of calves anticipated.</i>	<i>Number actually born.</i>
6 key village blocks .. opened in 1961-62.	2,02,686	81,074	6,888 (1962-63..962) (1963-64..5926)
6 key village blocks .. opened in 1962-63	1,16,969	46,787	784 (1963-64)

The average expenditure borne by Government for each calf born in the blocks worked out to Rs. 127.74 as against the estimated amount of Rs. 7.65; this was attributed to shortfall in the number of animals multiplied. Some of the reasons given by the department for the shortfall are indicated below :—

(i) The blocks established during the Third Plan period are in non-breeding tracts and the progress in such blocks will be slow as the people are not cattle-minded and 'have to be gradually brought round'.

(ii) Some of the cows, are sterile or aged.

(iii) Most of the cows, when dry, are used for work purposes in agricultural operations.

(iv) Poor fertility of cows due to shortage and scarcity of fodder, non-availability of good pasture, frequent failure of monsoons etc.

23, *River pumping scheme.*—The scheme aims at utilising surplus waters in rivers, drainage channels, etc., for irrigation purposes by installation of oil engines or electric motor pumpsets and is intended to benefit poor ryots who cannot afford to have pumpsets of their own.

The cost of running the scheme is met by Government in the first instance and water charges to cover the direct working expenses and interest on capital are recovered from the beneficiaries. The other items of expenditure such as pay of field staff, depreciation, etc., are fully borne by Government.

During the period 1956-57 to 1963-64, five units were set up. An expenditure of Rs. 1.59 lakhs was incurred to end of 1963-64 on these units; of this, a sum of Rs. 1.28 lakhs was recoverable from the beneficiaries, the balance representing the subsidy by Government.

The five units were intended to provide irrigation over an area of 1,444 acres. The area irrigated was, however, 744 acres only; the shortfall was attributed mainly to poor response from the ryots. The area irrigated under the scheme at Nagathi (which is one of the 5 units set up so far) during 1962-63 and 1963-64 was only 4 and 9 acres respectively as against the estimated area of 88 acres. The scheme at Nagathi is reported to have been wound up (December, 1964).

As at the end of April, 1964, an amount of Rs. 7,883 was pending collection towards water charges from ryots.

Government have reported in December 1964 that the beneficiaries are being persuaded to undertake the running of the existing four schemes by forming co-operative societies.

24. *Scheme for aerial-spraying of pesticides*—With a view to giving relief to groundnut growers by the eradication of red-hairy caterpillar pest, Government undertook a scheme for aerial-spraying of pesticides in 1961 in Pollachi taluk of Coimbatore district. The scheme was continued during 1962 and 1963 and was undertaken in Vriddhachalam taluk also in 1962. Some particulars of cost, area covered, etc., are given below :—

	Area sprayed (in acres)			Total expenditure.	Subsidised cost proposed to be recovered from the ryots.
	Ground- nut.	Other crops.	Fallow lands.		RS.
Pollachi taluk	23,877	6,930	5,562	2,58,216	1,24,277*
Vriddhachalam taluk	4,011	1,013	1,323	72,984	30,820*

\* The rate adopted for recovery in respect of areas under "other crops" was Rs. 2.50 per acre in Pollachi taluk and Rs. 10.50 per acre in Vriddhachalam taluk.

The following points were noticed in Audit :—

(i) Demand for the recovery of the dues from the ryots amounting to Rs. 1.12 lakhs has not yet (August, 1964) been raised in respect of the operations conducted in Pollachi taluk in 1962 and

1963 and in Vriddhachalam taluk in 1962. Out of a sum of Rs. 42,865 recoverable in respect of the 1961 operations also, the recovery of a sum of Rs. 7,745 is still outstanding (April, 1964).

(ii) A proposal to undertake aerial-spraying in Villupuram area was dropped in August, 1963, after incurring an expenditure of Rs. 10,070 on preliminary operations, as the aircraft from Government of India was not available.

(iii) The scheme envisages spraying operations consecutively for three or four seasons so that the pest could be completely eradicated. In Vriddhachalam taluk no operations were conducted after the first spraying in 1962.

25. *Tractor hiring scheme.*—(i) In paragraph 19 of the Audit Report, 1962, mention was made about the appointment of the Special Officer to inspect the tractor units with a view to determining the number of units that should be condemned and the number that could be reconditioned. The Special Officer submitted his report in January, 1961, and Government ordered in January, 1962 that 40 out of the 142 old units be condemned and the rest reconditioned. The special staff, to implement these orders, were appointed a year later in June, 1963; by November, 1964 only twenty-four units had been repaired and none of the condemned units had been disposed of. Government had observed in June, 1964 that the rate of progress was very slow. The slow progress was attributed to frequent changes in staff, inadequate technical personnel and non-availability of transport facilities.

(ii) The tractor hiring scheme had been working at loss since its inception, the loss during the five years ended March 1962, being Rs. 24.98 lakhs. During the year 1962-63, there was a profit of Rs. 2.17 lakhs due mainly to the addition of 33 new tractor units and the upward revision of hire charges by about 50 per cent from the 1st October, 1961.

(iii) The following points were also noticed in Audit :—

(a) In July, 1961, Government approved a proposal for the retention of 41 surplus tractor drivers (to be employed as additional drivers), subject to the condition that the income earned by way of hire charges by the more intensive use of the tractors was commensurate with the expenditure on the additional drivers employed. In August 1961, the Director of Agriculture required the district officers to review the arrangement of employing two drivers for each tractor unit and submit a report after three months to enable him to decide whether the arrangement should be continued. No report was received by the Director's office nor was it called

for. From the figures made available to Audit, it was noticed that the employment of two drivers per unit had not resulted in increased working hours as indicated below :—

Year.				<i>Number of hours worked by the old tractor units.</i>
1960-61	..	..	..	53,643
1961-62	..	..	..	53,418
1962-63	..	..	..	42,482
1963-64	..	..	..	45,197

The approximate expenditure on the pay and allowances of the additional drivers amounted to Rs. 1.26 lakhs up to March, 1964.

(b) There are departmental instructions that when delays of three months and more are anticipated in carrying out repairs to the sick units, the idle staff should be diverted to other places, where their services are needed, or their services dispensed with. In Chingleput district alone, the employment of staff on idle units for periods in excess of three months during 1961-64 amounted to Rs. 29,977.

26. *Soil conservation scheme.*—In order to protect the top layer of soil in agricultural lands, soil conservation measures, such as contour bunding, plugging gullies, etc., have been undertaken by Government. The total expenditure on the scheme during the period from 1961-62 to 1963-64 was Rs. 1,19.09 lakhs.

Up to 1961-62 the beneficiaries were required to bear—

(a) the entire expenditure on non-work-charged establishment ;

(b) 75 per cent of the cost of works and work-charged staff ;  
and

(c) 10 per cent of the cost of machinery and equipment used.

From the year 1962-63, the beneficiaries are required to bear 75 per cent of the total cost in the case of schemes executed in the plains and 50 per cent in the case of hilly tracts.

The amount thus arrived at is recoverable in equated annual instalments (inclusive of interest) not exceeding twenty in number, the recovery commencing after the second year of completion of the works.

The following points were noticed in Audit :—

(i) (a) The area to be reclaimed fell short of the target by 57 per cent in 1962-63 and by 37 per cent in 1963-64. This was attributed generally to poor response from the ryots, labour scarcity, delay in completion of formalities like obtaining consent letters from the ryots, initial survey work, etc. The shortfall in

achievement and consequent delay in completing the schemes resulted in the overhead charges recoverable from the ryots becoming disproportionately heavy. In respect of two schemes in Coimbatore and North Arcot districts Government ordered in April, 1963 and March, 1964, that the recovery of a portion of the overhead expenses might be waived to avoid hardship to the ryots. The total amount waived in these cases was Rs. 68,072. The waiver of recovery of Rs. 11,921 in a similar other case was mentioned in paragraph 2 of Chapter III of the Audit Report, 1962.

(b) The soil conservation subdivision at Tiruvallur opened in 1962 had to be closed in April, 1964; this was stated to be due to very poor progress, which was attributed to the fact that dry paddy was being cultivated on a large scale and a good portion of the dry lands had already been field-bunded and levelled, resulting in poor response from the ryots for soil conservation works. The expenditure incurred on staff and contingencies during 1962-63 and 1963-64 amounted to Rs. 1.20 lakhs.

(ii) Owing to delay in completing the registers of rights and liabilities by the department, the demand for recovery from the beneficiaries could not be raised immediately after the second year of the completion of soil conservation works, as required by the rules of the scheme. This resulted in the postponement of the recovery of dues to Government. The extent of delay in completing the registers is indicated below :—

(1) Number of schemes taken up from inception to end of March, 1962 and completed	47
(2) Number of cases of delay in preparing the registers reckoned from the date of completion of the schemes—	
(a) 2 - 3 years .. .. .	11
(b) Over 3 years .. .. .	17
(c) Not yet completed (October, 1964)	5
	33

As on the 30th September, 1963, the overdue instalments recoverable from the ryots amounted to Rs. 2.64 lakhs and out of this, a sum of Rs. 1.15 lakhs represented recoveries relating to periods earlier than 31st March, 1963. The collections in Madurai, the Nilgiris and Coimbatore districts were reported to be poor.

(iii) The recovery of equated annual instalments commences from the third year of completion of the works, but simple interest is also recoverable for the period from the date of completion of the scheme to the date of commencement of recovery. No recovery on this account has, however, been made. On this being brought to his notice by the Assistant Agricultural Engineer, Ootacamund, in January, 1964, the Director of Agriculture has addressed Government in June, 1964, to waive collection of interest in all cases. The simple interest due in respect of completed schemes is Rs. 2.99 lakhs



27. *Purchase of casing pipes.*—In November, 1961, the Agriculture department invited tenders for the supply of 50,000 feet of 6" casing pipes weighing 19 lbs. per foot, for use under the artesian wells, tube-wells and bore-wells schemes. The lowest rates quoted were as under :—

- |                                       |  |
|---------------------------------------|--|
| (a) Seamless pipes (weighing 17 lbs.) | Rs. 21.75 per foot for delivery from ready stock ; and |
|                                       | Rs. 14.95 per foot for material to be imported.        |
| (b) Welded pipes (weighing 14 lbs.)   | Rs. 15 per foot.                                       |

The Agricultural Machinery Advisory Committee recommended the purchase of the welded pipes in view of the high rates quoted for seamless pipes and the anticipated delay of about six months in importing them. An order for the supply of 30,000 feet of welded pipes was placed with the lowest tenderer in January, 1962. According to the terms of agreement, supplies were to be completed by August, 1962. The firm, however, supplied only 8,850 feet of pipes even up to November, 1962, when an order for a further quantity of 20,000 feet was placed with it. The firm was granted extensions of time up to January, 1964, when the contract was closed; even by this date about 9,500 feet of pipes had remained to be supplied.

Owing to delay in receipt of supplies, the department had to purchase 7,963 feet of pipes from other sources till November, 1962, incurring an extra expenditure of Rs. 1,89,296. Action was not taken against the supplier for recovery of the extra expenditure as provided in the agreement. The delay in effecting supplies also resulted in the department paying extra customs duty (introduced in April, 1962) and increased Central sales tax (from August, 1963), to the extent of Rs. 11,699.

The following further points were noticed in this connection :—

(i) In two consignments received in February, 1963 and May, 1963, pipes valued at Rs. 17,427 were found pitted and dented and these are still lying unused. These pipes have been paid for at full rates and no action has been taken against the firm for defective supply. The Technical Assistant also reported in April, 1963, that the pipes supplied by the firm were not upto the standard but were being accepted due to paucity of pipes.

(ii) Out of 40,487 feet of pipes purchased, 19,234 feet valued at Rs. 3.10 lakhs remained unutilised in August, 1964. Notwithstanding this, further quantities of 24,904 feet of pipes of the value of Rs. 9.20 lakhs were purchased between July, 1963 and October, 1963—6,904 feet at Rs. 25 per foot and 18,000 feet at Rs. 41.50 per foot. The extra expenditure of Rs. 2.97 lakhs on the purchase of 18,000 feet

of pipes at higher rates was stated to have been incurred on grounds of urgency ; this has not proved justified as 22,111 feet of pipes (valued at Rs. 8.44 lakhs) remained in stock in August, 1964.

The department has not yet drawn up a programme for utilising these pipes. The large scale purchases have also resulted in considerable Government funds being locked up.

28. *Scheme for planting of fast-growing species of trees.*—The Government of India introduced in 1961, a scheme for raising plantations of fast-growing species of trees. To implement this scheme the State Government approved in February, 1962, a programme (estimated cost: Rs. 1,03.11 lakhs) to cover 30,000 acres (over a period of fifteen years) with bamboos with intermediate planting of eucalyptus hybrid.

Particulars of target, achievement, cost and grants received from the Government of India, for the years 1962-63 and 1963-64 are given below :—

(i) *Plantation area :—*

	ACRES.
Estimate .. .. .	800
Actuals .. .. .	815*

\* 200 acres in 1962-63 and 615 acres in 1963-64.

(ii) *Expenditure.—*

	RUPEES IN LAKHS.
Estimate .. .. .	4.13
Actuals .. .. .	4.97

(iii) *Grant received from the Government of India—*  
Rs. 1.60 lakhs (at Rs. 200 per acre).

The following points have been noticed in this connection :—

(a) While obtaining the approval of the State Government for the scheme, the Chief Conservator of Forests estimated the cost at Rs. 270 per acre for works, exclusive of establishment charges. The actuals during 1962-63 and 1963-64, however, worked out to Rs. 435 per acre. The cost per acre during the same period in certain other forest divisions in the State where bamboos are grown, ranged from Rs. 66 to Rs. 154 per acre. It was explained by the Chief Conservator of Forests that the high cost as compared to the cost in other plantations in the State was justified by the need for tackling 'heavy weed competition' and for removal of lantana growth. The average expenditure incurred on the removal of weed and lantana growth amounted to Rs. 40 per acre and if allowance for this expenditure was made, the additional expenditure per acre on the scheme under review varied from Rs. 241 to Rs. 329.

(b) The percentage of survival in respect of plantations raised during 1963-64 is as under :—

	<i>Area.</i> (IN ACRES)	<i>Survival.</i> (PERCENTAGE)
Goddessal .. ..	260	40
Talamalai .. ..	250	95
Mukkampalayam .. ..	50	84
Moolamaduvu .. ..	55	88

The reasons for the poor survival in Goddessal have not been intimated to Audit.

29. *Scheme for lac cultivation.*—(i) The object of the scheme is to step up lac production in the State. At the end of the Second Five-Year Plan, nine lac farms were functioning and five more were opened during 1961-62. Three out of these 14 farms were closed during 1963-64 after they had been worked for 3 to 8 years and an expenditure of Rs. 0.94 lakh had been incurred thereon. The closure of these farms was attributed to unfavourable climatic conditions, labour problems due to remoteness of locality, etc. The loss in working of one of these farms upto 1961-62 is about Rs. 0.34 lakh; the total loss upto the dates of closure of the three farms remains to be assessed.

(ii) The total expenditure on the fourteen farms from 1956-57 to 1963-64, including expenditure on raising of lac host trees, amounted to Rs. 4.90 lakhs while the revenue realised by sale of lac and lac products was Rs. 3.39 lakhs only, resulting in a shortfall of Rs. 1.51 lakhs. It was explained by Government (December, 1964) that the lac host tree plantations would result in increased lac potential in due course.

(iii) According to the report of the Special Officer for lac cultivation, Ranchi, the yield should be 3 to 4 times the quantity of brood lac used. In the farms at Ramanathapuram, the Nilgiris and Salem North divisions (for which particulars are available), the yield is actually far less than the quantity of brood lac used as indicated below. No reasons have been indicated for the shortfall.

	<i>Quantity of brood lac used.</i> (IN LBS.)	<i>Yield.</i>
Ramanathapuram (1961-62 to 1963-64) ..	2,392	443
The Nilgiris (1960-61 to 1962-63) .. ..	1,356	405
Salem North (1958-59 to 1963-64) .. ..	12,879	6,931

## HOME DEPARTMENT.

30. *'After-Care Home for Males', Madras.*—The 'After-Care Home for Males' was located in St. Thomas Mount, Madras, till June, 1963. As the building and land occupied by the unit were required by the Central Public Works department in connection with the extension of the aerodrome, the 'After-Care Home' and the workshop attached to it were shifted in June, 1963 to a private building in Pallavaram Cantonment area; this building was located on land taken on lease by a private party from the Defence department. The permission of the Defence department, which was necessary for the location of the unit in this area (Cantonment), was sought for in June, 1963 after shifting the workshop to the new premises. In June, 1964, the Defence department declined to give the necessary permission, stating that the building was required for the accommodation of Military Officers.

The workshop has not been functioning from June, 1963 and machinery valued at about Rs. 56,000 are lying unutilised (November, 1964). It was reported by the Inspector-General of Prisons in September, 1964 that the workshop staff have been engaged in imparting training to the inmates of the Home to the extent possible. The expenditure on pay and allowances of the staff from June, 1963 to May, 1964 amounted to Rs. 19,000.

## INDUSTRIES, LABOUR AND CO-OPERATION DEPARTMENT.

31. *Rental housing scheme.*—(i) In 1960-61, the State Government formulated the Rental Housing Scheme with a view to providing adequate accommodation to low-paid Government servants and entrusted its execution to the Housing Board on an agency basis. Under the terms and conditions of the scheme, the Board receives from the State Government the actual expenditure incurred by it on construction of buildings and their maintenance, supervision charges at the prescribed rates, and charges for collection of rent at five per cent of the rent collected. The Board is required to maintain suitable records and accounts for the expenditure incurred by it and make them available for scrutiny by Audit.

(ii) The scheme is financed by Government out of loans (bearing interest at 5 per cent upto 1962-63 and at 5½ per cent from 1963-64) obtained from the Life Insurance Corporation of India and the State Government release funds in advance from time to time to the Housing Board. During the period from 1959-60 to 1963-64, loans amounting to Rs. 1,09.95 lakhs were obtained from the Life Insurance Corporation of India. The table below indicates—

(1) that the loans had been obtained by Government in advance of requirements; the interest charges paid to the Life Insurance Corporation on the unutilised loans amounted to Rs. 8.24 lakhs to end of March, 1964;

(2) that the Board utilised only about 52 per cent of the advances paid to it by the Government upto March, 1964; the amount remaining unutilised with the Board in March, 1964 was Rs. 42.30 lakhs. This includes advances paid in March, 1963 for executing the scheme in the mofussil area; the non-utilisation of which was attributed to non-finalisation of the preliminaries, such as preparation of estimates, finalisation of lay-out, tenders, etc.

Year.	Loans from the Life Insurance Corporation of India.	Amount advanced to the State Housing Board.	Expendi- ture incurred by the State Housing Board.
(IN LAKHS OF RUPEES)			
1959-60 ..	30.00	15.00	..
	13th February, 1960 and 31st March 1960.	31st March, 1960.	
1960-61 ..	50.00	12.40	16.50
	28th March, 1961.	30th March, 1961.	
1961-62 ..	17.95	16.53	11.43
	28th March, 1961.	31st March, 1962.	
1962-63 ..	..	36.91	11.65
		30th March, 1963.	
1963-64 ..	12.00	12.00	8.96
	28th October, 1963.	25th March, 1964.	

(iii) The funds of the State Housing Board, are deposited with the Government and interest at prescribed rates is allowed on the balances lying at the credit of the Board's account at the end of each month. Government have been paying interest to the Board on the unutilised portion of the advances for Rental Housing Scheme also; the payments on account of interest made to the Board amounted to about Rs. 2.50 lakhs upto March, 1964.

It has been pointed out to Government (June, 1964) that it will not be correct to allow interest on these advances, as the Housing Board is only acting as an agent of Government and is not paying interest to Government on the advances received by it from time to time. Final reply from Government is still awaited (December, 1964).

(iv) The following further points were noticed :—

(1) Delays ranging from 5 to 17 months occurred in providing amenities like water-supply, electricity, etc., to the units in Kilpauk Garden Colony ; the loss of revenue due to delayed occupation of the units amounted to about Rs. 10,000.

(2) The registers for watching the recovery of rent had not been maintained properly by the Board and were deficient in the following respects :—

- (a) date of occupation was not filled in many cases ;
- (b) outstandings relating to previous years had not been brought forward and the total amount due not worked out ; and
- (c) the registers had not been reviewed periodically.

(3) Monthly rent lists indicating the upto date amount of arrears in the collection of rent had not also been prepared. Information regarding the total dues pending recovery was not also made available to Audit (December, 1964).

32. *Assistance to a co-operative society.*—In November, 1958, Government sanctioned the establishment of a Co-operative Poultry Farming Society at Thiruvanmiyur, for the benefit of unemployed harijans. The society was given financial assistance by way of—

(a) free services of supervisory staff—Rs. 29,000 (November, 1958 to September, 1963).

(b) grant to meet recurring and non-recurring expenditure—Rs. 63,792 (November, 1958, December, 1961 and January, 1962).

The society worked continuously at loss since its inception. On the basis of a report from the Director of Harijan Welfare, Government ordered in March, 1962, that the question of winding it up might be considered. The society was wound up more than a year later in September, 1963. The object of the scheme, viz., to provide employment to harijans was not fulfilled even during the period over which the society was functioning as the scheme could provide employment as mazdoors to four harijans only. The Government assistance has thus proved mostly infructuous:

#### PUBLIC WORKS DEPARTMENT

33. *Government Press.*—(i) *Unsold publications, etc.*—(a) Out of 29,000 copies of certain selected works of poet Bharathiyar, printed in 1951, (value: Rs. 18,460), 11,000 copies valued at Rs. 7,000 remained unsold as in August, 1964. This was explained by the department as due to availability in the market of cheap private publications of the complete works of the poet.

(b) The size of the Indian Law Report was revised and the number of pages was increased with effect from January, 1964; but proposals for revision of price were submitted to Government only in September, 1964. Orders of Government on the proposals are awaited (October, 1964). The additional expenditure incurred by the Press in printing these reports is estimated at Rs. 39,000 per year.

(ii) *Outstanding dues.*—As at the end of September, 1964, a total sum of Rs. 15.03 lakhs was outstanding for recovery towards printing work, sale of publications, etc., as shown below :—

	<i>Printing work, etc.</i>	<i>Sale of publica- tions.</i>
	RS.	RS.
Over six years .. ..	4,05,057	2,637
Three to six years .. ..	3,47,530(a)	15,463
Less than three years .. ..	7,26,915(b)	5,034

(a) Rs. 2,63,776 due from Andhra Pradesh Government.

(b) Rs. 1,60,412 due from Andhra Pradesh Government.

#### REVENUE DEPARTMENT

34. *Commission for collection of loan dues.*—With a view to stepping up the progress of loan recoveries, Government introduced in September, 1959 a scheme for grant of commission to village officers at prescribed percentages, on the loan collections made by them. The sanction to the scheme expired on the 30th June, 1962. In June, 1963, the Board of Revenue recommended the continuance of the scheme for a further period of three years from the 1st July, 1962. Government agreed to the reintroduction of the scheme in a modified form with effect from the 1st April, 1964, but did not consider it justifiable to allow commission on the loan collections already made from the 1st July, 1962 to the 31st March, 1964. The village officials had, however, already been paid commission amounting to Rs. 2.3 lakhs during this period and this remains to be regularised (February, 1965).

35. *Other miscellaneous irregularities, losses, etc.*—Particulars of 6 cases of other irregularities, losses, etc., involving a total amount of Rs. 0.78 lakh are given in Appendix VI.

36. *Irregular dismissal/removal from service.*—A sum of about Rs. 39,000 on account of pay and allowances and cost of law suits was paid to 7 officials for the periods (ranging from 3 to 11 years) for which they did not perform any duties. These officials had been dismissed/removed from service; the orders for their dismissal/removal were, however, found defective by law courts and set aside. The officials were reinstated in service from the date of their dismissal/removal. In 3 cases, the officials on reinstatement were placed under suspension—two of them were finally dismissed from service and the enquiry has not yet (October, 1964) been finalised in the other case.

The particulars of these cases are given in Appendix VII.

## CHAPTER IV

### WORKS EXPENDITURE.

37. *Detailed/Revised Estimates.*—Expenditure amounting to Rs. 2.37 crores (upto March, 1964) was incurred on 1,284 works, the detailed estimates of which had not been sanctioned. In respect of another 2,919 works, expenditure was incurred in excess of the sanctioned estimates, the amount of excess expenditure upto March, 1964 being Rs. 3.03 crore. A departmentwise analysis is shown below :—

<i>Serial number and Department.</i>	<i>Amount of sanctioned estimates.</i>		<i>Excess over sanctioned estimates</i>	
	<i>Number of cases.</i>	<i>Amount.</i>	<i>Number of cases.</i>	<i>Amount.</i>
	(IN LAKHS OF RUPEES)		(IN LAKHS OF RUPEES)	
1. Public Works-Buildings .. .. .	329	1,08.84	1,005	70.22
2. Irrigation .. .. .	246	50.77	119	14.11
3. Highways .. .. .	502	21.60	1,155	77.34
4. Public Health .. .. .	24	24.21	115	32.17
5. Industries .. .. .	9	2.65	54	7.24
6. Parambikulam-Aliyar Project ..	173	28.91	272	97.84
7. Food Production .. .. .	1	0.02	199	4.13
Total ..	1,284	2,37.00	2,919	3,03.05

In respect of 20 works each costing Rs. 5 lakhs and above, expenditure had been incurred in excess of the sanctioned estimates by more than 10 per cent (*vide* particulars given in Appendix VIII).

Yearwise analysis of the excess is given below :—

<i>Year in which the excess first occurred.</i>	<i>Number of works.</i>	<i>Amount of excess.</i>
		(IN LAKHS OF RUPEES)
1961-62 and earlier years	4	5.96
1962-63	8	15.47
1963-64	8	12.37

38. *Non-Government works.*—Mention was made in paragraph 43 of the Audit Report, 1964, about the non-recovery of interest in the case of non-Government works executed in advance of receipt



of contribution from the local bodies. As at the end of September, 1964, a sum of Rs. 5.81 lakhs was pending recovery, towards interest on Government funds spent up to 1961-62, as shown below —

Name of division.	1959-60	1960-61.	1961-62.
	and earlier years.		
(IN LAKHS OF RUPEES)			
1. Northern Public Health division .. .. .	1.90	0.66	0.75
2. Tirumelveli Public Health division .. .. .	0.33	0.01	0.45
3. Southern Public Health division .. .. .	..	1.71	..
Total ..	2.23	2.38	1.20

39. *Recovery of dues from contractors towards cost of materials issued.*—The departmental rules require that the cost of materials issued to contractors for use on works should be recovered by deduction from the first bill payable after the materials are issued. In 12 divisions, a sum of Rs. 2.19 lakhs was pending recovery as indicated below :—

		Amount.
		(IN LAKHS OF RUPEES)
Pertaining to 1961-62 and earlier years ..		0.31
Pertaining to 1962-63 .. .. .		0.48
Pertaining to 1963-64 .. .. .		1.40
Total ..		2.19

40. *Unadjusted balances under Suspense and Remittance heads.*—The nature of certain transactions booked under suspense heads of account and the failure to carry out timely accounting adjustments to clear large amounts from "Suspense" are brought out below:—

Serial number.	Head.	Yearwise analysis of the outstanding amounts.	Amount.	Remarks.
				(IN LAKHS OF RUPEES)
1.	"Miscellaneous Public Works Advances"—			
	Transactions of the following nature are initially accounted for under this head :—	Pertaining to 1960-61 and earlier years.	25.40	The accumulation of large number of old outstanding items under the head may entail loss to Government, owing to difficulties in effecting recoveries with the passage of time.
		Pertaining to 1961-62.	5.49	
		Pertaining to 1962-63.	17.15	
		Total ..	48.04	
(a)	Sales on credit.			
(b)	Expenditure incurred on deposit works in excess of deposits.			

Serial number.	Head.	Yearwise analysis of the outstanding amounts,	Amount.	Remarks.	
			(IN LAKHS OF RUPEES)		
1.	"Miscellaneous Public Works Advances"— <i>cont.</i>				
	(c) Certain types of losses, retrenchments and errors pending investigation.	..	..	..	
	(d) Other miscellaneous items including amounts due from contractors on closed accounts.	..	..	..	
	The balance under this head gets cleared when recoveries are made and adjusted to the head concerned.	..	..	..	
2.	"Purchases"—				
	This account head is credited with the value of stores received from the suppliers or other divisions for which payments have not been made. The adjustments are made on payment of the cost in cash or by book transfer.	Pertaining to 1960-61 and earlier years.	49-22	Complete information was not available as to how far the large outstandings are due to—	
		Pertaining to 1961-62.	33-26	(a) delayed payments to suppliers; and	
		Pertaining to 1962-63.	73-97	(b) failure to carry out adjustments in the divisional accounts after the payments have been made.	
		Total ..	1,56-45	The amount of Rs. 49-22 lakhs pertaining to 1960-61 and earlier years includes a sum of Rs. 5-17 lakhs pending adjustment since 1957. This has been reported to Government for investigation (December, 1964).	
3.	"Transfers between Public Works Officers"—				
			Dr. Cr.		
			(IN LAKHS OF RUPEES)		
	When a Public Works division renders services and supplies to other Public Works divisions the value is debited to this head. The debits are cleared when the transactions are finally adjusted in the accounts of the divisions concerned.	Pertaining to 1960-61 and earlier years.	9-00	1-61	The reasons for outstandings are (1) omission to issue advice or issue of advices with incomplete details (2) delay in getting the advices verified by field officers before adjustment in the accounts.
		Pertaining to 1961-62.	1-00	1-19	
		Pertaining to 1962-63.	3-70	4-95	
		Total ..	13-70	7-75	

Serial Head. number.	Yearwise analysis of the outstanding amounts.	Amount.	Remarks
(IN LAKHS OF RUPEES)			
4.	"Items adjustable by the Public Works Department"—		
Payments—			
The account head is debited with the value of stores supplied or services rendered to the various Public Works Divisions by other departments of Government. Adjustment of the debits to the final heads of account is made by the Public Works division by credit to this head of account on receipt of necessary advices with supporting vouchers from the treasuries and the Audit office.	Pertaining to 1960-61 and earlier years.	41.96	The outstandings are due to— (i) non-receipt of divisionwise details from the treasuries ; (ii) lack of co-ordination between the treasuries and the divisions ; (iii) non-issue of advices by the treasuries ; and (iv) delay in adjustment of the advices.
	Pertaining to 1961-62.	26.33	
	Pertaining to 1962-63.	96.46	
	Total ..	1,64.75	

Receipts—			
Transactions arising in the treasuries or other departments of Government which are finally adjustable in the accounts of Public Works Divisions are initially accounted for under this head of account and are cleared by the divisions by adjusting them to the final head of account on receipt of necessary advices of credits with supporting schedules from the treasuries and Audit office.	Pertaining to 1960-61 and earlier years.	6.64	
	Pertaining to 1961-62.	19.24	
	Pertaining to 1962-63.	(-)-2.88	
	Total ..	23.00	

41. *Non-recovery of interest.*—Government sanctioned in July, 1949 a reserve stock of pipes for use on water-supply and drainage schemes executed on behalf of local bodies and ordered that all overhead charges including interest should be charged on the issues from stock. The question regarding the rate of interest to be charged remained under correspondence and it was only in May, 1958, Government approved the proposal of the department to levy a uniform rate of seven per cent interest on the value of stores issued during the period from 1949-50 to 1954-55. Even so, an amount of Rs. 29,355 was pending recovery (December, 1964), in respect of issues of stores made till March, 1955.

As regards stores issued from 1955-56 onwards, Government have ordered in November, 1964, that no interest need be levied. The value of stores issued (for which details are available) during the period from 1955-56 to 1963-64 was about Rs. 3,84 lakhs.

42. *Special minor irrigation programme.*—The scheme aims at increasing agricultural production by carrying out repairs and improvements to existing irrigation tanks. During the period from April, 1951 to March, 1964, 7,112 works were carried out at a cost of Rs. 14,09.38 lakhs. The irrigation potential created was 10,20,954 acres; of which 1,64,311 acres represented area under new irrigation and the balance, the area stabilised. No assessment of the actual utilisation of the potential created has been made by the department. A limited assessment undertaken in 1958 by the Board of Revenue in respect of 308 works (cost: Rs. 40.35 lakhs) carried out by the Special Food Production Circle during the period from 1955-56 to 1957-58 indicated that—

(i) out of the irrigation potential created for 10,090 acres, the area brought under cultivation was 4,250 acres only ;

(ii) the unit cost on the basis of the new area brought under irrigation worked out to Rs. 950 per acre as against the estimated cost of Rs. 193 per acre ;

(iii) in respect of 82 works completed in 1956-57 and 1957-58, at a total cost of Rs. 5.8 lakhs, the average area under cultivation had fallen by 28 per cent after improvement works were undertaken (the area under cultivation was 10,387 acres before improvement and 7,092 acres after improvement) ; and

(iv) in the case of 9 works completed in 1955-56 and one work completed in 1956-57 at a total cost of Rs. 55,854, for stabilising an area of 199 acres, there was no irrigation even in a single year (i.e., for six years) after improvement.

No assessment of the actual increase in food production has been made. According to the yardstick adopted by the department (*viz.*, half a ton of rice per acre for additional area brought under cultivation and one-eighth of a ton for each acre stabilised), the total additional production of rice during the period from 1956-57 to 1963-64 should have been about 7.77 lakhs tons.

43. *Working of lorries and rollers in the Highways department.*—According to the provisions in the Madras Highways Manual, *pro forma* accounts showing the results of working of lorries and rollers in the Highways department should be prepared annually by the Superintending Engineer concerned and furnished to Audit along with a review of the accounts. The position in regard

- to submission of such *pro forma* accounts for the year 1962-63 is indicated below :—

Name of circle.	Number of accounts due.	Number received.	Number still due.
Madras .. ..	130	107	23
Coimbatore .. ..	115	100	15
Tiruchirappalli .. ..	163	163	*

\* In this circle, *pro forma* accounts for 1961-62 of 8 plants were due in respect of one division.

The *pro forma* accounts received indicated that during 1962-63, 216 out of 370 lorries and rollers worked at loss, the total loss being about Rs. 8.72 lakhs. This loss was attributed mainly to—

- (i) the plants (which had outlived their estimated lives in most cases) lying idle for long periods and heavy repair charges;
- (ii) expenditure on operating staff being continued to be incurred when the plants were on the sick line and under repairs for long periods; and
- (iii) non-revision of the rates of hire charges though the cost of fuel, oil, repairs, replacement, etc., had increased.

Proposals submitted by the Chief Engineer for revision of hire charges are reported to be under consideration of Government (December, 1964).

44. *Infructuous expenditure.*—In April, 1961, the Superintending Engineer, Tirunelveli Circle, reported to the Chief Engineer, Public Works Department, heavy breaches in the wall constructed during 1956-58 at Eramanthurai at a cost of Rs. 34,316 to protect sea erosion. The breaches were attributed to non-filling up by the villagers of the area to the rear with sand, as required of them. In June, 1961, following heavy rains, the entire wall collapsed. Government observed in April, 1962, that the work of filling up the area with sand should not have been left to be done by the villagers and the department should have ensured that the rear of the wall was properly filled up. They also asked the Chief Engineer (Public Works Department) to fix responsibility for the negligence on the part of the officials concerned. Report on the action taken is awaited (February, 1965).

An estimate of Rs. 57,000 has been sanctioned for closing the breaches in the old wall and carrying out improvements to it. The expenditure incurred on the work up to March, 1964 is Rs. 43,333.

45. *Extra expenditure.*—Particulars of three cases of extra expenditure involving a total amount of Rs. 1.75 lakhs are given below :—

- (i) Tenders for the work of constructing a 100-bedded ward in the Government headquarters hospital, Cuddalore were invited in April, 1958, and the lowest tender for Rs. 6.03 lakhs (which was 15.61 per cent less than the estimated cost of Rs. 7.15 lakhs) was

accepted by Government in August, 1958. The work was commenced in September, 1958, and was to be completed in ten months, i.e., by June, 1959. In spite of extensions granted from time to time, the contractor had done work to the extent of Rs. 3.94 lakhs only up to September, 1960, when the contract was terminated on the ground that the progress was slow. The work was completed departmentally in November, 1962, at an extra cost of Rs. 1.09 lakhs. The department has reported that while issuing the notice of termination of the contract, the attention of the contractor had been drawn to his liability for the extra expenditure; the recovery of the extra cost has, however, not yet been made (October, 1964).

It is further reported that certain claims put forward by the contractor including the legality of the termination of the contract have been referred to arbitration.

(ii) An expenditure of about Rs. 40,000 was incurred in 1963 for rectification of certain defects in the erection of shutters and emergency gates at Perunchani Dam in Kanyakumari district. The expenditure was recoverable from a foreign firm which had supplied and erected the shutters and gates in 1951; no recovery could, however, be made so far (December, 1964) in the circumstances indicated below:—

The materials were supplied by the firm during 1952 in three consignments and part payments amounting to Rs. 55,000 were made to the firm between September, 1951, and November, 1952. In June, 1952, the erection work was completed but the gates could not be tested immediately for water pressure as there was then no storage of water in the dam. Leaks were noticed in July, 1952, in the main shutter when the reservoir received supply of water and there was difficulty in raising and lowering the shutters. The firm informed the department in January, 1954, that a suitable design was being worked out to guarantee satisfactory seal of the gates against leakages. No action was taken by the firm and the department has so far incurred an expenditure of about Rs. 40,000 in carrying out rectification work which is still to be completed (December, 1964).

The firm refused to meet this expenditure for the reason that "no approval was given by them for incurring the charges nor were they asked to bear the charges". The balance amount due to the firm, Rs. 15,382 towards the cost has not been paid by the department so far.

The matter is said to be under the consideration of the Government (September, 1964).

(iii) In October, 1961, the Superintending Engineer, Public Health, Madras, invited quotations from a local firm for the supply of 9" cast iron pipes required for the water-supply and drainage schemes to be executed during 1961-62. The firm agreed to supply

the pipes at the rate contract entered into by the Director General, Supplies and Disposals, but stipulated that the department should purchase 10" and 12" pipes also. This was agreed to and an order for the supply of 28,440 feet of the three categories of pipes was placed on the 5th March, 1962.

According to the terms of the purchase order, the rate to be allowed was that in the rate contracts subsisting on the date of the order. The supplies were to be completed before the end of April, 1962, but the supplies were actually made only after that date between May and September, 1962. Before accepting these supplies, however, no stipulation was made that Government would not be liable for any increase in price as a result of the delay in the supply. An agreement was finally executed in January, 1963 (long after the supply was completed) allowing the firm the higher rates prevailing on the date of despatch. No reasons have been placed on record for the grant of the undue benefit to the contractor which amounted to about Rs. 26,000.

It has been noticed in this connection that out of the total purchases made (of the value of Rs. 2.92 lakhs)—

(a) the entire stock of 12" pipes (valued at Rs. 1.24 lakhs) remains unutilised (July, 1964); and

(b) out of 550 numbers of 10" pipes (valued at Rs. 0.97 lakh), only 259 pipes could be utilised till November, 1963.

The draft paragraph was sent to Government in November, 1964; their reply is awaited (February, 1965).

## CHAPTER V

### STORES AND STOCK ACCOUNTS

46. A synopsis of the important stores and stock accounts (other than those relating to Government commercial and quasi-commercial departments/undertakings, etc.) is given below:—

<i>Serial number and department.</i>	<i>Description of stores.</i>	<i>Opening balance as on the 1st April, 1963.</i>	<i>Receipts during the year.</i>	<i>Issues during the year.</i>	<i>Closing balance as on the 31st March, 1964.</i>
(IN LAKHS OF RUPEES)					
A. WORKS DEPARTMENTS.					
1	General and Buildings.	20.24	18.43	16.76	21.91
	Building materials.				
	Metals .. ..	32.51	44.96	40.53	36.94
	Miscellaneous and other stores.	16.81	1,00.99	76.20	41.60
2	Highways ..	16.20	34.70	36.53	14.37
	Miscellaneous and other stores.				
3	Irrigation ..	10.05	67.89	69.60	8.34
	Small stores ..				
	Building materials including timber.	1.57	7.38	6.63	2.32
	Metals .. ..	9.77	15.25	16.09	8.93
	Fuel .. ..	1.15	21.51	18.73	3.93
	Miscellaneous and other stores.	39.87	48.84	54.20	34.51

(i) The rules require that the stock registers in the Public Works divisions should be closed at the end of each half year and be reviewed by the Divisional Officer to see that the stocks consist only of serviceable articles and that the stores are priced at prevailing market rates. The half-yearly registers had not, however, been closed in the following divisions for the periods noted against each.—

- |   |   |   |
|---|---|---|
| (a) Salem division ..                   | } | Posting of registers in arrears for the half year ended 30th September, 1963.   |
| (b) South Arcot division ..             |   |   |
| (c) Upper River Conservancy division.   |   | Posting of registers in arrears for the half years ended the 30th September, 1962, 31st March, 1963 and 30th September, 1963.   |
| (d) Desilting-cum-Reclamation division. |   | Only a numerical account was maintained and the value and other particulars as required under the rules had not been furnished. |

(ii) The rules require that a consolidated account of the receipts, issues and balances of tools and plant should be maintained showing separately articles on hand, articles lent or sent out and shortages awaiting adjustment. The extent of arrears in completion of this register in a few divisions is indicated below.—

- |                                  |   |
|----------------------------------|---|
| (a) Ramanathapuram division.     | Posting of the register for the year ended the 30th September, 1963 in arrears.                       |
| (b) Salem division ..            | Posting of the register for the year ended the 30th September, 1963 in arrears for two sub-divisions. |
| (c) Grand Anicut Canal division. | Posting of the register for the year ended the 30th September, 1963 in arrears for one sub-division.  |
| (d) Chingleput division.         | Registers for the years ended the 30th September, 1962 and 30th September, 1963 not maintained.       |



(iii) In the Electrical division, Madras, the monthly reconciliation of the quantity balances according to the priced store ledgers with the balances in the ledgers maintained by the store-keeper was in arrears from June, 1961 onwards. An investigation into the differences by the Electrical Engineer in July, 1964 indicated that during the period from June, 1961 to February, 1963, excess and fictitious quantities had been shown as issued and that there had been corrections and overwritings in the indents sent to the Division Office for posting. The shortage has been assessed by the department at Rs. 9,580. Responsibility for the loss remains to be fixed (February, 1965).

(iv) *Reserve limit of stock.*—The total value of stock held at the close of 1963-64 in 8 divisions amounted to Rs. 2,12 lakhs as against the total reserve limit of Rs. 1,53 lakhs. The excess over the reserve limit had not been regularised (October, 1964).

## B. CIVIL DEPARTMENTS.

Serial number and department.	Description of stores.	Opening balance as on the 1st April, 1963.	Receipts during the year.	Issues during the year.	Closing balance as on the 31st March, 1964.
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(IN LAKHS OF RUPEES)

## 4. Revenue—

(a) Madras Stamp Office.	Stamps .. ..	46.80	84.41	39.97	91.24
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(b) Madras taluk Treasury and mufassal depots.	Stamps .. ..	21,95.74	9,04.07	10,51.06	20,48.75
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(IN KILOGRAMS)

Opium .. ..	27.34*	25.07	42.67	9.74
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\* Differs from the closing balance of 31.99 kilograms as on 31st March, 1963 shown in the Audit Report, 1964 due to discrepancies in the balances in four treasuries—Chingleput, Madurai, Tiruchirappalli and Thanjavur. The differences are reported to be under reconciliation.

Certificates of physical verification of stock of stamps for the half year ending 31st March, 1964 have not been received from five treasuries, viz., Madras, Ramanathapuram, Madurai, The Nilgiris and Tiruchirappalli (November, 1964). Differences between the book balances and those according to the physical verification reports as on the 31st March, 1964 are still under reconciliation in South Arcot, Thanjavur and Salem as indicated below.—

## Treasury.

Shortage compared to book balance.

(IN LAKHS OF RUPEES)

South Arcot .. ..	1.16
Thanjavur .. ..	0.45
Salem .. ..	0.78

Serial number and description.	Description of Stores.	Opening balance as on the 1st April, 1963.	Receipts during the year.	Issues during the year.	Closing balance as on the 31st March, 1964.
(IN LAKHS OF RUPEES)					
5 Forest ..	Sandalwood ..	1,80-27	2,67-56	2,80-11*	167-72
	Other produce ..	99-60	1,06-75	97-80	1,08-55
	Other stores ..	12-86	3-30	1-59	14-57

\*The loss due to revaluation of stocks of sandalwood based on the prevailing market rates which was charged off in the stock accounts was Rs. 20-30 lakhs.

6 Agriculture	Seeds and plants.	19-22	88-26	84-99	22-49
	Manure .. ..	4-90	6-75	9-17	2-48
	Tools and plant	9-05	28-72	14-81	23-58
	Chemicals and Miscellaneous.	46-12	97-90	87-06	56-96
7 Animal Husbandry.	Cattle feed ..	3-98	35-04	33-57	5-45
8 Medical ..	Medicines, drugs and dressings.	67-67	1,37-22	1,31-75	73-14
	Miscellaneous stores (diet articles, etc.)	53-92	1,04-15	1,02-72	55-35

(i) The stores and stock accounts of medical institutions under the Employees' State Insurance Scheme have not been made available to Audit (December, 1964).

(ii) The closing balance of Rs. 55-35 lakhs under 'Miscellaneous stores' includes stock of X-ray materials valued at Rs. 11-47 lakhs held in the Government General Hospital, Madras. On the basis of the average of the issues made in this hospital during the past three years, the stock on the 31st March, 1964 represents about five years' requirements.

9 Approved Schools and Vigilance Services.	Maintenance— Ration articles	0-31	10-00	9-96	0-35
	Clothing and bedding.	0-39	1-47	1-37	0-49
	Manufactory—				
	Raw materials	0-55	1-20	0-81	0-94
	Manufactured articles.	0-30	1-15	1-11	0-34
10 ails ..	Maintenance—				
	Ration articles	2-26	33-01	33-24	2-03
	Medicines and surgical instruments.	1-25	0-95	0-95	1-25
	Clothing and bedding.	1-87	2-99	2-91	1-95
	Manufactory—				
	Raw materials	11-04	28-13	29-46	9-71
	Manufactured articles.	7-89	43-31	41-74	9-46

Serial number and department.	Description of Stores.	Opening balance as on the 1st April, 1963.	Receipts during the year.	Issues during the year.	Closing balance as on the 31st March, 1964.
(IN LAKHS OF RUPEES)					
11 Stationery Office.		40.34	91.24	91.48	40.10
12 Government Press.	Paper .. ..	6.96	51.13	51.95	6.14
	Binding materials and consumable stores.	3.60	8.99	8.98	3.61

47. *Surplus stocks.*—Surplus stores, spare parts and plant and machinery valued at Rs. 6.37 lakhs remain undisposed of in the following divisions.—

Name of the division.	Value. (IN LAKHS OF RUPEES)
(i) Public Health Division, Tirunelveli .. ..	0.86
(ii) Public Works Workshops and Stores division .. ..	0.56
(iii) Upper River Conservancy division .. ..	0.42
(iv) South Arcot division .. ..	0.20
(v) Palar Anicut division .. ..	0.18
(vi) Electrical division, Tiruchirappalli .. ..	1.82
(vii) Parambikulam-Aliyar Project—	
(a) Machinery and stores division .. ..	1.14
(b) Vettaikaranpudur division .. ..	0.30
(viii) Desilting-cum-reclamation division .. ..	0.89

48. *Materials-at-site accounts.*—(i) In respect of 595 major works, registers of materials-at-site showing receipts, issues and balances of materials were not maintained in 12 divisions; in the absence of these, control over the acquisition of materials with reference to estimated requirements and their utilisation is weakened.

(ii) A minus balance in the stock account would indicate that the value of stores shown as issued was more than the value of stores accounted for as received. Owing to lack of proper accounting there are minus balances in the materials-at-site accounts of 11 works to the extent of Rs. 90,903, in Madurai and Construction South Public Works divisions.

49. *Idle machinery.*—(i) In the Public Works Workshops, Madras, four cranes purchased between September, 1952 and September, 1953 for Rs. 52,331 for general stock purposes are lying idle for over ten years. While three cranes have never been put to use (April, 1964), the fourth was let out on hire for a short period of 7 months from November, 1958 to May, 1959. In his report of stock verification dated the 6th May, 1963, the Executive Engineer, Gauging division reported that various parts of the cranes had been dismantled and kept in open yard exposed to rain and weather,

that in one case a portion of the crane had been cut and removed and that consequently the cranes could not be advantageously put to use. The General Superintendent of the workshop has reported (April, 1964) that, for want of godown space, the cranes had to be stored in open space and that "it may perhaps be possible to use these cranes in Parambikulam-Aliyar Project and other Third Five-Year Plan Schemes".

(ii) An order was placed through the Supply Mission, Washington, in May, 1959 for the supply of one Diamond Core drilling machine for the Cauvery Bridge Work at Tiruchirappalli. The cost of the machine including customs duty and freight charges, viz., Rs. 33,128 was paid in June, 1960. The component parts of the machine were shipped by the firm in 4 packages, out of which only 3 packages were received till October, 1960. The machine could not be commissioned so far, for want of the drilling rods which were stated to have been sent in the fourth package which was not received. A civil suit has been filed in October, 1962 for recovering the cost therefor from the shipping agent. Necessary steps to manufacture the missing parts and to procure certain additional accessories are reported to have been taken (December, 1964).

50. *Shortage, loss of stores, etc.*—(i) The value of sandalwood written off the stores accounts during 1963-64 was Rs. 15.10 lakhs. Out of this amount, Rs. 8.42 lakhs related to loss on account of dryage in Sandalkottai sales depot; the percentage of dryage in this depot varied from 0.6 to 7.6 per cent. The District Forest Officer (who had considered that the percentage was high), attributed this to stocking the wood for over 8 months in the open yards of the depot for want of storage facilities. Government observed in January, 1964 that the explanation was not satisfactory and that all possible steps should have been taken to reduce the percentage of deficit.

(ii) During the local audit of the accounts of the Government General Hospital, Madras, in July, 1964, it was noticed that X-ray films issued from the main stores had been accounted short in the sectional stores ledgers, the value of films not brought to account during the period from April, 1963 to June, 1964 being about Rs. 7,200. The departmental internal audit party, after investigation, has assessed the value of films not accounted for as Rs. 27,524. The case is under police investigation (February, 1965).

(iii) The reserve stock at Kumbakonam was transferred from the control of the Executive Engineer, Southern Public Health division, to the control of the Executive Engineer, Northern Public Health division in 1956. It was reported by the Stock Verification Organisation that discrepancies between the book balance and the actual ground balance available at the time of transfer amounted to Rs. 1.28 lakhs and these still remain to be reconciled.

51. *Stagnant stocks.*—Purchase of materials in excess and in advance of requirements involves locking up of Government funds, apart from the risk of deterioration due to long storage. In four divisions, the accounts of which were inspected between February, 1964 and August, 1964 materials valued at Rs. 62.35 lakhs were lying unused for long periods as shown below :—

<i>Serial number and name of division.</i>	<i>Value.</i>	<i>Remarks.</i>
(IN LAKHS OF RUPEES)		
1 Southern Public Health Division, Madurai.	58.62	Yearwise break-up of unutilised stock as in May, 1964 is as below :—  (RUPEES IN LAKHS)  More than 3 years .. 4.12 More than 2 years .. 12.61 More than 1 year .. 41.89 The loss on account of revaluation on the 30th September, 1963 was Rs. 1.57 lakhs.
2 Western Public Health Division, Coimbatore.	3.17	15,150 r.ft. of 16" C.I. pipes purchased during 1960-61 were lying unutilised (February, 1964).
3 Special Public Health Division, Avadi.	0.22	2 Johnston pumps purchased in January, 1962 were lying idle at the site of works (February, 1964).
4 Cauvery Public Works Division.	0.34	314 tons of cement purchased between February, 1963 and July, 1963 were lying unutilised (August, 1964).

## CHAPTER VI

### AUDIT OF RECEIPTS

#### SALES TAX.

52. *Sales tax receipts.*—The sales-tax receipts during the last five years are indicated below :—

			<i>Amount.</i>
			(IN CRORES OF RUPEES)
1959-60	..	..	16.75
1960-61	..	..	19.12
1961-62	..	..	21.26
1962-63	..	..	24.80
1963-64	..	..	27.02

Against the budget estimate of Rs. 25.76 crores, the actual receipts amounted to Rs. 27.02 crores during 1963-64. The increase of Rs. 1.26 crores was due to growth in trade and commerce in general and increase in the rates of tax of certain commodities.

53. *Under-assessment or non-assessment of tax.*—(i) Under-assessment of sales-tax amounting to Rs. 51,942 due to the adoption of incorrect rates was noticed by Audit during a test-check of assessment cases in 23 offices conducted between April, 1963 and September, 1964. A demand for Rs. 7,405 has been raised in one office (August, 1964) and action is yet to be taken in the remaining offices (October, 1964).

(ii) Electrically-operated goods are taxable at 6 per cent according to item 41 of the First Schedule to the Madras General Sales Tax Act, 1959. In three assessment offices textile machinery and grinding machines operated electrically were treated as other machinery and levied tax at 3 per cent (2 per cent from 1st April, 1961). The objections were communicated to the department in July, 1964 and September, 1964 and no reply has yet been received (December, 1964). The amount short-collected works out to Rs. 1.44 lakhs.

(iii) Mention was made in paragraph 58(iv) of the Audit Report, 1964, about non-collection of sales-tax from two Central Government departments carrying on the business of buying, selling, supplying or distributing goods. No tax was levied on the sales effected by the Medical Stores Depot, Madras (run by the Union Ministry of Health) also. The estimated revenue not realised in respect of the sales effected by the Depot to State Government and non-Government institutions during the year 1963-64 alone worked out to Rs. 1.38 lakhs under the Madras General Sales Tax Act, 1959 and Rs. 1.84 lakhs under the Central Sales Tax Act, 1956.

(iv) Under item 6 of II Schedule to the Madras General Sales Tax Act, 1959, groundnut was liable to tax at 2 per cent at the point of first sale from the 1st April, 1959. As the exemption from tax allowed in respect of agricultural produce under section 2 (r) of the Madras General Sales Tax Act, 1959, does not apply in cases where such produce has been subjected to any physical or other process for being made fit for consumption, even small growers of groundnut who sold it in the form of kernel, became liable to tax under this basis of levy. Having regard to the hardships caused to the small growers and the magnitude of assessment work involved in imposing the levy, the point of tax was shifted from 'the first sale' to 'the first purchase' with effect from the 1st October, 1960.

During the period from the 1st April, 1959 to the 30th September, 1960, however, no tax was collected on groundnut sold as kernel. Government first decided that collection of tax might be confined to—

(a) sales effected through Market Committees wherever they existed; and

(b) to growers who had grown groundnut on ten acres or more, in areas where there were no Market Committees—

so that small growers might not be put to hardship. They also sanctioned special staff for collecting necessary sale particulars from the records of the Market Committees in North Arcot, South Arcot and Coimbatore districts. Subsequently, however, while reviewing the scheme of levy in December, 1962, Government took the view that it would be discriminatory to collect the tax from groundnut producers who had effected their sales through Market Committees while leaving free those who had sold their produce otherwise, and further, that in areas where there were no Market Committees, the assessments would be based on imperfect data and consequently it would not be possible to sustain the legality of the levy. Government, therefore, ordered that the tax due from all the growers of groundnut in the State, who sold their produce as kernel during the period from the 1st April, 1959 to the 30th September, 1960, should be waived and that the tax already collected should be refunded to the parties. The approximate amount of tax not collected in the two districts of North Arcot and South Arcot alone amounted to Rs. 13.72 lakhs inclusive of a sum of Rs. 43,090 being the registration fees forgone. The expenditure incurred on the special staff for collection of sale particulars amounted to Rs. 15,865.

4. *Non-levy of statutory fees.*—Under sections 20 and 21 of the Madras General Sales Tax Act, 1959, it is obligatory for certain specified classes of dealers to get themselves registered by paying a fee of Rs. 10 per annum in respect of their principal place of business and Rs. 5 per annum for every other place of business in the State. Also section 21 (A) of the Act prescribes that every registered dealer who transacts business at places other than his registered place

of business or employs a travelling salesman or representative to transact business, shall obtain a permit by paying a fee of Rs. 10 per annum. During test-audit, several instances of omission to demand such fees were noticed. The total amount pointed out for recovery in 8 offices was Rs. 7,510. Of this, a sum of Rs. 4,550 is reported to have since been collected (October, 1964).

55. *Non-observance of the prescribed procedure.*—According to section 8 of the Central Sales Tax Act, 1956, and the rules made thereunder, the concessional rate of 1 per cent tax (as against the normal rate of 7 per cent) on inter-State sales is admissible only in the cases where the sales are made to registered dealers. A test check of the assessment records during 1964 indicated that in 44 cases, the purchasers had not registered themselves on the dates on which the inter-State sales were effected. The tax effect amounted to Rs. 9,062.

56. *Wrong classification under 'declared goods'.*—Under section 15 of the Central Sales Tax Act, 1956, the tax leviable under the Sales Tax law of a State on the sale or purchase of declared goods (i.e., goods declared as of special importance in inter-State trade or commerce) is subject to the restriction that it shall not exceed two per cent of the sale or purchase price of the goods and that it shall not be levied at more than one stage. Oil-seeds having been treated as 'declared goods' in the Central Sales Tax Act are taxable under the Madras General Sales Tax Act, 1959, at 2 per cent single point, the levy being at the point of first sale.

In the assessing offices of the State, corriander (dhania), cuminseed (zeera), methi and ajwan were also being treated as oil seeds and taxed at 2 per cent single point.

In January, 1962, the Board of Revenue brought to the notice of the State Government, a decision of the High Court of Andhra Pradesh (June, 1961) to the effect that corriander, ajwan and sompu seeds (which are used as spices) did not fall within the definition of 'oil-seeds'. The State Government, however, took the view that the decision of that High Court was not binding on them and did not, therefore, consider it necessary to tax the second and subsequent sales of these seeds. The Government of India also clarified in April, 1963 that these seeds would not fall within the scope of 'oil-seeds' as defined in the Central Sales Tax Act. However, only in December, 1964, the State Government passed orders that these goods would be subject to multi-point levy of 2 per cent from the 1st December, 1964. The delay of about 2 years in taking a decision has resulted in loss of revenue, which in 82 assessments in 11 offices alone amounted to Rs. 16,500.

57. *Revenue forgone.*—Under section 3 (2) of the Madras General Sales Tax Act, 1959, read with item 39 of the I Schedule to the Act, sale of leather goods (excluding footwear) within the State was



taxable at 5 per cent at the point of first sale up to the 31st March, 1961. Also under section 8 (2) (b) of the Central Sales Tax Act, 1956, the inter-State sales of these goods to unregistered dealers in other States are taxable at 7 per cent. In respect of the sales of the above-mentioned categories, tax was, however, levied only at 2 per cent based on executive instructions from Government without issuing the necessary notification (the revenue forgone in 16 cases alone amounted to Rs. 13,860). With effect from the 1st April, 1961, these goods were brought on to 'multi-point levy' and tax on inter-State sales was also reduced to 2 per cent from the same date by a notification issued by Government.

58. (a) *Waiver of dues.*—Under section 8 (2-A) of the Central Sales Tax Act, 1956, Central Sales tax is not payable by dealers on inter-State sales of goods, if such goods are generally exempted from tax under the Sales Tax law of the State. Central Sales tax, however, is payable, if the exemption granted under the State Sales Tax law is a conditional one. Under the Madras General Sales Tax Act, sales of oil, etc., were exempted from tax with effect from the 1st April, 1960, if such products had been manufactured in country oil chekkus or hand oil-presses. This being a conditional exemption, Central Sales tax is payable on the inter-State sales of such goods. But the recovery of the Central Sales tax demands amounting to about Rs. 19,600 raised against eleven members of the Hand Press Oil Producers' Association, Idappadi, for the years 1960-61 and 1961-62 was waived by Government on the representation of the dealers that they had not collected the tax from their customers owing to a misunderstanding of the scope of section 8 (2-A) of the Central Sales Tax Act, 1956.

(b) *Write-off.*—During 1963-64, a total amount of Rs. 0.13 lakh was written off.

59. *Other topics of interest*—(i) *Grant of exemptions to individual institutions.*—Under section 17 of the Madras General Sales Tax Act, 1959, Government may, by notification, make an exemption or reduction in rate in respect of any tax payable under the Act "by any specified class of persons in regard to the whole or any part of their turnover". It was noticed in Audit that in a number of cases, exemptions have also been granted by Government to individual institutions. On being pointed out that the grant of exemptions in the case of individuals or individual institutions is not covered by the provisions of the Act, Government have stated in July, 1964 that they "do not now grant permanent exemptions to individuals or individual institutions". They have also reported in this connection that an Expert's review of the working of the Madras General Sales Tax Act, 1959, is being arranged and the question whether the exemption now enjoyed by individuals and individual institutions deserves continuance will also be reviewed

in the light of the Expert's report. While the proposed action will relate to future cases, the exemptions already granted entailing relinquishment of tax revenue are without authority of law.

(ii) Bombay halwa and other sweet meats are articles of confectionery falling under item 28 of the First Schedule to the Madras General Sales Tax Act, 1959, and are taxable at 3 per cent single point. Government, however, ordered in February, 1962 that the existing practice of taxing the entire turnover of hotels and restaurants at the multi-point rate of 2 per cent might be continued. On being pointed out that assessment at the lower rate is not in order in the absence of a specific exemption under section 17 of the Act, Government have reported in November, 1964, that they have decided to delete item 28 from the First Schedule to avoid practical and administrative difficulties and that necessary legislation in this regard will be undertaken in due course. In the absence of separate particulars regarding the turnover of sweets, the amount of revenue forgone could not be estimated.

60. *Demands raised at the instance of Audit.*—As a result of the audit objections raised upto the end of November, 1964, demands were raised in 46 offices for a total sum of Rs. 81,786 for the period from the 1st January, 1964 to the 30th November, 1964 as indicated below :—

	RS.
1. Additional demand raised to rectify incorrect exemptions or omissions to include taxable turnover .. .. .	15,524
2. Rectification of mistakes in assessments, such as adoption of incorrect rates, etc. ..	43,386
3. Levy of penalties provided in the Act ..	15,713
4. Revision of assessments incorrectly made at compounded rates, rectification of arithmetical mistakes, etc. .. .. .	7,163
Total ..	81,786

#### REVIEW OF IMPORTANT ITEMS OF RECEIPTS

61. *Taxes on vehicles—Non-assessment of tax.*—In the course of test-audit of receipts under the Motor Vehicles Taxation Act, 1931, non-assessments of tax to the extent of Rs. 43,280 were noticed as indicated below :—

(a) Road-rollers and tractors, other than those belonging to Government and local bodies, used for non-agricultural purposes are liable for payment of tax. In 11 cases where the road-rollers and tractors had not been used for agricultural purposes, tax amounting to Rs. 31,140 was not collected. The department has been asked to review similar cases of non-collection of tax and take necessary action.

(b) No tax was levied in respect of the goods vehicles registered in the name of the Currency Officer, Reserve Bank of India; the amount due for the period from the 1st July, 1957 to the 31st December, 1963 worked out to Rs. 12,140.

62. *Public health receipts.*—Expenditure on certain schemes undertaken by the Public Health department for control and eradication of diseases is met initially from the State Government funds and the share of local bodies is recovered subsequently. The local bodies have also to pay fees for analysis of food samples. A sum of Rs. 4.12 lakhs was recoverable (October, 1964) from the local bodies as indicated below. Of this, Rs. 3.94 lakhs related to the period prior to 1961-62.

	<i>Amount.</i> (IN LAKHS OF RUPEES)
(i) Anti-malaria scheme .. .. .	2.18
(ii) Anti-plague measures .. .. .	0.75
(iii) Eradication of Guinea-worm disease ..	0.05
(iv) Scheme for environmental hygiene ..	0.80
(v) Fees for analysis of food samples .. ..	0.34*
Total ..	4.12

\* (Rs. 0.16 lakh was due from local bodies in Andhra Pradesh.)

Besides, a sum of Rs. 0.52 lakh was recoverable from other Governments and departments towards cost of sera and vaccine supplied by the King Institute, Guindy; of this, a sum of Rs. 0.24 lakh related to the period prior to 1961-62.

63. *Medical—Non-collection of diet charges.*—According to the Madras Medical Attendance Rules, nurses in Government Medical Institutions will be supplied with 'C' class ward diet during the period of their treatment as in-patients in Government hospitals and recovery of diet charges will be made at the rates fixed for in-patients admitted in the general wards. It was noticed during a test-check of the accounts of hospital stoppages relating to three hospitals that recovery towards diet charges had not been made resulting in loss of revenue, as indicated below:—

<i>Name of the hospital.</i>	<i>Period covered by the test-check.</i>	<i>Amount.</i>
		RS.
1. Government General Hospital, Madras.	1961-62 to 1963-64 ..	2,406
2. Government Stanley Hospital, Madras.	1961-62 to 1963-64 ..	1,640
3. Government Erskine Hospital, Madurai.	1963-64 .. .. .	1,021

It has been suggested to the Director of Medical Services that the position obtaining in other hospitals may be reviewed.

64. *Forest department—Supply of bamboos to a paper mill.*—In September, 1963, the Forest department entered into an agreement with a paper mill for the supply of bamboos upto 50,000 air-dry metric tonnes annually at Rs. 31.50 per tonne for a period of six years from April, 1962. Supply is being arranged through forest contractors who are paid extraction charges by the department. Under this arrangement, while the bamboos are sold to the mill at a fixed price, the extraction charges incurred by the department vary from year to year.

Owing to the increasing cost of extraction, the net revenue to the department (representing seigniorage charges) has diminished during 1963-64 as shown below and is likely to decrease further in future.

Year.	Extraction charges.	Net revenue to the department.
		RS. (per tonne)
1962-63 ..	Ranged from Rs. 20.67 to Rs. 22.64 per tonne.	10.83 to 8.86
1963-64 ..	Rs. 25 per tonne .. ..	6.50

The arrangement appears rather unusual in that a fixed seigniorage rate has not been adopted for purposes of recovery from the mill. On the basis that the average rate of about Rs. 9.50 per tonne obtained in 1962-63 represented a fair seigniorage due to Government, there has been a loss of revenue of about Rs. 1.5 lakhs in respect of the supplies made in 1963-64. Government explained (December, 1964) that their intention was to get an average net return of Rs. 6.50 per tonne and for this purpose, the extraction charges in the eight forest divisions (from which supplies would be made) would be so regulated that the average cost of extraction would not exceed Rs. 25 per tonne.

65. *Fisheries department—Loss of revenue.*—The Government issued orders in January, 1961, that the fishing rights in inland waters should be sold in public auction during 1961 and 1962 and that for the next two years, 1963 and 1964, they should be leased out to the Fishermen Co-operative societies on a rental based on the average of the amounts fetched in the auctions held in 1961 and 1962. The fishery rights of the Vandiyoor tank in Madurai were leased out to a Fishermen Co-operative society for Rs. 10,600 during 1963. The society applied in December, 1963 for the sale of the rights at the same rental for the year 1964 also. The Tahsildar, Madurai, however, conducted a public auction in February, 1964 and accepted, subject to confirmation, the highest bid of Rs. 7,000 offered by a private party. On appeal by the society, the Collector confirmed in March, 1964, the lease in favour of the co-operative

society. On a representation made by the private party in March, 1964, Government stayed the sale order. The stay order was vacated in December, 1964, and the sale was confirmed in favour of the co-operative society. Government, however, ordered that no lease amount need be collected from the society for the year 1964 as the fishing season was over and the water in the tank had dried up. The delay in taking a decision in the matter resulted in a loss of revenue of Rs. 10,600.

66. *Non-collection of stamp duty.*—The exemption given in 1909 from the payment of stamp duty on agreements, etc., entered into with the Forest department by contractors was withdrawn with effect from the 9th December, 1959. In many forest divisions, however, the agreements were continued to be executed on unstamped paper even after this date. In April, 1963, Government called for a report from the Chief Conservator of Forests as to the circumstances in which the agreements were not obtained on stamp paper and the probable revenue forgone. The report has not yet been sent to Government (December, 1964). From the particulars made available to Audit in respect of seven divisions, the loss of revenue is assessed at about Rs. 11,000.

The draft paragraph was sent to Government in December, 1964; their reply is awaited (February, 1965).

67. *Arrears of revenue—(i) Sales tax.*—(a) From the demand, collection and balance statement submitted to Government by the Board of Revenue, it was noticed that as at the 31st March, 1964, tax to the extent of Rs. 2,50.78 lakhs was pending collection as detailed below :—

	<i>Tax.</i>	<i>Penalty.</i>
	(IN LAKHS OF RUPEES)	
Madras General Sales Tax .. .. .	1,70.20	22.42
General Sales Tax .. .. .	58.16	..
Total ..	2,28.36	22.42

Yearwise details of the arrears are awaited from the department (December, 1964).

(b) The financial rules of Government require that every departmental controlling officer should obtain regular accounts and returns from the subordinate officers in respect of the revenues realised by them and paid into the treasury, consolidate the figures and reconcile them with those of the treasury. Unless such a reconciliation is effected, the departmental figures of tax collected and balances cannot be considered to indicate the correct position. In respect of sales-tax receipts, the Board of Revenue at the instance

of Audit, agreed in March, 1964 to carry out a monthly reconciliation of the total receipts and furnish a certificate to Audit from the year 1964-65 onwards. The certificates from April, 1964 have not yet been received in Audit (December, 1964).

(ii) *Other receipts.*—(1) From the particulars furnished to Audit by the departmental officers, it was noticed that the total arrears in the collection of land revenue, taxes, duties and other principal sources of revenue as at the end of March, 1964, amounted to Rs. 2,02.71 lakhs. Out of this, a sum of Rs. 86.80 lakhs was pending recovery for over two years. The details of the arrears are given below :—

Nature of revenue.	Amount of arrears.	Remarks.
(IN LAKHS OF RUPEES)		
(a) Land revenue ..	1,47.57	<p>(i) A sum of Rs. 1.84 lakhs was reported to be irrecoverable; no reasons therefor were furnished by the department.</p> <p>(ii) The arrears in collection were heavy in the Ramanathapuram district and amounted to Rs. 72.94 lakhs, which formed about 49 per cent of the total arrears. This area was reported to be generally backward with the ryots having limited paying capacity.</p> <p>(iii) It was reported that out of Rs. 9.32 lakhs relating to Tirunelveli district, the collection in respect of Rs. 6.74 lakhs had been suspended and a sum of Rs. 0.15 lakh had been embezzled.</p> <p>(iv) The arrears of Rs. 13.70 lakhs in Thanjavur district were reported to relate mostly to the former estate villages taken over by Government. The village accounts in these cases required revision and proposals for additional staff submitted by the Collector in January, 1964 were pending with the Board of Revenue (July, 1964).</p>

<i>Nature of revenue.</i>	<i>Amount of arrears.</i>	<i>Remarks.</i>
	(IN LAKHS OF RUPEES)	
(b) Agricultural Income-tax.	33.67	It was reported by the Commissioner of Agricultural Income-tax in July, 1964 that action had been taken under the Revenue Recovery Act for the recovery of the dues in most of the cases.
(c) Madras Motor Vehicles Taxation Act, 1931.	21.47	The arrears over two years amounted to Rs. 20.76 lakhs. It was reported (August, 1964), that the arrears had been arrived at assuming that all vehicles registered had plied on the roads. No reasons were given for the delay in verifying whether the vehicles were actually in use and were liable to pay the tax.

(2) According to section 7 of the Revenue Recovery Act, interest at 6 per cent per annum is chargeable on arrears of land revenue. In the estates in which rent has been reduced under the provisions of the Madras Estates Land (Reduction of Rent) Act, 1947, the land revenue from the ryots is collected by Government in the first instance and the balance left, after deducting the dues to Government (including land revenue) from the proprietors of estates is paid to them. Many cases of delay in collection of land revenue from the ryots in these estates were noticed as a result of which the dues to Government from the proprietors of estates could not be credited to Government revenues in time. The Board of Revenue reported to Government in July, 1961 that in these cases the proprietors could not be held responsible for the delay in payment of their dues to Government and Government waived in April, 1964 the recovery of interest charges amounting to Rs. 2.23 lakhs.

(3) The arrears in collection as at the end of March, 1964, for supplies made and services rendered in respect of a few departments are indicated below:—

<i>Department.</i>	<i>Amount of arrears.</i>	<i>Remarks.</i>
	(IN LAKHS OF RUPEES)	
(a) Stationery department.	0.78	Due to delay in acceptance of bills by the receiving departments.
(b) Fire Service department.	0.11	Represents charges for pumping work done for Municipalities and for ambulance services.

<i>Department.</i>	<i>Amount of arrears.</i>	<i>Remarks.</i>
	(IN LAKHS OF RUPEES).	
(e) Police department ...	9-00	Represents cost of stores supplied to the police battalion stationed at Hyderabad during 1948-52, pending recovery from the Andhra Pradesh Government.
(d) Electrical Inspectorate.	0-89	The arrears mainly related to inspection fees recoverable from the State Electricity Board.
(e) Forest department ..	71-27	Pending adjustment against earnest money deposits, kist amounts etc. A sum of Rs. 7-02 lakhs is pending collection for over two years.
(i) Industries department ..	1,22-00	Represents outstanding dues in respect of departmentally-managed commercial and quasi-commercial undertakings.
(g) Public Health department	4-64	See paragraph 62 above.
(h) State Housing Board ..	0-42	Represents arrears in collection of rent in respect of Subsidised Industrial Housing Scheme; of this, a sum of Rs. 5,700 is pending collection for over two years.
(i) Jails department ..	19-27	Represents arrears in collection as on December, 1964 mostly from Government departments. Yearwise details of the outstanding amount had not been furnished by the department.
(j) Medical department ..	2-90	Represents arrears in collection of hospital stoppages and other receipts in respect of 49 hospitals; of this, Rs. 1-08 lakhs is pending collection for over two years. Information regarding the remaining institutions has not been furnished.



## CHAPTER VII

### LOANS AND ADVANCES

68. The total amount of loans and advances given by the State Government to Statutory Corporations, Joint Stock Companies, small scale industries, local bodies and Government servants for various purposes as at the end of 1963-64 was Rs. 2,12.53 crores. An account of these loans will be found in Statement No. 18 of the Finance Accounts, 1963-64 (at pages 180-200).

#### LOANS IN RESPECT OF WHICH DETAILED ACCOUNTS ARE KEPT BY DEPARTMENTS

69. The annual statements showing the amount of overdue instalments of principal and interest to the end of 1963-64 and the reasons for the delay in collection have not been received from the departments (October, 1964). The delay in submission of these returns has been pointed out in successive Audit Reports. In the absence of these returns, the position regarding the recovery of the loans, according to the terms and conditions thereof could not be ascertained.

In respect of the Harijan Welfare department, the annual statement indicating the position as on the 31st March, 1963 was received from the Director of Harijan Welfare in July, 1964. It is seen from this statement that the total amount pending recovery towards loans and advances to members of scheduled castes, scheduled tribes, etc., was Rs. 38.13 lakhs, out of which yearwise particulars were furnished only in respect of Rs. 27.80 lakhs as indicated below :—

	<i>Principal.</i>	<i>Interest.</i>
	(IN LAKHS OF RUPEES)	
1960-61 and earlier years ..	17.73	1.36
1961-62 .. .. .	6.98	0.58
1962-63 .. .. .	1.13	0.02
Total ..	25.84	1.96

70. (a) *Non-reconciliation of departmental loan figures.*—Prompt and systematic reconciliation of the figures shown in the detailed records maintained by the departments with those recorded in the books of the Audit Office is necessary in order to ensure correct accounting and to detect unauthorised drawals and misappropriations of recoveries of loans, if any. The reconciliation of the departmental figures of disbursements and repayments of loans has been in arrears from 1958-59 onwards and certificates of reconciliation are due to Audit from the Heads of departments in 2,084 cases

(October, 1964). Yearwise analysis of the total number of certificates due is given below :—

<i>Department.</i>	1961-62 and earlier years.	1962-63.	1963-64.
Revenue .. .. .	253	240	232
Rural Development and Local Administration .. .. .	38	8	8
Home .. .. .	14	3	8
Others .. .. .	345	384	551
Total .. .. .	650	635	799

In the case of Takkavi loans administered by the Revenue department the initial loan accounts had not been maintained properly ; on the recommendation of the Public Accounts Committee special staff have been employed since 1959 to reconstruct the loan accounts. As in October, 1964, the extent of arrears in reconciliation was as indicated below :—

	<i>Pending in</i>
For the year 1959-60 ..	4 districts.
For the year 1960-61 ..	8 districts.
For the year 1961-62 ..	8 districts.
For the year 1962-63 ..	12 districts.

In the case of loans granted by Agriculture and Industries departments, reconciliation has been in arrears from 1955-56 and there has been no progress during the past 9 years.

In respect of miscellaneous loans and advances/advances under special laws/special and revenue advances granted by various Heads of departments, the balances have not been reconciled from 1956-57 onwards, despite instructions of Government issued in February, 1961.

(b) *Certificates of acceptance of balances.*—Consequent on the delay in reconciliation mentioned above, annual certificates of acceptances of balances of loans and advances, have also not been furnished (October, 1964) by the departments in as many as 1,864 cases indicated below :—

<i>Year from which due.</i>	<i>Number of certificates due.</i>		
	<i>Takkavi loans.</i>	<i>Revenue and Special Advances.</i>	<i>Miscellaneous loans and loans under the State Aid to Industries Act.</i>
1961-62 and earlier years ..	277	251	988
1962-63 .. .. .	54	32	102
1963-64 .. .. .	24	6	130
Total .. .. .	355	289	1,220

71. Certain points noticed during the local test-audit of the accounts of loans kept in some offices of Co-operation and Industries departments during 1963-64 are indicated below:—

(i) *Co-operation Department.*

*A. Loans for purchase of milch animals.*—Under the scheme for grant of loans for purchase of milch animals, loans are given to (a) licensees in the Dairy and Milk Project at Madhavaram and to the rural co-operative milk supply societies set up with a view to feeding the Milk Project with regular supply of raw milk and (b) other co-operative societies in the districts for augmenting milk production in rural areas.

During the period from 1961-62 to 1963-64, loans totalling Rs. 89.11 lakhs were disbursed to licensees (Rs. 6.72 lakhs), 234 rural co-operative societies (Rs. 28.31 lakhs) and co-operative societies in the districts (Rs. 54.08 lakhs). The loans are repayable in 10 monthly instalments. The following points were noticed in audit.—

(i) *Milk and Dairy Project sector.*—(a) The overdue instalments as in June, 1964 amounted to Rs. 6.03 lakhs and out of this Rs. 2.75 lakhs related to 1962-63 and earlier years as shown below:—

	AMOUNT (IN LAKHS OF RUPEES)
From licensees .. .. .	1.26
From Rural Co-operative Societies .. .. .	5.77

Out of Rs. 5.77 lakhs due from the co-operative societies, a sum of Rs. 1.52 lakhs was due from 63 co-operative societies which had stopped supply of milk to the Madhavaram Milk Project.

(b) According to the terms of the loans, the borrower should purchase the animals within a month of the date of disbursement of the loan. Out of Rs. 18,150 granted to 7 licensees between July, 1962 and January, 1964, Rs. 10,100 remained unutilised till August, 1964.

(ii) *Co-operative sector.*—The amount of overdue instalments of principal and interest in the districts was Rs. 2.66 lakhs as at the end of March, 1964. The periods over which the recoveries were pending ranged between 5-7 years in the case of 21 societies, involving a sum of Rs. 50,700. Of these 21 societies, 15 had either been liquidated or were dormant and in 2 other cases enquiries under Section 38 of the Madras Co-operative Societies Act had been ordered.

*B. Loans for purchase of heifers.*—Under this scheme, loans at Rs. 1,000 per animal are given to co-operative societies for purchase of pure-bred foundation quality heifers. The rules require that heifers should be purchased by the members of the society within a month of disbursement of the loan and that they should execute an

agreement agreeing to hand over the first born male calf to the society free or at a nominal cost. A test-check of the records in the offices of the Milk Commissioner, Dairy and Milk Project, Madhavaram and the Deputy Registrars of Co-operative societies in the districts indicated the following points:—

(i) (a) Out of Rs. 3.55 lakhs disbursed to 18 co-operative societies during 1961-62 and 1962-63, a sum of Rs. 2.36 lakhs was utilised for purchase of animals other than pure-bred heifers. A sum of Rs. 0.23 lakh (out of Rs. 0.40 lakh) drawn by one society in January, 1963, remained unutilised till October, 1963.

It is reported that the co-operative societies are not interested in the purchase of heifers and that the question of suitably modifying the scheme is under consideration of the department.

(b) Agreements had not been executed by the borrowers to hand over the first-born male calves to the societies.

(ii) Loans totalling Rs. 70,000 were disbursed during 1963-64 to four rural co-operative societies set up with a view to feeding the Dairy and Milk Project, Madhavaram with regular supply of milk. One society which received in December, 1963 an amount of Rs. 20,000 refunded Rs. 14,000 in June, 1964 as unutilised and another society to which a sum of Rs. 20,000 was given, had with it an unutilised balance of Rs. 12,000 (August, 1964), even though according to the terms of loans the animals should be purchased within a month of disbursement of the loans.

#### (ii) Industries Department

*C. Loans under the State Aid to Industries Act.*—The total amount of overdue instalments of loans as on the 31st March, 1964 was Rs. 11.72 lakhs, of which Rs. 9.57 lakhs related to the amounts due on account of 51 foreclosed loans.

Particulars of some cases in which the borrowers defaulted repayment or in which the loans were not utilised for the sanctioned purposes, etc., are given in Appendix IX.

*D. Loans for construction of houses*—In two cases, recovery of the loan dues (Rs. 66,100) appears doubtful. The facts of these cases are given below :

(i) 17 houses constructed in Cape Comorin at a cost of Rs. 15,600 were handed over to poor and homeless fishermen in October, 1950, by the former Travancore-Cochin State Government. The cost of the houses was treated as loan recoverable in monthly instalments. No agreement had been obtained from the fishermen for repayment of the loan. In February, 1963, Government ordered that action should be taken to recover at least 25 per cent of the cost of construction; a sum of Rs. 1,550 had been recovered up to July, 1964.

(ii) In August, 1953, an interest-free loan of Rs. 46,045 (recoverable in 25 equal annual instalments) was paid, by the former Travancore-Cochin State Government, to a Co-operative housing society in Vilavancode taluk of Kanyakumari district for the construction of 30 houses. The occupants did not repay the instalments and the Society did not also take effective steps to recover the dues. The Society is defunct from 1960, and the entire loan together with penal interest (Rs. 6,060) thereon is stated to be irrecoverable in the absence of an agreement executed by the Society.

LOANS IN RESPECT OF WHICH DETAILED ACCOUNTS ARE KEPT BY THE AUDIT OFFICE.

72. *Water-supply and drainage schemes of the Corporation of Madras*—During the period from 1961-62 to 1963-64, a total of Rs. 2,25.35 lakhs (Rs. 1,88.38 lakhs as loan; Rs. 36.97 lakhs as grant) was paid by Government to the Corporation of Madras for execution of water-supply and drainage schemes. The actual expenditure incurred by the Corporation on the schemes during this period was Rs. 1,65.85 lakhs.

Certain points noticed in the utilisation of Government's assistance are given below :—

(i) The rules regarding the grant of loans to local bodies, etc., for execution of water-supply and drainage schemes contemplate that the loan amounts are released in suitable instalments so that the amount could be utilised within a period of nine months. Certain cases have been noticed in which large amounts are lying unutilised as indicated in Appendix X. It will be seen from the Appendix that—

(a) in three cases, involving Rs. 2.13 lakhs, loans amounting to Rs. 1.56 lakhs had remained unutilised for over 3 years ; and

(b) in eight cases, further loans amounting to Rs. 30.52 lakhs had been given, when the loans sanctioned earlier had not been fully utilised.

(ii) in respect of the work "Construction of an additional filtered water-tank of 2.8 million gallons capacity at Kilpauk Water Works", (one half of the expenditure on which was met by Government as grant), there was an extra expenditure of Rs. 1.14 lakhs due to delay in finalising the tenders for the work ; one half of this (Rs. 0.57 lakh) was met from Government grants.

The tenders for the work were received by the Corporation in July, 1961; the acceptance of the lowest tender was communicated to the contractor only in March, 1962 after the expiry of the period of validity (September, 1961). The contractor declined to accept the work and, therefore, fresh tenders had to be called for. The

work was allotted to the same contractor (whose tender was the lowest) in November, 1962 for Rs. 10.61 lakhs; the extra expenditure amounted to Rs. 1.14 lakhs.

73. *Arrears in recovery.*—(i) As on the 31st March, 1964, the overdue instalments of loans granted to the State Housing Board, Municipal Councils, Panchayat Union Councils, Town Panchayats and Panchayats amounted to Rs. 23.84 lakhs (Principal : Rs. 5.95 lakhs and interest : Rs. 17.89 lakhs) as indicated below :—

	Amount overdue.		Earliest year from which amounts are outstanding.
	For more than one year.	Less than a year.	
(IN LAKHS OF RUPEES).			
1. State Housing Board .. .. .	3.23	0.85	1958-59
2. Municipalities .. .. .	0.79	11.85	1962-63
3. Panchayat Union Councils, Town Panchayats and Panchayats	3.28	3.84	1959-60
Total ..	7.30	16.54	

38 Panchayats, 2 Panchayat Union Councils and 1 Town Panchayat have persistently defaulted repayment, for more than 3 years.

(ii) Besides the outstandings referred to in (i) above, an amount of Rs. 53.80 lakhs is outstanding in respect of the defunct District Boards. Pending settlement of their assets, liabilities, reconciliation of accounts, settlement of audit objections, etc., Government deferred recovery till the 30th September, 1964; the proposal to defer recovery further up to the 31st December, 1964, is reported to be under consideration of Government. The District Boards were abolished in October, 1961 and the matter is pending for over three years.

## CHAPTER VIII GOVERNMENT COMMERCIAL AND TRADING ACTIVITIES.

### SECTION A—GENERAL.

74. This Chapter deals with—

- (i) Statutory Corporations/Boards.
- (ii) Government Companies.
- (iii) Departmentally-managed Government Commercial/*quasi*-Commercial Undertakings and
- (iv) Investments and guarantees by the State Government.

### SECTION B—STATUTORY CORPORATIONS/BOARDS.

75. On the 31st March, 1964, there were three Corporations/Boards in the State, viz.—

- (i) Madras State Warehousing Corporation,
- (ii) Madras State Electricity Board, and
- (iii) Madras State Khadi and Village Industries Board.

#### MADRAS STATE WAREHOUSING CORPORATION.

76. (i) Section 31 (10) of the Warehousing Corporation Act, 1962, provides for the placing of the annual accounts of the Corporation together with the Audit Report thereon before the Annual General meeting of the Corporation within six months of the close of the financial year. No Annual General Meeting has been convened so far (October, 1964).

(ii) The financial results of the Corporation for the years 1961-62 to 1963-64 are compared below :—

	1961-62.	1962-63.	1963-64.
	(IN LAKHS OF RUPEES.)		
1. Paid-up Capital .. ..	21·00	22·50	38·00
2. Investment in shares by the Madras Government.	11·00	11·50	19·00
3. Income—			
(i) Warehousing receipts .. ..	1·87	2·83	3·04
(ii) Other receipts .. ..	0·66	0·33	0·45
Total ..	2·53	3·16	3·49
4. Expenditure on—			
(i) Establishment .. ..	1·48	1·81	2·08
(ii) Rent, etc. .. ..	0·95	1·26	1·40
(iii) Other expenditure .. ..	0·73	0·92	1·27
Total ..	3·16	3·99	4·75
5. Net loss .. ..	0·63	0·83	1·26
6. Percentage of warehousing receipts to total expenses.	59	71	63
7. Number of warehousing centres.	20	27	24

(iii) The Corporation has been incurring losses since its inception (except during the first year) and the total loss incurred upto the end of 1963-64 is Rs. 4 lakhs. The losses are mainly due to inadequate utilisation of available storage capacity.

The extent of utilisation of available storage capacity is indicated below :—

Year.	Number of centres.	Average available capacity.	Average capacity utilised.	Percentage of utilisation.
(IN TONNES).				
1962-63 ..	27	22,521	13,429	59.6
1963-64 ..	24	28,464	13,963	49.1

Out of 24 warehouses (19 hired from private parties and 5 owned), 14 (12 hired and 2 owned) are continuously working at loss and the income earned is not sufficient to meet even the direct charges. Regarding the owned warehouses at Nagapattinam and Rajapalayam (which are working at loss), it was observed that the percentage of utilisation of the storage capacity was as low as 1.2 per cent and 5 per cent respectively during the period from August, 1963, to July, 1964 and that no assessment of the probable requirements of storage facilities in these places had been conducted before the Corporation decided to construct its own godowns at a cost of Rs. 7.52 lakhs in these places. The Managing Director had also remarked in November, 1963, that the location of the warehouses at the present site at Nagapattinam was 'improper'.

#### MADRAS STATE ELECTRICITY BOARD

77. *Working results.*—Particulars of capital outlay, loans, reserves, etc., and working results for the years 1958-59 to 1961-62 (for which the accounts have been finalised) are given below :—

	As on the 31st March, 1959.	As on the 31st March, 1960.	As on the 31st March, 1961.	As on the 31st March, 1962.
(IN LAKHS OF RUPEES.)				
(i) Capital outlay ..	96,71.56	1,13,25.43	1,28,36.19	1,46,55.21
(ii) Loans—				
(a) From the Madras Government.	83,96.75	1,02,80.70	1,10,81.37	1,19,39.66
(b) Public loan under Section 65 of the Act.	2,19.94	5,49.94	5,49.94	7,65.83
(iii) Reserves—				
(a) Depreciation Reserve	9,74.97	11,97.26	14,43.81	15,34.24
(b) Special Reserve	2,42.43	2,49.30	2,55.19	2,75.57
(c) General Reserve.	57.80	1,00.43	1,57.75	2,38.11
(d) Pension Reserve.	13.33	19.41	27.93	41.42



	1958-59.	1959-60.	1960-61.	1961-62.
(iv) Working results—				
	(IN LAKHS OF RUPEES)			
(a) Gross revenue.	12,06.93	12,72.66	15,82.07	17,98.32
(b) Working expenses.	6,83.35	5,00.00	5,90.99	6,25.50
(c) Net revenue (a-b).	5,23.58	7,72.66	9,91.08	11,72.82

According to section 67 (x) of the Electricity (Supply) Act, 1948, one-half of the surplus left after meeting all liabilities and appropriations as provided in the Act, is to be credited to the Consolidated Fund of the State Government. Owing to certain adjustments carried out (which are not in accordance with the provisions of the Act), the accounts did not reveal any surplus and no amount was credited to the State Government. But for these adjustments, a total amount of about Rs. 106 lakhs would have become payable to the State Government in respect of the years 1960-61 and 1961-62.

78. *Avoidable expenditure.*—(i) In April 1962, cement was required urgently for use on masonry work of a dam in Upper Bhavani and a quantity of 1,000 tons from the available stock at Mettur Dam was transported to Ootacamund by road through a private contractor on different dates from the 25th April, 1962 to 27th May, 1962, incurring an expenditure of Rs. 43,250. It was observed that during the same period, a total quantity of about 4,900 tons of cement was received at Mettur Dam from the cement factories at Thalajyuthu, Madukkarai and Dalmiapuram for use on the Mettur Tunnel Scheme. The price of cement, which is fixed f.o.r. destination station is uniform for delivery at all rail heads. If arrangements had been made to divert a part of the supplies received at Mettur Dam for direct delivery at Ootacamund, the department could have avoided incurring the transport charges of Rs. 43,250.

(ii) In July, 1959, the Board proposed to erect a 110 K.V. double circuit line between Neyveli and Tiruchirappalli. 238 tons of tower materials available as surplus in Theni stores were transferred at a cost of Rs. 7,386 to Vriddhachalam in February and March, 1960, for use on this line. In April, 1960, however, the Chief Engineer decided that the Neyveli-Tiruchirappalli line might be designed for 230 K.V. operation and the tower materials were transferred for use in another line which was nearer to Theni; this entailed an extra expenditure of about Rs. 13,000 on transport of materials.

The draft paragraphs were sent to Government in July and October, 1964; their reply is awaited (February, 1965).

79. *Extra expenditure.*—(1) According to the terms of the purchase order for 265 miles of A.C.S.R. conductors placed on the 31st December, 1960, the delivery was to commence within six months from the date of the purchase order at the rate of 150 miles of conductor per month. Owing to delay in securing import licence, the firm did not commence the supply within the stipulated period. In September, 1961, they sent their sample for approval. Subsequently in November, 1961, they reported that the manufacture of the entire quantity could be completed by February, 1962, if the department arranged to receive the supplies in batches of 50/60 miles length. Two consignments were arranged to be inspected in January and May, 1962, and inspection of further consignments was waived thereafter. The supply was completed only in May, 1963, but no penalty was imposed, as the firm attributed the delay in supply to delayed inspection and approval of the materials. As the excise duty on these conductors was increased with effect from the 23rd April, 1962, the Board had to incur an extra expenditure of about Rs. 23,000.

The Chief Engineer for Electricity explained in March, 1964, that an officer could not be deputed earlier for inspection of the supplies due to administrative difficulties.

(2) The contract for handling coal in the Samayanallur power station for a period of three years from March, 1960 was given to the lowest tenderer. The rates quoted in the tender were further got reduced by negotiations and these reduced rates were incorporated in the agreement. In September, 1960, the contractor applied for enhancement of the rates on the ground that there was difficulty in procuring labour and that he had to retain a large labour force on account of the increase in the capacity of the railway siding. In March, 1961, the Chief Engineer for Electricity sanctioned increased rates in respect of four out of five items of work specified in the agreement with retrospective effect from March, 1960. (The revised rate allowed for one of these four items of work was in excess of even the rate originally tendered before negotiation). The extra expenditure due to higher rates allowed worked out to Rs. 48,000 upto the end of March, 1963. The following remarks are made in this connection:—

(a) The tender conditions provide that the tenderer should inspect the site of work and fully acquaint himself with the site conditions and the quantity of coal to be handled before quoting his rates. Moreover, in the present case, the work had been awarded to the same contractor during the preceding three years.

(b) It has been stipulated in the tender notice and also in the agreement that the quantity of coal to be handled might vary from 0 to 500 tons per day. Between April, 1960 and December, 1960, the quantity of coal handled exceeded 500 tons only on 12 occasions.

<i>Depreciation (as on the 31st March, 1964.)</i>	<i>Outturn.</i>	<i>Net profit.</i>		<i>Percentage of return on Mean Capital.</i>	
		<i>After charging interest on capital.</i>	<i>Before charging interest on capital.</i>	<i>After charging interest on capital.</i>	<i>Before charging interest on capital.</i>
2,69	5,52	81	1.35	5.46	9.1
1,36	6,52	16	45	2.2	6.25
2,78	17,80	2,25	3,20	10.7	15.3
72	3,18	- 40	- 13	..	..
1,40	2,65	- 93	- 43	..	..
1,88	2,27	- 71	- 21	..	..
1,30	6,49	- 1,07	- 12	..	..
7,71	3,71	- 20	6	..	0.9
41	3,06	74	92	15.26	19
86	1,29	- 37	- 15	..	..
37	4,80	31	77	3.63	
59	1,95	- 39	- 9	..	..
13	..	- 36	- 17	..	..
54	1,70	- 38	- 10	..	..
95	1,24	- 1,33	- 73	..	

OF RUPEES)

84. *Government Bus Service, Madras.*—(i) *Working results.*—The working results of the Government Bus Service, Madras, for the years from 1961-62 to 1963-64 are compared below :—

	1961-62.	1962-63.	1963-64.
1 Fleet strength as on 31st March .. ..	660	694	830
2 Total revenue mileage (in lakhs) .. ..	2,08.59	2,54.58	3,07.20
3 Total receipts (in lakhs of rupees) .. ..	2,92.16	3,45.10	4,13.00
4 Total expenditure (in lakhs of rupees) .. ..	2,80.27	3,44.87	2,41.41
5 Net profit/loss (in lakhs of rupees) .. ..	11.89	0.23	—28.41 (loss)
6 Average cost per mile (in rupees) .. ..	1.344	1.354	1.436
7 Average earning per mile (in rupees) .. ..	1.401	1.355	1.344
8 Percentage of profit to capital at commencement of the year.	3.5	0.06	..
9 Average vehicle mileage (monthly) .. ..	2,775	3,250	3,442
10 Average mileage obtained per litre of fuel consumed .. ..		(Not available).	2.52

The loss incurred during the year 1963-64 amounted to Rs. 28.41 lakhs against a profit of Rs. 0.23 lakh in the previous year. The loss was attributed mainly to high cost of operation on account of increase in the price of fuel (Rs. 15 lakhs), upward revision in the rates of sales tax and excise duty from March, 1963 (Rs. 20 lakhs) and increase in the taxes on vehicles (Rs. 5 lakhs). The average earning has shown a reduction of 1.1 paise per mile. The fares charged by the department have been enhanced with effect from 1st April, 1964 to meet the increased cost of operation.

(ii) *Stores accounts.*—(a) The reconciliation of the value of closing stock of stores according to the priced stores ledgers with the balances in the general ledgers was in arrears from 1960-61 onwards.

(b) (1) The value of surplus and obsolete spare parts held in stock on 31st March, 1964 amounted to about Rs. 1.95 lakhs.

(2) The closing stock of tickets included tickets rendered obsolete due to revision of fares, etc. The cost of printing of these tickets, which has to be written off, is about Rs. 73,000.

(c) During the year 1963-64, the asset register in respect of plant and machinery was written up on the basis of the assets which were in existence. Difference of Rs. 1.44 lakhs noticed between the value shown in the general ledgers and the value according to the assets register was charged off to the Revenue account. Orders of Government for the write off are awaited (November, 1964).

(iii) *Other comments.*—(a) An express bus service between Shencottah and Thanjavur is being operated from September, 1962. In fixing the fare for this service, the distance between the two

stations was adopted as 214.7 miles while the correct distance was 232 miles. This incorrect fixation of fares resulted in loss of revenue of about Rs. 27,000 upto September, 1964. The department reported in November, 1964 that "steps have been taken to revise the fares and that the revised fare table is expected to be given effect to shortly."

(b) In respect of certain traffic-inspectors and time-keepers stationed permanently at the depots in moffusil stations, the headquarters have been declared as Madras and the staff have been drawing house rent allowance at the rates applicable to Madras City, as also night halt allowance. This has resulted in a recurring annual expenditure of about Rs. 5,000.

*Pro forma* commercial accounts of the department are appended (Appendix XI).

85. *State Transport Department, Kanyakumari Branch, Nagercoil.*—(i) *Working results.*—The working results of the unit for the years from 1961-62 to 1963-64 are compared below:—

	1961-62.	1962-63.	1963-64
1 Fleet strength as on 31st March .. ..	110	120	130
2 Total revenue mileage (in lakhs) .. ..	50.41	57.20	67.87
3 Total revenue receipts (in lakhs of rupees) .. ..	58.15	67.06	81.18
4 Total expenditure (in lakhs of rupees) .. ..	49.34	61.61	81.85
5 Net profit/loss (in lakhs of rupees) .. ..	8.81	5.45	—0.67 (loss).
6 Average cost per mile (in rupees) .. ..	0.98	1.07	1.21
7 Average earning per mile (in rupees) .. ..	1.15	1.17	1.20
8 Percentage of net profit to capital at commencement. .. ..	11.5	8.5	..
9 Average vehicle mileage (per day) .. ..	132.3	135.8	147.6
10 Average mileage obtained per litre of fuel .. ..	(Not available)	3.2	3.1

During the year under review, there was a net loss of Rs. 0.67 lakh as against a net profit of Rs. 5.45 lakhs in the previous year. The loss was attributed mainly to high cost of operation on account of increase in the price of fuel (Rs. 3.5 lakhs), upward revision in the rates of sales tax and excise duty (Rs. 0.5 lakh) and increase in the taxes on vehicles, etc. (Rs. 1 lakh). The fares have been enhanced from the 1st April, 1964, to meet the increased cost of operation.

(ii) *Stores accounts.*—(a) The value of stores held exceeded the reserve stock limit of Rs. 2 lakhs throughout the year and ranged from Rs. 5.06 lakhs to Rs. 8.92 lakhs.

(b) The value of obsolete spare parts held at the end of 31st March, 1964 amounted to Rs. 58,408.

(iii) *Accident Reserve Fund.*—No Fund has been created for the branch for meeting claims for compensation by third parties and the expenditure on this account, as and when incurred, is being

debited to office contingencies. According to the provisions of the Motor Vehicles Third Party Insurance and Accident Rules, 1960, a sum of Rs. 13,000 should have been provided for in the account for the year under review.

(iv) *Asset registers*.—The asset registers in respect of lands and buildings have not been maintained; the compilation of these registers is reported to be in progress.

*Pro forma* Commercial accounts of the branch are appended (Appendix XI).

86. *Regional Automobile Workshops*.—The Government Motor Vehicles Maintenance Organisation comprises four regional workshops located at Madras, Thanjavur, Madurai and Salem and a Central Stores at Madras. The workshops attend to repairs, servicing and maintenance of Government vehicles and in addition supply petrol, diesel oil and lubricants to Government Departments. The organisation was in charge of the Board of Revenue till March, 1964 and was brought under the control of the State Transport department with effect from the 1st April, 1964.

The position in regard to the preparation of the accounts and financial reviews is indicated below:—

Name of the workshop.	Year in which commissioned.	Year for which accounts/reviews are due.	Remarks.
(i) Regional workshops at Madras and Thanjavur.	1955-56 ..	1960-61 to 1963-64.	The reviews for the years upto 1959-60 showed a net loss of Rs. 0.44 lakh.
(ii) Regional workshops at Madurai and Salem.	1959-60 ..	1959-60 to 1963-64.	....

In January, 1962, Government ordered the preparation and submission of consolidated financial accounts of the workshops to Audit. The *pro forma* accounts are yet to be prepared and submitted to Audit.

(ii) According to the financial rules of Government, purchase of stores by single tenders might be made in the case of small orders (i.e., where the value of the order does not exceed Rs. 500) or when articles required are of a proprietary character. It was noticed in Audit that spare parts required by the workshops were being purchased piecemeal, without assessing the requirements in the workshops for a reasonable period and inviting open tenders. The value of purchases made by three workshops at Madurai, Thanjavur

and Salem during 1963-64 alone worked out to Rs. 7.40 lakhs. The State Transport Officer reported in May, 1963 that owing to inadequate powers vested in the Automobile Engineers and the Board, it was not found possible to obtain the spare parts at competitive rates from the manufacturers.

(iii) The cost of supplies made and services rendered to various Government departments is recovered by book adjustment. Considerable delays were noticed in the raising of demands and adjustment of cost. A sum of Rs. 18.58 lakhs relating to the period from April, 1960 onwards was pending adjustment in respect of the work done by the workshops at Thanjavur, Madurai and Salem.

87. *Scheme for purchase and distribution of chemical fertilisers.*—The scheme, which is financed from loans obtained from the Government of India, is administered by the Board of Revenue (Food Production). The amount of loans obtained from the Government of India during 1963-64 was Rs. 6.27 lakhs.

(ii) The working of the scheme during the year 1963-64 resulted in a net profit of Rs. 1.53 lakhs as against a net profit of Rs. 4.85 lakhs in the previous year. The reduction in net profit was mainly attributed by the Board to—

	(RUPEES IN LAKHS)
(a) Increase in establishment charges on account of the appointment of a special officer for fertilisers and his staff.	0.32
(b) Increase under interest charges due to a large number of short-term loans obtained from the Government of India; and	4.25
(c) Extra transport charges on the movement of fertilisers from Thanjavur to Coimbatore for use on cotton extension schemes.	0.87

(iii) The following points were noticed in Audit :—

(a) *Outstanding dues.*—As on the 31st March, 1964, an amount of Rs. 1.64 lakhs was pending recovery; out of which Rs. 1.22 lakhs related to private parties. Yearwise details of the dues from private parties are given below:—

Year.	Amount.
	RS.
1959-60	13,337
1960-61	75,331
1961-62	14,587
1962-63	9,319
1963-64	9,129

The figure shown against the year 1960-61 includes a sum of Rs. 72,710 recoverable from a firm towards supplies made in 1957 by the Regional Director (Food) in excess of the quantity allotted by the Board. (This was noticed by the Board only in 1960-61 and brought to account in that year.) The recovery is reported to be pending for want of an issue voucher from the Government of India.

(b) *Shortages.*—The shortages in stock pending regularisation (and included in the closing stock as on the 31st March, 1964) amounted to Rs. 6.63 lakhs. This includes a sum of Rs. 1.07 lakhs pending recovery from 1956-57 from a former clearing agent; the claim is stated to have been referred to arbitration.

(c) *Losses.*—Certain cases of losses which have come to notice are indicated below :—

Serial number.	Nature of loss.	Amount of loss. RS.	Remarks.
1	Loss noticed during standardisation of non-standard bags received at various rail heads in Tiruchirapalli district in April, 1963 and May, 1963.	15,496	The consignments of ammonium sulphate were received in non-standardised bags. In some cases the stocks were not also immediately weighed on receipt at the destination. Out of 1,459 tonnes booked, according to the railway receipt, the shortage noticed after standardisation was 45 tonnes.
2	Transit losses	32,986	In respect of imported fertilisers cleared from Tuticorin harbour, the godown Superintendent of the Regional Directorate (Food) has been loading the fertilisers into rail. As the loading in wagons is done outside the railway station premises and there is no supervision by the railway staff, the railways have refused to give a clear railway receipt and to entertain claims for transit losses. On this matter being brought to the notice of the Government of India, they agreed in December, 1963, to the posting of a tally clerk at the port premises, the cost being borne by the Government of India. The tally clerk has not yet been posted.

*Pro forma* commercial accounts of the scheme are appended (Appendix XI).

88. *Madras Dairy and Milk Project.*—The physical targets and achievements for the year ended the 31st March, 1964 are given below :—

	Targets.	Achievements.
(i) Number of animals to be accommodated in the colony.	4,000	3,500
(ii) Number of feeder Milk Co-operative Societies to be organised in the neighbouring districts.	400	236



	<i>Targets.</i>	<i>Achievements.</i>
(iii) Average supply of milk from the licensees in the colony per day.	21,200 litres.	13,252 litres.
(iv) Average supply of milk from the Rural Milk Co-operative Societies per day.	31,050 litres.	8,843 litres.
(v) Supply of milk from the Integrated Milk Project, Erode, per day.	22,750 litres.	1,918 litres.
(vi) Milk handled and processed at the Central Dairy per day.	75,000 litres.	24,013 litres.

The *pro forma* accounts of the project for the year ended 31st March, 1964 as prepared by the department (not yet certified) showed a net loss of Rs. 40.06 lakhs as against a net loss of Rs. 24.10 lakhs during the previous year. The loss was mainly due to—

- increased cost of production and low selling price,
- spoilage and spillage of milk, and
- sale of by-products at reduced rates.

*Amount of  
loss.*

*Remarks.*

(IN LAKHS  
OF RUPEES)

(i) Sale of milk .. .. .	26.60	The cost of production and the selling price during the last three years are given below :—
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	<i>Cost of production per litre.</i>			<i>Sale price per litre</i>	
	1961-62.	1962-63.	1963-64.	<i>Up to Septem- 1963.</i>	<i>From October 1963.</i>
	RS.	RS.	RS.	RS.	RS.
(i) Buffalo's milk .. .. .	0.93	1.02	1.17	0.84	0.94
(ii) Cow's milk .. .. .	0.89	1.03	1.13	0.76	0.82
(iii) Toned milk .. .. .	..	0.62	0.90	0.56	0.56

	<i>Amount of loss.</i>	<i>Remarks.</i>
	(IN LAKHS OF RUPEES)	
(ii) Production of ghee ..	1.96	32,340 kgs. of ghee were produced in the Central Dairy during the year. The cost of production of 1 kgm. of ghee worked out to Rs. 13.70 against the sale price of Rs. 7 per kgm.
(iii) Production of cream ..	0.14	1.25 lakhs litres of milk (Rs. 60,407) were converted into cream at a cost of Rs. 2,852 in the Integrated Dairy Project, Erode. The value of cream produced and the skimmed milk sold was Rs. 49,176 resulting in a loss of Rs. 14,083.
(iv) Production of casein ..	0.22 (excluding incidental expendi- ture).	The manufacture of casein was undertaken on an experimental measure in the Central Dairy. Out of 65,811 litres of skimmed milk (valued at Rs. 22,000) 471 kgs. of casein (of sub-standard quality) valued at Rs. 565 was produced.
(v) Production of rose milk.	0.10	Rose milk was supplied at the Madras Secretariat at Re. 0.64 per litre against the cost of production of Rs. 1.14 per litre.
(vi) Spoilage of milk ..	1.02	Of this, Rs. 0.90 lakh related to Central Dairy and Rs. 0.12 lakh to the Integrated Dairy Project, Erode. The heavy spoilage at Erode (2.9 per cent of the milk despatched) was attributed to breakdown of the boiler and delay in receipt of milk, leading to the plant being run at high speed, etc.

	<i>Amount of loss.</i>	<i>Remarks.</i>
	(IN LAKHS OF RUPEES)	
(vii) Milk found short in transit from Erode to Madras.	0.22	The quantity found short represented 5.3 per cent of the total milk despatched.
(viii) Loss in machinery ..	0.74	....
(ix) Shortages in distribution.	0.70	As against the permissible percentage of 0.25 the actual quantity lost in distribution worked out to 0.28 per cent and 1.69 per cent, respectively for buffaloes' milk and cows' milk.
(x) Supply of fodder and cattle feed to the licensees.	0.22	The supply of fodder and cattle-feed to the licensees in the Milk Colony is to be made on a "no-profit-no loss" basis. During the year fodder and cattle feed valued at Rs. 17.57 lakhs were sold without taking into account the expenditure on establishment employed solely for the purpose, resulting in a loss of about Rs. 22,000.
(xi) Disposal of compost manure.	0.14	During the year a quantity of 4,725 tons of compost manure was sold at Rs. 2.60 per ton as against the estimated cost of production of Rs. 5.59 per ton.

In July, 1964, the Estimates Committee had observed that (1) necessary steps should be taken to reduce the heavy establishment and other charges by re-assessing the staffing pattern in the project ; (2) there was a case for reducing the purchase price of milk allowed to the licensees ; and (3) Government might consider the desirability of increasing the sale price of milk in order to reduce the loss. Orders of Government on their recommendations are awaited (December, 1964).

The following further points were also noticed :—

(i) The maximum percentage for breakages of bottles has been fixed as 0.25 in machines and 0.25 in transit. Registers were not maintained till January, 1964 to record the breakage of bottles in machine and in transit each day, to see whether the actual breakages were within the permissible limits. The number of bottles broken or lost during the period from April, 1962 to November, 1963 worked out to 2.06 per cent of the bottles handled. The value of bottles lost in excess of the permissible limit worked out to about Rs. 72,000.

(ii) Dried skimmed milk powder produced at a cost of Rs. 0.51 lakh from February to May, 1964 was found unsuitable for preparing toned milk on account of its low solubility. On bacteriological test, conducted in August, 1963, the entire quantity was found infested and unfit for use.

(iii) During the period from April, 1962 to September, 1963, instead of buffaloes' milk, cows' milk was used for preparation of toned milk, resulting in a loss of about Rs. 59,000.

(iv) In October, 1961, 100 tons of milk powder were purchased from the Maharashtra Government for the manufacture of toned milk; of this, only 26.5 tons could be used. 47.5 tons were transferred (October, 1962) to other Governments (17.5 tons to Andhra Pradesh Government on loan basis and 30 tons at landed cost to the Bombay Milk Scheme). Of the quantity of 30 tons sold, 3½ tons were reported as spoiled resulting in a loss of about Rs. 3,100. In June, 1963, the Special Officer for milk reported that the balance stock of 16 tons valued at Rs. 20,643 was not fit for the preparation of toned milk. The spoiled stock was issued for feeding calves in the project. The loss of Rs. 23,743 is yet to be regularised by Government.

The slow utilisation of milk powder resulting in stock becoming surplus was attributed to the delay in the commissioning of the Central Dairy.

(v) The failure to ascertain the solvency of the bidders and to execute agreements in the proper form while leasing out the rights to enjoy the usufructs of trees in the Milk Colony in 1960-61, resulted in a loss of revenue of Rs. 13,508. The Government Pleader informed the Milk Commissioner in November, 1963, that the agreements executed were defective and not in proper form and there was no possibility of recovering the dues by instituting a suit.

(vi) (a) In October, 1962, the Government sanctioned the construction of a workshop with garages and service station to attend to the repairs of the transport vehicles belonging to the

project. The workshop completed in January, 1963 at a cost of about Rs. 3 lakhs, has not yet been commissioned. Plant and machinery of the value of Rs. 20,000 purchased between March, 1963 to October, 1963 are also lying unutilised.

(b) Of the 34 vehicles belonging to the project, 19 were on road (July, 1964), 10 under repairs for periods ranging upto two years and five were to be condemned, including 2 'Tempo' three-wheelers purchased in 1960 at a cost of Rs. 18,242 and used for a period of two years only.

(vii) A hospital constructed at a cost of Rs. 1.25 lakhs in the Milk Colony in 1962 has not yet been opened (August, 1964).

(viii) Pending the commissioning of the dairy sanctioned under the Integrated Dairy Scheme at Erode, milk purchased is being pasteurised in a private dairy (on payment of hire charges) before being transported to Madras City. A boiler purchased at a cost of Rs. 0.16 lakh was installed in July, 1963 in the private dairy but it went out of order in September, 1963. The boiler is yet to be repaired and put into use.

(ix) Land and building valued at Rs. 17,500 belonging to Public Works department were acquired and machinery valued at about Rs. 80,000 were purchased between August, 1962 and February, 1964 for the chilling centre at Kumarapalayam. An agreement was also entered into with the State Electricity Board guaranteeing to pay the minimum tariff charges at Rs. 2,500 per annum for a period of ten years for extending the supply lines to the centre. However, in September, 1964, proposals were submitted to Government to shift the location of the centre from Kumarapalayam to Ootacamund.

The draft paragraph was sent to Government in December, 1964; their reply is awaited. (February, 1965).

89. *Extra payment.*—On the introduction of metric system of weights and measures from the 1st October, 1960, Government fixed the purchase price of milk from the licensees in the Madras Dairy and Milk Project in terms of litres. During the period from October, 1960 to November, 1963, however, milk was purchased by weight in kilogram and paid for at the rate fixed per litre, adopting 1 kgm. as equivalent to 1 litre. This resulted in an excess payment of Rs. 1.92 lakhs (approximately). From November 1963, the department has adopted the correct conversion ratio of 0.975 litre as equivalent to 1 kgm. for this purpose.

Government stated in October, 1964 that payment was made without observing the conversion ratio as it was not accepted by the licensees and as the department was unable to make weighments in balances having dials showing both litres and kilograms due to shortage of such balances.

90. *Tool room shops.*—With a view to providing tool room facilities to the industrial units in the Industrial Estates and for manufacturing special dies and tools, tool room shops have been set up at several places in the State. As at the end of March, 1964, such shops have been functioning in 5 places. The following table shows the working results of the shops during the year 1963-64 :—

<i>Name of the unit.</i>	<i>Year of commencement.</i>	<i>Value of outturn.</i>	<i>Sales and services.</i>	<i>Net profit + Net loss—</i>
(IN LAKHS OF RUPEES)				
Tool Room Shop, Guindy ..	October, 1957 ..	2.20	3.17	+ 0.27
Tool Room Shop, Erode ..	September, 1958.	7.14	7.61	+ 0.60
Tool Room Shop, Tiruchirappalli.	April, 1961 ..	3.71	3.56	- 0.20
Tool Room Shop, Pettai ..	July, 1961 ..	1.70	2.30	- 0.38
Tool Room Shop, Virudhunagar.	January, 1962 ..	1.95	2.09	- 0.39

The units at Tiruchirappalli, Pettai and Virudhunagar have been working at loss since their inception, the cumulative loss to end of March, 1964 being about Rs. 2 lakhs. The losses have been attributed to the units working below capacity resulting in non-recovery in full of overhead expenses.

The following further points were noticed :—

(a) In the tool room shops at Guindy and Virudhunagar, machinery valued at Rs. 17,000 purchased in November, 1961 and December, 1963 were lying idle (October, 1964).

(b) Shortages in stock to the extent of Rs. 17,200 were reported in the Tool Room Shop, Pettai, when a new store-keeper took charge in May, 1964 ; these are pending regularisation (October, 1964).

(c) Finished goods valued at about Rs. 72,000 are lying without demand for over a year in the shops at Erode and Guindy. The value of raw materials held in stock in the Erode workshop without issue for more than two years amounted to about Rs. 52,100.

91. *Wool processing centre, Vinnamangalam.*—(i) The Wool Processing Centre at Vinnamangalam was started in December, 1960 as a joint venture of the Madras and Mysore State Governments, with financial assistance in the shape of loan by Government of India, with the object of maintaining standard quality of woollen products by supplying graded and scientifically processed wool to the druggat manufacturers and exporters. The profit or loss is shared in equal proportions by the Governments of Madras and Mysore.

(ii) The unit has been working at loss since its commencement as the sale price fixed does not cover even the manufacturing cost. The total loss to end of 1963-64 amounts to Rs. 4.06 lakhs. Some particulars of working results are given in the table below :—

	1961-62	1962-63	1963-64
(IN LAKHS OF RUPEES)			
Output during the year ..	1.43	0.55	1.24
Sales during the year .. ..	0.36	0.55	1.10
Closing stock and its percentage to sales.	0.72 (200 per cent)	0.38 (68 per cent)	0.43 (39 per cent)
Loss and its percentage to turnover.	1.35 (380 per cent)	1.38 (246 per cent)	1.33 (120 per cent)
Total overhead charges ..	1.46	1.51	1.50

(iii) Depreciation to the extent of Rs. 19,395 in respect of 5 machines (value: Rs. 2.29 lakhs) was not charged in the manufacturing account during 1963-64 on the ground that they were idle. Taking this into account, the loss during the year would be Rs. 1.52 lakhs.

(iv) The actual production in relation to the annual target of 4,51,450 kgms. during the last three years was as follows :—

KILOGRAMS.			
1961-62 .. ..	50,034	(11 per cent).	
1962-63 .. ..	4,596	(1 per cent).	
1963-64 .. ..	56,660	(12 per cent).	

It is seen that the unit is working much below its capacity due to lack of demand for its products and that out of 7 machines (value: Rs. 2.78 lakhs), only two machines (value Rs. 0.49 lakh) are being employed for washing the wool, there being no demand for fully processed wool. The poor demand has been attributed by the Director of Industries to slump in the druggist trade and high cost of processed wool.

(v) As a result of stoppage of dyeing of wool due to poor demand, chemicals valued at Rs. 20,000 are lying in stock from 1961-62. Dyed wool valued at Rs. 7,140 processed in 1961-62 also awaits disposal.

*Pro forma* commercial accounts of the concern are appended (Appendix XI.)

92. *Avoidable expenditure.*—The State Government approved in 1961 and 1962 the programme of expansion of three existing industrial units with a view to meeting the increased demand for their products. The additional production envisaged has not yet (August, 1964) materialised due to delay in implementing the schemes. It is seen that the staff sanctioned for the expansion programmes (production assistants, foremen, mechanics, etc.) have been employed in advance, in these units; the expenditure on their pay and allowances till August, 1964 amounts to Rs. 42,000. Details of these cases are given below :—

Name of Unit.	Date of sanction of the scheme.	Non-recurring expenditure on buildings, machinery, etc.		Expenditure on staff.		Remarks.
		Estimate.	Actuals.	When first employed.	Amount.	
RS.						
(IN LAKHS OF RUPEES)						
1 Ceramic Centre, Vriddha-chalam.	March, 1961.	10.58	3.47	May, 1961.	6,000	The construction of the building is yet to be completed and machinery valued at Rs. 0.96 lakh purchased during the period from December, 1961 to June, 1964 remain idle.
2 Model Bolts and Nuts Unit, Erode.	November, 1961.	1.34	0.07	January, 1962.	21,797	Out of 6 machines and equipment valued at Rs. 69,000, only 2 machines costing Rs. 7,426 have so far been purchased.
3 Pilot scheme for distribution of ploughs in the Farm Implement's Unit, Tiruchirapalli.	July, 1962.	2.42	1.92	October, 1962.	13,785	Power wiring is still to be carried out and raw materials have not been purchased.

93. *Injudicious purchase of machinery.*—In several small scale industrial units, plant and machinery purchased prior to 1960 for specific schemes were lying unutilised. It would appear that



purchases were made without reference to actual requirements. A few such cases are given below :—

Serial number and name of the industrial unit.	Description of plant and machinery.	Value/Date of purchase.	Remarks.
(i) Cycle Assembly Unit, Thanjavur.	Air circulating and salt bath furnaces.	Rs. 32,606 February and March, 1960.	As there is no prospect of the machines being utilised in the unit, their transfer to other units is reported to be under consideration.
	• Electric heat treatment furnace, grinders, shaping machine and hardness tester.	Rs. 68,452 February 1959 to February 1960.	The machines were transferred in December, 1962 to Tool Room Shop, Thanjavur, but are yet to be commissioned.
(ii) General Purpose Engineering Workshop, Vellore.	Air-circulating machine.	Rs. 19,719 July, 1960	The machine is kept idle since erection. The proposal to transfer it to Coimbatore is reported to be under consideration.
(iii) Tool Room Shop, Guindy.	Schmit and Apolt-electrically heated furnace.	Rs. 15,168 October, 1957.	The furnace was transferred from Farm Implements Unit, Tiruchirappalli where it was not used. It is kept idle in the Tool Room Shop also, as it is too big for economical use.
(iv) Farm Implements Unit, Tiruchirappalli.	Brayshaw oven furnace.	Rs. 11,454 December, 1957.	The furnace is kept idle and is proposed to be transferred to Forge and Heat Treatment Shop, Coimbatore, which has not yet been commissioned.
(v) Textile Mill Parts Unit, Madurai.	Brayshaw air-recirculation furnace.	Rs. 19,708 March, 1958.	Jobs requiring the use of the machine are reported to be not forthcoming.

94. *Small Scale Industrial Units—Outstanding dues.*—Under the rules framed by Government, sales are generally to be effected on payment of cost. Credit sales are, however, permitted to reputed and longstanding customers and local bodies. The outstanding dues as at the end of August, 1964, in respect of sales made to end of 1963-64 amounted Rs. 1.04 lakhs; of this an amount of Rs. 46 lakhs was due from private parties. Details are given in Appendix XI.

According to orders issued by Government in July, 1962, penal interest at  $6\frac{1}{4}$  per cent should be charged on all amounts outstanding for over three months. In several units, the penal interest was not levied; the revenue forgone in respect of five units (for which the particulars were available) was Rs. 9,350.

## SECTION E

## INVESTMENTS AND GUARANTEES BY THE STATE GOVERNMENT

95. *Investments of Government.*—(1) The figures of investments by the State Government in shares of Statutory Corporations, Government Companies, Joint Stock Companies, Co-operative Banks, Institutions, etc., at the end of the last three years are shown below :—

	<i>Statutory Corporations, Government Companies and Joint Stock Companies.</i>	<i>Co-operative Insti- tutions.</i>
	(IN LAKHS OF RUPEES)	
1961-62 .. ..	1,78.73	4,76.38
1962-63 .. ..	1,79.24	5,86.08
1963-64 .. ..	1,88.05	6,88.94

The amount of dividend credited during 1963-64 amounted to Rs. 8.57 lakhs as indicated below :—

	(IN LAKHS OF RUPEES)
Joint Stock Companies .. .. .	0.78
(Government investment : Rs. 38.85 lakhs)	
Co-operative Institutions .. .. .	7.79

(ii) *Joint Stock Companies.*—(a) In March, 1964, the State Government paid a sum of Rs. 1.28 lakhs towards share capital in the Banana and Fruit Development Corporation Limited. The certificate of commencement of business was given by the Company Law Administration in June, 1964. The shares have not been allotted so far and the company has not yet started functioning (October, 1964). The withdrawal of funds in March, 1964 in advance of requirements would appear to have been made to avoid lapse of budget grant.

(b) Five companies in which the investment amounted to Rs. 25.88 lakhs have not given any return for three years or more.

(iii) *Co-operative Institutions.*—(a) *Co-operative Sugar Mills.*—The Government's investment as at the end of 1963-64 in six sugar mills amounted to Rs. 1,27.50 lakhs. There has been no return

on the shares held by Government in these institutions. Some points noticed during the review of the accounts of a few mills are mentioned below :—

(1) *The Maduranthakam Co-operative Sugar Mills.*— Out of the paid-up capital of Rs. 53.67 lakhs, Government shareholding amounted to Rs. 20 lakhs. The mill incurred loss year after year, the cumulative loss to end of 1962-63 being Rs. 28 lakhs.

The mill could not repay a short term loan of Rs. 20 lakhs obtained from the Madras State Co-operative Bank in December, 1962. The Refinance Corporation declined to sanction the block loan applied for by the mill and the Industrial Finance Corporation (which had already advanced a loan of Rs. 56 lakhs and had a first charge on the assets) did not agree to the creation of a second charge on the assets of the mill as the written-down value of the assets would not provide for 40 per cent margin over the liability of the mill to the Corporation. In June, 1964, the mill obtained a loan of Rs. 25 lakhs from the State Co-operative Bank on the strength of Government's guarantee for the repayment of loan with interest.

(2) *The Amaravathy Co-operative Sugar Mill* sustained a net loss of Rs. 2.35 lakhs to end of 1961-62, up to which period only the certified accounts are available.

Out of the paid-up capital of Rs. 42.60 lakhs, Government shareholding amounted to Rs. 20 lakhs.

(b) From a review of the accounts of co-operative societies in five selected districts, it is seen that some have been running at loss for over three years continuously as indicated below :—

<i>Category of societies.</i>	<i>Number of societies.</i>	<i>Amount invested by Government.</i>	<i>Loss incurred during the period from 1960-61 to 1962-63.</i>
(IN LAKHS OF RUPEES).			
1. Agricultural Banks .. .. .	24	2.35	2.52
2. Other Credit Societies .. .. .	20	0.86	0.95
3. Marketing Societies .. .. .	7	6.49	6.18
4. Multi-purpose Co-operative Societies ..	8	0.37	0.37

(c) The accounts of the co-operative institutions are audited by persons authorised by the Registrar of Co-operative Societies and the cost of audit recovered from the institutions concerned. The audit is required to be completed within one year from the date of closure of the accounts. As at the end of September, 1964, the

accounts of 351 societies for the year 1962-63 remained to be audited; on the same date a sum of Rs. 2.94 lakhs was pending recovery towards cost of audit.

(iv) The details of investments as on the 31st March, 1964 are given in Statement No. 14 on pages 138-145 of the State Finance Accounts, 1963-64.

96. *Guarantees given by the State Government.*—The State Government have given guarantees in respect of share capital and loans raised by Statutory Corporations, Government Companies, Co-operative Institutions, etc., to the extent of Rs. 91.11 crores to end of 1963-64. Brief particulars are given below :—

<i>Institution on whose behalf guarantee was given.</i>	<i>Maximum amount guaranteed as on</i>		<i>Sum guaranteed outstanding on</i>	
	<i>31st March, 1963.</i>	<i>31st March, 1964.</i>	<i>31st March, 1963.</i>	<i>31st March, 1964.</i>
	(IN CRORES OF RUPEES)			
1. Statutory Corporation .. ..	10.89	15.10	10.89	15.10
2. Government Companies .. ..	10.61	15.96	9.03	14.38
3. Co-operative Institutions .. ..	47.58	56.20	26.10	27.97
4. Joint Stock Companies .. ..	3.85	3.85	3.84	3.84
Total .. ..	<u>72.93</u>	<u>91.11</u>	<u>49.86</u>	<u>61.29</u>

More details are given in Statement No. 6 on pages 37-38 of the State Finance Accounts, 1963-64.

## CHAPTER IX

### AUDIT OF GRANTS-IN-AID

97. The total amount of grants-in-aid paid by the State Government to local bodies during 1963-64 was about Rs. 30.11 crores and this represented 22 per cent of the total revenue expenditure during the year. The expenditure out of grants paid to local bodies is audited by the Examiner of Local Fund Accounts, who is under the administrative control of the Finance department. Certain points noticed during the test-check of sanctions conducted by the Audit office and points reported by the Examiner of Local Fund Accounts are indicated in the succeeding paragraphs.

98. (i) *Grants-in-aid to Panchayat Union Councils.*—Under section 66 of the Madras Panchayats Act, 1958, the Panchayat Union Councils have been entrusted with the execution of the National Extension Service of the Community Development Programme including in particular, all measures relating to the development of agriculture, animal husbandry and village industries. Government assistance for executing the scheme is given in the shape of grants-in-aid subject to the fulfilment of the prescribed conditions. During a test-check in 49 out of 59 offices of the sanctions to grants-in-aid accorded during the years 1961-62 to 1963-64, it was noticed that there had been overpayments of grants to the extent of Rs. 11.88 lakhs as indicated below :—

<i>Purpose of grant.</i>	<i>Amount of overpayment.</i> (IN LAKHS OF RUPEES)
Village works .. .. .	6.16
Social education, maternity and child welfare.	1.27
Agriculture .. .. .	1.06
Other cases .. .. .	3.39
Total ..	11.88

The excess payments had occurred as a result of (i) inclusion of inadmissible items for purposes of grant, (ii) payment of grant twice in respect of the same period, (iii) payment of grant in excess of the prescribed limit, (iv) non-compliance with the prescribed conditions and (v) arithmetical inaccuracies.

The overpayments remain to be regularised.

(ii) *Irregular payments.*—According to the orders issued by Government in July, 1960, subsidy to the extent of 50 per cent of cost was admissible to Panchayat Unions in respect of vegetable

seeds, fruit seedlings and coconut and cashewnut seedlings procured by them and distributed at half-cost to private individuals. The pattern of assistance was revised by Government in September, 1961 and the revised pattern did not provide for distribution of coconut seedlings at subsidised cost. During a test-check of the accounts of Panchayat Unions, it was noticed that 50 per cent subsidy had been allowed in respect of the sale of coconut seedlings also. The subsidy thus paid to 33 Panchayat Unions during the period from September, 1961 to September, 1964, amounted to Rs. 65,619.

(iii) *Sale of paddy and other seeds.*—(a) Quality paddy and other seeds are procured from seed farms (both State and private) and supplied to the ryots at subsidised cost. Certain losses noticed during a test-check conducted by Audit between April, 1963, and September, 1964 and losses reported by the Examiner of Local Fund Accounts are indicated below:—

<i>Particulars of losses.</i>	<i>Noticed by</i>	<i>Reported by</i>
	<i>Audit office.</i>	<i>the Examiner of Local Fund Accounts.</i>
	RS.	RS.
(i) The subsidy admissible on sale of green manure seeds was reduced from 30 per cent to 20 per cent by an order of Government, dated the 26th July, 1960. The subsidy was further reduced to 15 per cent by an order dated 11th June, 1962. There were delays in communicating these orders by the Director of Agriculture to his subordinates; the delays ranged upto three months. This resulted in the earlier higher rates of subsidy being allowed to the ryots.	1,870*	..
(ii) Loss due to sale of seeds at rates lower than the approved rates and incorrect fixation of rates.	12,483	4,244
Total ..	14,353	4,244

\* The loss for the entire State has been assessed by the department as Rs. 12,546; of this a sum of Rs. 10,526 has been written off by Government in September, 1964.

(b) The scheme for procurement and distribution of green manure seeds was entrusted to Panchayat Unions from the 1st April, 1963, and the stock of seeds held by the Agriculture department on that date was transferred to them subject to recovery of cost. An amount of Rs. 1.16 lakhs is still pending recovery on this account from 82 Panchayat Unions (October, 1964).

99. *Grants-in-aid to educational institutions.*—During the test-check between October, 1963 and November, 1964, of the accounts in the offices of the District Educational Officers and the Director of Public Instruction, the following irregularities involving overpayments/irregular payments of grants amounting to Rs. 14.30 lakhs came to notice. Out of this, amounts totalling Rs. 9.08 lakhs were pending recovery at the end of November, 1964.

<i>Nature of irregularity.</i>	<i>Amount.</i>
	(IN THOUSANDS OF RUPEES.)
<i>I. Grants sanctioned by the District Educational Officers.</i>	
<i>(a) Teaching grants—</i>	
(i) Grants admitted on cost of staff in excess of the prescribed strength/scale of pay.	7,27.35
(ii) Arithmetical inaccuracies and other omissions ..	24.20
<i>(b) Maintenance grant—</i>	
Arithmetical inaccuracies, inclusion of inadmissible items for purpose of Government grants, etc.	31.65
<i>(c) Grants for the scheme for supply of school meals—</i>	
(i) Overpayment of grant due to inclusion of cost of 'CARE' articles (supplied free of cost) in total expenditure.	24.28
(ii) Advance grants not adjusted .. .. .	62.29
(iii) Grant not restricted to 6 paise per meal or expenditure in excess of 4 paise, whichever is less.	3.83
(iv) Number of meals not restricted to 200 per pupil in a year.	7.96
(v) Overpayments on account of arithmetical mistakes and other reasons.	21.84
<i>(d) Fee concession grant—</i>	
Grants admitted in excess of the prescribed limits ..	28.44
<i>II. Grants sanctioned by the Director of Public Instruction to colleges and other educational institutions.</i>	
(i) Grants admitted on cost of staff in excess of prescribed strength.	39.17
(ii) Incorrect computation of income .. .. .	3,07.12
(iii) Inclusion of inadmissible items .. .. .	7.85
(iv) Compensation for loss in fee income in inadmissible cases.	50.02
(v) Building grant overpaid without taking into account deviations.	44.58
(vi) Arithmetical inaccuracies and other reasons ..	49.12
Overpayments and irregular payments pointed out during 1960-61 and 1962-63 involving Rs. 1.32 lakhs still remain to be regularized.	

100. *Grants to local bodies.*—On the basis of information furnished to Audit in August, 1964, the total amount held under objection by the Examiner of Local Fund Accounts due to grants found inadmissible or drawn in excess of requirements and for other reasons amounted to Rs. 1,93.85 lakhs as indicated below :—

<i>Department which administers the grant.</i>	<i>Upto</i>	
	1961-62.	1962-63.
	(IN LAKHS OF RUPEES.)	
Rural Development and Local Administration.	16.19	10.74
Education .. .. .	44.40	1,18.86
Health .. .. .	3.93	2.99
Others .. .. .	1.74	..
Total ..	66.26	1,27.59

(ii) The amounts drawn in excess of requirements were particularly heavy in the case of grants-in-aid administered by the Education department, and were mainly due to the failure of the department to restrict the release of the grant to the amount likely to be spent, during the year. The number of Panchayat Unions in respect of which the excess drawal amounted to over Rs. 50,000 in each case and the total amount involved are indicated below :—

<i>Purpose of grant.</i>	<i>Number of Panchayat Unions.</i>	<i>Total amount of grant disbursed.</i>	<i>Amount unutilised as on the 31st March, 1963.</i>
		(IN LAKHS OF RUPEES)	
Local Education grant .. .. .	39	1,20.30	36.38
Net cost grant .. .. .	11	31.28	7.75
School Meals grant .. .. .	4	4.50	2.79

(iii) Particulars of a few cases where the grants disbursed were found inadmissible are indicated below :—

<i>Serial number and name of the local body.</i>	<i>Amount overdrawn.</i>	<i>Remarks.</i>
	RS.	
(a) Maduranthakam Panchayat Union.	15,651 (1962-63)	Under the village works programme, financial assistance is admissible towards laying of new roads and streets. The grant was, however, paid for meeting expenditure incurred on improvement to existing roads and streets also.



<i>Serial number and name of the local body.</i>	<i>Amount Overdrawn.</i>	<i>Remarks.</i>
	RS.	
(b) Andipatti Panchayat Union.	16,200 (1962-63)	In September, 1962, the Collector of Madurai accorded sanction for the payment of local cess surcharge matching grant at Rs. 10,800 per quarter. Against a sum of Rs. 21,600 admissible for the first two quarters of 1962-63, a sum of Rs. 5,400 only was claimed by the Panchayat Union and this amount was paid in October, 1962. The balance amount (Rs. 16,200) was claimed and paid twice in November, 1962 and again in March, 1963 resulting in an excess payment of Rs. 16,200.
(c) Munichirai Panchayat Union.	4,000 (March, 1963).	According to the instructions issued by Government in February, 1962, the grant was to be utilised for meeting the cost of the books to be distributed to libraries. The books were, however, distributed to Social Education Centres.
(d) Thallakulam Panchayat Union.	5,094 (March, 1963).	The expenditure amounting to Rs. 5,094 incurred on road and water-supply works was reimbursed by Government in April and May, 1962. The same expenditure was included by the Panchayat Union Commissioner again in an account rendered in March, 1963 for an advance grant drawn by the local body in October, 1962 thus causing a double payment of Rs. 5,094.
(e) Corporation of Madras.	53,149 (March, 1963).	Out of a grant of Rs. 14.52 lakhs drawn during 1962-63 for improvements to trunk roads, an amount of Rs. 53,149 became due for refund on account of excess payments to contractors mainly due to irregular fixation of rates.

(iv) The financial assistance to the Panchayat Unions for implementation of development schemes is given in the shape of grants-in-aid on post-execution basis. In certain cases, advance grants were sanctioned during 1962-63, subject to the condition

that the amount should be utilised before the close of the year and further reimbursement of the expenditure on the schemes would be made after the advances sanctioned were fully utilised. In the following cases, either the expenditure was reimbursed without adjusting the advance, or the advances remained entirely or partly unutilised :—

<u>Name of the panchayat union</u>	<u>Amount of advance</u>	<u>Month of drawal.</u>	<u>Remarks.</u>
<u>Purpose of grant.</u>			
	RS.		
Killiyur .. Grant for road works.	10,000	October, 1962.	The entire expenditure of Rs. 8,366 incurred by the panchayat union was reimbursed to it in March, 1963 and June, 1963, without adjusting the expenditure against the advance.
Talaivasal .. Grant for Agriculture schemes.	10,000	December, 1961.	The actual expenditure incurred from time to time was reimbursed without adjusting it against the advance.
Arantangi .. Grant for Agriculture schemes.	10,000	1961-62.	The actual expenditure of Rs. 38,234 incurred during 1961-62 and 1962-63 was reimbursed fully without adjusting the advance.
Melpuram .. Grants for Agriculture schemes and road and water-supply works.	30,000	November, 1962.	An expenditure of Rs. 2,092 incurred in March, 1963 on an agriculture scheme was reimbursed without adjusting it against the advance. Out of the advance of Rs. 30,000 a sum of Rs. 15,472 has been utilised and the balance remains to be refunded.
Kammapuram .. Grant for Agriculture schemes.	10,000	1961-62.	An expenditure of Rs. 11,420 incurred during 1962-63 was reimbursed fully without adjusting the advance.

101. *Grants-in-aid paid to former district boards.*—The *ad hoc* committee appointed in February, 1963 by Government for settlement of objections relating to the defunct district boards has reported up to March, 1964 that a net amount of Rs. 5.65 lakhs has been overdrawn to end of 1961-62 by 9 district boards. Government have issued instructions that the amounts due to them in these cases may be included in the statement of assets and liabilities of the district boards concerned, pending final settlement of their assets and liabilities.

102. *Utilisation certificates.*—In 245 cases involving total grants of Rs. 41.28 lakhs disbursed to end of 1963-64, certificates that the grants have been utilised for the purposes intended have not been furnished to Audit (December, 1964) as indicated below :—

<i>Department.</i>	<i>Year for which due.</i>	<i>Number of certificates.</i>	<i>Amount.</i>
(IN LAKHS OF RUPEES)			
Education and Public Health.	1961-62 to 1963-64	68	34.32
Food and Agriculture .. .. .	1962-63 and 1963-64	7	0.24
Home .. .. .	1961-62 and 1962-63	34	2.71
Industries, Labour and Co-operation.	1960-61 to 1963-64	136	4.01

In addition, certificates in respect of the grants totalling Rs. 40.49 crores disbursed during the period from 1959-60 to 1963-64, to aided educational institutions and to mid-day meal centres have also not been furnished to Audit (December, 1964). According to orders of the Government (February, 1963), a consolidated certificate in respect of these grants is to be furnished by the Director of Public Instruction.

## CHAPTER X

### MISAPPROPRIATION, LOSSES, ETC.

103. (i) *Misappropriations.*—(a) In paragraph 92 of the Audit Report, 1964, it was mentioned that 389 cases of misappropriation and defalcation of Government money, involving a total amount of Rs. 9.55 lakhs, were pending finalisation as at the end of 1962-63. 195 further cases involving Rs. 2.44 lakhs were reported to Audit during April, 1963 to November, 1964. In 22 of these cases, the preliminary reports of the loss were sent to Audit after three months to over two years, though the financial rules require that such reports should be sent immediately after the occurrence of the event.

As in December, 1964, 458 cases involving Rs. 10.65 lakhs were pending finalisation. The departmentwise and the yearwise details of the outstanding cases are given in Appendix XIII. An analysis of the cases pending for more than five years is given below :—

<i>Reasons.</i>	<i>Revenue</i>	<i>Other</i>
	<i>Department.</i>	<i>departments.</i>
	<i>Number of cases.</i>	<i>Number of cases.</i>
	Amount.	Amount.
	RS.	RS.
1 Awaiting investigation .. .. .	1	..
	728	..
2 Awaiting action for laxity of supervision .. ..	15	2
	43,803	1,012
3 Awaiting write-off orders .. .. .	14	1
	60,129	17,884
4 Pending in courts .. .. .	2	..
	5,276	..
5 Pending for want of recovery .. .. .	53	8
	1,51,466	37,184
6 Pending for want of information regarding recovery ..	2	..
	1,708	..
	87	11
Total ..	2,63,110	56,080

(b) In addition, 83 cases (Rs. 1.87 lakhs) of shortages and theft of stores, damages to vehicles, etc., reported to end of 1963-64 were pending finalisation ; of these 56 cases involving Rs. 1.05 lakhs related to the Agriculture Department.

(ii) *Losses written-off.*—During the year 1963-64, miscellaneous losses, etc., totalling Rs. 29.48 lakhs (728 cases) were written off by Government and other subordinate authorities. These include 50 cases involving sums exceeding Rs. 10,000 in each case, amounting to Rs. 10.22 lakhs. Brief particulars of some of these cases are given in Appendix XIV.

## CHAPTER XI

### OUTSTANDING AUDIT OBJECTIONS AND INSPECTION REPORTS

104. *Outstanding Audit Objections.*—(a) The number of audit objections raised in Central Audit (other than those reported through inspection reports) pertaining to the period upto the 31st March, 1964, awaiting settlement by departmental officers as in October, 1964 was 37,919 items involving a total amount of Rs. 10.78 crores.

Year wise analysis of outstanding objections is given below :—

<i>Year.</i>	<i>Number of items.</i>	<i>Amount.</i>
(IN CRORES OF RUPEES)		
1959-60 and earlier years ..	4,754	0.93
1960-61 .. .. .	3,982	0.84
1961-62 .. .. .	5,392	1.79
1962-63 .. .. .	7,519	2.71
1963-64 .. .. .	16,272	4.51

Reports of outstanding audit objections are forwarded half-yearly to the heads of departments for taking steps to expedite their settlement. With the lapse of time it becomes more difficult for the departments to settle the objections mainly on account of difficulty in locating the relevant records; for instance, in August, 1963, Government had to waive, as a special case, the production of sub-vouchers and stamped receipts in support of a payment of Rs. 5,680 made in 1955-56 in Koilpatti Block, Tirunelveli district as the relevant records were not available in the Block office.

Departmentwise and yearwise analysis and nature of the items held under objection are given in Appendix XV.

(b) The more important types of objections are indicated below :—

(i) *Non-submission of detailed contingent bills* (Rs. 272.66 lakhs).—The amounts held under objection for want of detailed contingent bills represent, advances drawn by disbursing officers on abstract bills to meet certain types of contingent expenses, for which detailed accounts counter-signed by the controlling authority in token of approval to incurring of the expenditure have not been furnished to Audit. The rules require that the detailed bill should reach the Audit Office not later than one month from the date of drawal of an abstract bill. Detailed bills in 3,086 cases involving Rs. 65.87 lakhs have, however, not been furnished for over three years.

Yearwise analysis of amounts drawn on abstract bills outstanding for want of detailed countersigned bills is given below :—

Year.	Number of items.	Amount.
		(IN LAKHS OF RUPEES)
1959-60 and earlier years ..	1,930	39.17
1960-61 .. .. .	1,156	26.70
1961-62 .. .. .	1,821	47.08
1962-63 .. .. .	2,316	49.04
1963-64 .. .. .	4,813	110.67

The non-submission of detailed contingent bills for long periods must be regarded as a serious lapse as no audit scrutiny can be exercised in the absence of these essential documents and there is a likelihood of serious irregularities remaining undetected for long periods.

(ii) *Non-receipt of vouchers in support of payments made at Treasuries, Public Works and Forest divisions.*—Yearwise analysis of the number of items and the amount held under objection pertaining to the period upto March, 1964, awaiting settlement as in October, 1964, is given below :—

Year.	Number of items.	Amount.
		(IN LAKHS OF RUPEES)
1959-60 and earlier years ..	465	34.61
1960-61 .. .. .	246	22.98
1961-62 .. .. .	335	46.14
1962-63 .. .. .	680	1,34.18
1963-64 .. .. .	1,405	60.14
Total ..	3,131	2,98.05*

* Treasuries .. .. .	2,66.39
Public Works divisions .. .. .	24.74
Forest divisions .. .. .	6.92

The inordinate delay in furnishing vouchers in support of payments results in large amounts of expenditure escaping audit scrutiny for long periods and there is likelihood of serious irregularities remaining unnoticed.

105. *Outstanding Inspection Reports.*—(a) Important irregularities and defects in the accounts noticed during local inspections are included in the inspection reports which are sent to the departmental officers and heads of departments and also to Government, where necessary. Of the inspection reports issued to end of March, 1964, 13,509 paragraphs in 2,283 inspection reports remained unsettled (November, 1964).

Some of these have been outstanding for considerably long periods; yearwise analysis of the outstanding paragraphs is given below :—

Year.	Number of outstanding.	
	Inspection reports.	Paragraphs.
1959-60 and earlier years.	340	1,445
1960-61 .. .. .	204	1,100
1961-62 .. .. .	509	2,803
1962-63 .. .. .	448	2,703
1963-64 .. .. .	782	5,458

Departmentwise details of the outstanding reports are given in Appendix XV.

It is necessary that points raised in the inspection reports are settled expeditiously by departmental officers/heads of departments as delay in attending to the reports is likely to lead to the continuance of irregularities with attendant risk of loss to Government. To give an instance, during the local audit of the accounts of Rural Water Supply and National Water Supply and Sanitation Schemes for the years 1959-60 to 1962-63, defects such as adoption of incorrect data, omission to collect contributions were pointed out from time to time; the department reported in June, 1964, that a sum of Rs. 15,000 had become irrecoverable due to efflux of time.

(b) The more important types of irregularities noticed during 1963-64 are detailed below :—

*Number of treasuries/  
offices in which  
irregularities were  
noticed.*

(a) *Treasuries.*—(5 treasuries and 3 sub-treasuries were inspected during the year).

- |  |   |
|--|---|
| (i) Failure to obtain certificate of balances in respect of Personal Deposit Accounts and delay in closing the accounts which have not been operated for considerable periods. | 4 |
| (ii) Omission to obtain necessary security from treasurers/shroffs, non-verification and non-renewal of securities furnished by staff.   |   |
| (iii) Non-maintenance of the Register of Audit objections and delay in taking action on retrenchment orders issued by the Accountant-General.                                  | 3 |



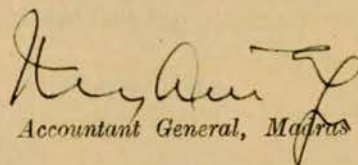
*Number of  
offices/treasuries  
in which  
irregularities  
were noticed*

- (b) *Public Works Offices—*
- |  |                        |
|--|------------------------|
| (i) Wasteful/infructuous expenditure due to defective plans and designs and abandonment of works.      | 13<br>(Rs. 1.06 lakhs) |
| (ii) Splitting up of purchase orders to avoid invitation of tenders or sanction of higher authorities. | 3<br>(Rs. 6.61 lakhs)  |
| (iii) Extra cost to Government due to rejection of lowest tender/delay in accepting tenders.           | 0<br>(Rs. 0.36 lakh)   |
| (iv) Delays in recovering Government dues from contractors.  | 14<br>(Rs. 3.56 lakhs) |
- (c) *Other departments—*
- |   |                         |
|---|-------------------------|
| (i) Non-realisation of revenues due to Government.  | 25<br>(Rs. 25.05 lakhs) |
| (ii) Overpayment of grants and other irregularities such as short-collection of interest, etc.                  | 20<br>(Rs. 7.43 lakhs)  |
| (iii) Defective maintenance of stock register and non-verification of stores periodically as required by rules. | 54                      |
| (iv) Omission to obtain security deposits from persons entrusted with cash and stores.                          | 24                      |

MADRAS,

The 28<sup>th</sup> February, 1965

28 FEB 1965

  
Accountant General, Madras

Countersigned.

NEW DELHI,

The

MAR 1965

Comptroller and Auditor General of India

## STATEMENT SHOWING THE PARTICULARS OF GRANTS/APPROPRIATIONS IN WHICH IT WAS

(Referred to in paragraph 12 of

*Particulars of Grant/Appropriation**Number and name.*

(i) 12 Grants/Appropriations in which supplementary provision proved entirely unnecessary.—

VIII.	Head of State, Ministers and Headquarters Staff ( <i>Charged</i> ).	
IX.	District Administration and Miscellaneous (Voted)	.. ..
XII.	Police (Voted)	.. .. .
XIII.	Education (Voted)	.. .. .
XV.	Public Health (Voted)	.. .. .
XVII.	Fisheries ( <i>Charged</i> )	.. .. .
XIX.	Co-operation (Voted)	.. .. .
XX.	Industries (Voted)	.. .. .
XXI.	Cinchona (Voted)	.. .. .
XXIX.	Public Works—Grants-in-aid (Voted)	.. .. .
XXX.	Road Transport Scheme ( <i>Charged</i> )	.. .. .
XL.	Capital Outlay on Industrial Development (Voted)	.. .. .

(ii) 6 Grants/Appropriations in which the supplementary provision proved excessive and there was a final saving of more than 5 per cent.—

IX.	District Administration and Miscellaneous ( <i>Charged</i> )	.. ..
XII.	Police ( <i>Charged</i> )	.. .. .
XVII.	Fisheries (Voted)	.. .. .
XXIV.	Labour including Factories ( <i>Charged</i> )	.. .. .
XL.	Capital Outlay on Industrial Development ( <i>Charged</i> )	.. .. .
XLII.	Capital Outlay on Public Works ( <i>Charged</i> )	.. .. .

## DIX I.

WHICH SUPPLEMENTARY PROVISION WAS OBTAINED AND THE EXTENT TO UTILISED.

## Chapter II)

Amount of Grant/Appropriation.			Actual expenditure.	Saving.	
Original.	Supplementary.	Total.		Amount.	Percentage.

(IN LAKHS OF RUPEES)

13-90	0-31	14-21	13-02	1-19	8-3
5,31-43	21-84	5,53-27	5,29-74	23-53	4-3
8,10-79	32-77	8,43-56	8,01-60	41-96	5-0
29,25-02	89-22	30,14-24	27,93-57	2,20-67	7-3
2,90-75	15-00	3,05-75	2,56-22	49-53	16-2
..	0-06	0-06	..	0-06	100-0
2,63-56	9-00	2,72-56	2,54-79	17-77	6-5
5,23-21	7-62	5,30-83	4,55-02	75-81	14-3
29-49	0-09	29-58	29-40	0-18	0-6
2,28-06	18-69	2,46-75	2,26-10	20-65	8-4
..	0-31	0-31	..	0-31	100-0
5,88-15	55-00	6,43-15	4,99-82	1,43-33	22-3

0-08	0-63	0-71	0-63	0-08	12-0
(Rs. 100)	0-18	0-18	0-16	0-02	8-7
71-68	8-23	79-91	75-17	4-74	5-9
(Rs. 500)	3-28	3-29	2-88	0-41	12-5
..	0-51	0-51	0-47	0-04	6-9
..	1-94	1-94	0-75	1-19	61-4

STATEMENT SHOWING THE PARTICULARS OF GRANTS/APPROPRIATIONS IN  
TO WHICH IT

(Referred to in paragraph 12 of

*Particulars of Grant/Appropriation number and name.*

(iii) 21 Grants in which the supplementary provision obtained proved inadequate and the actual expenditure exceeded the total grant/appropriation (including the supplementary provision)—

VI. State Legislature ( <i>Charged</i> ) .. .. .	..	..	..	..	..
VIII. Head of State, Ministers and Headquarters Staff (Voted).					
X. Administration of Justice (Voted) .. .. .	..	..	..	..	..
XIV. Medical (Voted) .. .. .	..	..	..	..	..
XVI. Agriculture (Voted) .. .. .	..	..	..	..	..
XXIII. Community Development Projects, etc. (Voted) .. .. .	..	..	..	..	..
XXV. Welfare of the Scheduled Castes, Tribes and other Backward Classes (Voted)					
XXVI. Irrigation (Voted) .. .. .	..	..	..	..	..
XXVII. Public Works—Works (Voted) .. .. .	..	..	..	..	..
( <i>Charged</i> )					
XXVIII. Public Works—Establishment and Tools and Plant (Voted)					
XXX. Road Transport Schemes (Voted) .. .. .	..	..	..	..	..
XXXI. Famine Relief (Voted) .. .. .	..	..	..	..	..
XXXII. Pensions (Voted) .. .. .	..	..	..	..	..
( <i>Charged</i> )					
XXXIII. Miscellaneous ( <i>Charged</i> ) .. .. .	..	..	..	..	..
XXXIV. Stationery and Printing (Voted) .. .. .	..	..	..	..	..
XXXV. Forest Department (Voted) .. .. .	..	..	..	..	..
XXXVI. Other Miscellaneous Contributions and Assignments ( <i>Charged</i> )					
XXXIX. Capital Outlay on Agriculture (Voted) .. .. .	..	..	..	..	..
XLIII. Capital Outlay on Road Transport Scheme (Voted) ..					
XLIV. Capital Outlay on Forests (Voted) .. .. .	..	..	..	..	..
XLV. Commuted Value of Pensions (Voted) .. .. .	..	..	..	..	..

NOTE.—The percentages given in the last column are with reference to the actuals and not with reference to the figures rounded off.

DIX I—concl'd.

WHICH SUPPLEMENTARY PROVISION WAS OBTAINED AND THE EXTENT WAS UTILISED

Chapter I)

Amount of Grant/Appropriation			Actual ex- penditure.	Excess	
Original.	Supplemen- tary.	Total.		Amount.	Perce- ntage.
(IN LAKHS OF RUPEES)					
0.64	0.04	0.68	0.71	0.03	5.1
1,82.32	19.84	2,02.16	2 02.36	0.20	0.1
1,41.83	6.71	1,48.54	1,48.63	0.09	0.1
7,14.18	96.50	8,10.68	8,28.67	17.99	2.2
6,27.39	12.77	6,40.16	6,70.66	30.50	4.8
5,75.44	86.63	6,62.07	6,68.65	6.58	1.0
3,89.72	59.58	4,49.30	4,52.95	3.65	0.8
5,24.89	94.93	6,19.82	6,33.01	13.19	2.1
5,73.66	83.84	6,57.50	6,62.37	4.87	0.7
2.56	1.06	3.62	3.64	0.02	0.5
1,98.74	17.64	2,16.38	2,23.07	6.69	3.1
4,61.91	72.97	5,34.88	5,36.71	1.83	0.3
7.21	0.26	7.47	8.38	0.91	12.3
3,34.65	30.09	3,64.74	3,70.02	5.28	1.4
4.96	0.58	5.54	8.98	3.44	62.1
13.50	1.49	14.99	17.15	2.16	14.4
1,53.45	17.61	1,71.06	1,73.21	2.15	1.3
91.28	14.17	1,05.45	1,06.16	0.71	0.7
22.13	0.75	22.88	23.09	0.21	0.9
8.75	3.10	11.85	12.35	0.50	4.2
1,33.82	46.00	1,79.82	1,90.19	10.37	5.8
62.05	2.82	64.87	66.43	1.56	2.4
5.03	2.57	7.60	8.22	0.62	8.2

## STATEMENT SHOWING SAVINGS

(Referred to in

Number and name of grant. Original grant (O)  
Supplementary grant (S).

IN CRORES OF

*Cases of Savings exceeding 10 per cent*

I. Land Revenue Department ..	O.	0.88	}
	S.	..	
XV. Public Health .. .. .	O.	2.91	}
	S.	0.15	
XX. Industries .. .. .	O.	2.23	}
	S.	0.08	
XXII. Khadi .. .. .	O.	0.15	}
	S.	..	
XL. Capital Outlay on Industrial Development.	O.	5.88	}
	S.	0.55	

## DIX II.

## UNDER VOTED GRANTS

paragraph 13 of Chapter II)

<i>Total grant.</i>	<i>Expenditure.</i>	<i>Saving.</i>	<i>Percentage of saving.</i>
RUPEES)			
<i>of the total grant.</i>			
0.88	0.78	0.10	11.9
3.06	2.56	0.50	16.2
5.31	4.55	0.76	14.3
0.15	0.13	0.02	16.6
6.48	5.00	1.48	22.3

## APPENDIX III

## CASES OF NON-UTILISATION OF PROVISION

(Referred to in paragraph 13 of Chapter II)

Number and name of grant.	Description of item.	Funds provided.	Amount (and percentage) of saving.	Reasons for saving.
(IN LAKHS OF RUPEES)				
XIII. Education ..	28. v. VI (xii) Separating Diploma courses at P.S.G. Polytechnic, Coimbatore and Alagappa Chettiar College of Engineering, Karai-kudi.	2.00	2.00 100%	Non-implementation of the scheme due to limited resources available.
	28. v. VI (ii) Government Engineering Colleges.	15.06	9.22 61.2%	Reasons have not been furnished (December, 1964).
XV. Public Health ..	c. V. (ii) Malaria.	1,03.33	21.50 20.9%	Mainly due to less debits raised by the Director, National Malaria Eradication Programme towards cost of T. C. M. materials and equipments (Rs. 15.76 lakhs), changes in personnel, withdrawal of spraying operations in some units, non-purchase of laboratory articles, etc. (Rs. 3.27 lakhs).
XVI. Agriculture ..	Development schemes—Schemes in the Third Five-Year Plan—Contour Bunding.	59.95	12.80 21.4%	Mainly due to delay in appointment of full complement of staff (Rs. 5.91 lakhs), non-plate implementation of the schemes for undertaking dry farming practices in certain districts (Rs. 3.50 lakhs), poor response to tenders for sinking wells and non-availability of labour for executing soil conservation works (Rs. 2.94 lakhs).



## APPENDIX III—concl'd.

CASES OF NON-UTILISATION OF PROVISION.—concl'd.  
(Referred to in paragraph 13 of Chapter II)

Number and name of grant.	Description of item.	Funds provided.	Amount (and per centage) of saving.	Reasons for saving.
(IN LAKHS OF RUPEES.)				
XIX. Co-operation ..	Development schemes— Schemes in the Third Five-Year Plan—H. Grants-in-aid-recurring.	5.36	4.62 — 86.2%	Mainly less expenditure on managerial and rent subsidy to wholesale and primary consumers' co-operative stores.
XX. Industries ..	Small Scale Industries— Manufacture of essential handloom parts at Salem.	11.26	4.22 — 37.5%	Less production.
	Miscellaneous experiments— Ground water exploration and survey.	3.87	3.16 — 81.7%	Delay in importing machinery such as drills, heavy trucks, etc., due to non-availability of foreign exchange.
	Mechanical and metallurgical laboratory.	5.37	4.57 — 85.1%	Delay in completing building programme due to non-receipt of machinery from abroad.
XXIV. Labour including Factories.	Construction of tenements for industrial workers.	9.69	5.72 — 60.0%	The saving was attributed mainly to non-sanction of a major portion of the grant to the State Housing Board towards maintenance of Industrial Housing Colonies as necessary proposals with full particulars were not received in time.
XL. Capital Outlay on Industrial Development.	Expansion of ceramic factory at Vriddachalam.	7.30	4.97 — 68.1%	Non-completion of the building.

## APPENDIX IV

## CASES IN WHICH THERE WERE UNSURRENDERED SAVINGS

(Referred to in paragraph 16 of Chapter II)

<i>Serial number.</i>	<i>Name of Grant/ Appropriation.</i>	<i>Total saving.</i>	<i>Amount surrendered.</i>	<i>Amount of unsur- rendered saving.</i>
(IN LAKHS OF RUPEES)				
1.	XII. Police—Voted .. .. .	41.96	38.14	3.82
2.	XIII. Education—Voted .. .. .	2,20.67	1,97.05	23.62
3.	XIX. Co-operation—Voted .. .. .	17.77	14.48	3.29
4.	XX. Industries—Voted .. .. .	75.81	67.68	8.13
5.	XXIX. Public Works—Grants-in-aid— Voted	20.65	15.43	5.22
6.	XXXVI. Other Miscellaneous Contri- butions and Assignments—Voted.	16.58	9.82	6.76
7.	XLII. Capital Outlay on Public Works—Voted.	13.58	0.08	13.50
	<i>Charged</i> ..	1.19	..	1.19
8.	XLVI. Capital Outlay on Schemes of Government Trading—Voted.	30.90	..	30.90
9.	XLVII. Loans and Advances by the State Government—Voted.	1,05.29	89.81	15.48
10.	Public Debt— <i>Charged</i> .. .. .	57.47	..	57.47
	Total ..	6,01.87	4,32.49	1,69.38

## APPENDIX V

STATEMENT SHOWING THE GRANTS/APPROPRIATIONS IN WHICH THE  
SURRENDER WAS EITHER EXCESSIVE OR NOT JUSTIFIED

(Referred to in paragraph 16 of Chapter II)

<i>Serial number.</i>	<i>Number and name of grant.</i>	<i>Total grant.</i>	<i>Saving— Excess+</i>	<i>Amount surrendered.</i>
(IN LAKHS OF RUPEES)				
1. I.	Land Revenue Department—Voted.	88.18	—10.46	11.66
2. IX.	District Administration and Miscellaneous—Voted	5,53.27	—23.53	31.42
3. XI.	Jails—Voted .. .. .	1,59.61	—3.05	6.99
4. XIV.	Medical—Voted .. .. .	8,10.68	+17.99	7.63
5. XV.	Public Health—Voted .. .. .	3,05.75	—49.53	51.98
6. XVIII.	Animal Husbandry—Voted ..	1,92.01	—0.96	3.58
7. XXIV.	Labour including Factories—Voted	1,32.10	—6.03	7.04
8. XXVI.	Irrigation—Voted .. .. .	6,19.82	+13.19	5.10
9. XXVII.	Public Works—Works—Voted	6,57.50	+4.87	4.00
10. XXXVIII.	Capital Outlay on Public Health—Voted.	31.61	—0.60	3.23
11. XLI.	Capital Outlay on Irrigation—Voted	9,83.84	—8.58	14.23

## APPENDIX VI.

STATEMENT OF OTHER MISCELLANEOUS IRREGULARITIES, LOSSES, ETC.  
(Referred to in paragraph 35 of Chapter III)

Serial number.	Particulars of irregularities, losses, etc.	Period and amount.
1	<p><i>Avoidable expenditure.</i>—The Kilpauk Medical College Hostel was accommodated in a private rented building till the 1st August, 1962 when the new hostel building became ready for occupation. The private building was not immediately released to the owner as certain alternative proposals to utilise the building were under consideration. These proposals did not, however, materialise and the building was handed over to the owner on the 12th November, 1963, after being kept vacant for more than a year. The avoidable expenditure on payment of rent and employment of watchman during the period the building lay vacant amounted to Rs. 8,835. It is observed that the Dean of the Kilpauk Medical College reported in September, 1963 that the building was in 'utter disrepair' and extensive repairs would be necessary if the building was to be put into use.</p>	<p>1st August, 1962 to 11th November, 1963 Rs. 8,835</p>
2	<p><i>Supply of cotton yarn to fishermen.</i>—8,280 lbs. of Dunlop waste cotton yarn (value Rs. 29,500) were purchased and supplied to the Ramanathapuram District Fishermen Federation for distribution to fishermen at subsidised rates during 1959-60. Certain points noticed in Audit in this connection are indicated below:—</p>	<p>1959-60-Rs. 10,382</p>
	<p>(i) The lower offer of a firm at Rs. 3.05 per lb. was not accepted and the reasons for accepting a higher rate of Rs. 3.56 per lb. were not recorded; the extra expenditure due to non-acceptance of the lower offer amounted to Rs. 4,223;</p>	
	<p>(ii) Although the purchases were made by the Fisheries department, the last consignment of 1,730 lbs. was unauthorisedly received by the president of the Federation direct from the suppliers on the 30th March, 1960. Payment to the firm for the cost of supply (Rs. 6,159) was however made by the Assistant Director of Fisheries on the 31st March, 1960 and no recovery of the subsidised cost was made from the Federation.</p>	
	<p>On the 4th April, 1960, the president of the Federation reported that the yarn supplied was of 'very bad quality'. The department also subsequently verified that the yarn was in pieces, but no action was taken on the offer of the supplier made in May, 1960, to take back 'the reasonably rejected' quantity of inferior yarn.</p>	
	<p>After an enquiry under Section 38 of the Madras Co-operative Societies Act, the responsibility for the loss was fixed on the <i>ex-president</i> of the Federation. It was reported in July, 1963, that a complaint had been filed with the police against the <i>ex-president</i> and that the case was under investigation.</p>	

APPENDIX VI.—*cont.*

*Serial number*                      *Particulars of irregularities, losses, etc.*                      *Period and amount.*

3                      *Avoidable expenditure.*—In respect of 3 State seed farms in Thanjavur district, private lands taken on lease by Government were requisitioned under the Madras Requisitioning and Acquisition of Immovable Property Act, 1956, before the expiry of the period of the earlier lease; this entailed the payment of lease compensation for the unexpired period of that lease in addition to compensation under the requisition Act for the same period as indicated below :—

<i>Name of the State seed farm.</i>	<i>Date of expiry of the period of lease.</i>	<i>Date of requisition.</i>	<i>Excess payment.</i>
			RS.
(i) Nagamangalam.	4th August, 1958 ..	12th March, 1958 ..	4,086
(ii) Nedumbalam.	5th October, 1958.	12th March, 1958 ..	1,255
(iii) Keelakattur ..	11th July, 1958 ..	14th June, 1958 ..	1,113

4                      A difference of Rs. 13,144 was noticed in the accounts of a major work, *viz.*, "Cement concreting Coimbatore-Mettupalayam road mile 0/4 to 22/6" representing the value of materials issued to the work but not accounted for. The difference remained unreconciled by the department for over 10 years. 1954-55-Rs. 13,144

In March, 1963, the Chief Engineer(Highways and Rural Works), Madras proposed to Government the write off of the amount as loss on the ground that the materials could not be located with the available records and that the value could not also be recovered from the officers responsible after such a long time. The difference was written-off under orders of Government in September, 1964.

5                      *Extra expenditure.*—The failure to take into account the transport charges from the place of supply to Madras, while finalising the tenders for the supply of 15 pablo boats, resulted in an extra expenditure of Rs. 12,800 as indicated below :— 1962-63 Rs. 12,800

Tenders were invited in February, 1961 for supply of 15 numbers of 25 footer pablo boats and the offer of a firm which had quoted Rs. 9,000 per boat "ex-works Bombay" was accepted by Government. The offer of another firm which had quoted Rs. 9,600 per boat for delivery at Madras was rejected.

The department incurred an expenditure of Rs. 21,800 for transporting the boats from Bombay to Madras and on the basis of the rate of Rs. 9,600 quoted by the other firm, there was an extra expenditure of Rs. 12,800. While ratifying the extra expenditure in August, 1964, Government observed that if the Director of Fisheries had pointed out that the rate quoted was ex-works, Bombay, Government would have considered the comparative cost and thereby effected some saving. They also asked the Director to ensure that such abuses did not recur.

APPENDIX VI.—*concl'd.*

<i>Serial number.</i>	<i>Particulars of irregularities, losses, etc.</i>	<i>Period and amount.</i>
6	<p>In November, 1962, Government sanctioned the formation of a Special Highways division for investigating and improving roads, constructing bridges and culverts in the Parambikulam-Aliya Project area. The division functioned for a period of 6 months from January, 1962. It was reported that (a) during this period, the staff had prepared plans and estimates for works costing about Rs. 15 lakhs in all and (b) that as orders of Government for executing the works had not been received, the division had to be wound up.</p> <p>The expenditure incurred on the employment of staff amounted to Rs. 26,600.</p>	<p>January, 1962 to July, 1962. Rs. 26,600</p>

## APPENDIX VII

STATEMENT SHOWING CASES OF IRREGULAR DISMISSAL/REMOVAL FROM SERVICE  
(Referred to in paragraph 36 of Chapter III.)

Serial number and department.	Amount.	Remarks.
1 Cinchona .. ..	RS. 6,101	A mazdoor employed in the plantations at Anamalais was dismissed from service with effect from February, 1954, on a charge of misconduct. On a writ filed by him in 1960, the High Court set aside the orders of dismissal holding that reasonable opportunity had not been given to show cause against the charges framed. He was reinstated in service on the 16th April, 1963 and the period of absence from the 26th February, 1954 to 16th April, 1963 was treated as on duty. The pay and allowances paid to him for this period amounted to Rs. 6,101.
2 Cinchona .. ..	9,310	An amount of Rs. 9,310 was paid in March, 1964, to an ex-manager in the office of the Director of Cinchona; the amount represented the subsistence allowance for the period from September, 1944 to April, 1956 and the legal expenses. The facts of the case are given below:— A manager in the Office of the Director of Cinchona was dismissed from service in September, 1944 on charges of corruption. On an appeal filed by him, the District Court, Coimbatore held the order of dismissal as void and inoperative due to defective procedure followed in conducting the disciplinary proceedings. The petitioner was reinstated in service on the 9th April, 1956 and placed under suspension from the same date. He was later dismissed from service retrospectively from September, 1944 by an order issued in July, 1958. On a writ filed by him, the High Court held that the order of dismissal could take effect from April, 1956 only. The amount due to him was settled by compromise.
3 Registration .. ..	6,544	A permanent Sub-Registrar was dismissed from service with effect from 12th January, 1960. On a writ filed by him, the High Court set aside the orders of dismissal in August, 1963 mainly on the ground that a principal witness was not examined by the Tribunal constituted to enquire into the charges. Government ordered re-enquiry in October, 1963. The official has been placed under suspension from 12th January, 1960 and the case has not yet been finalised. The amount paid upto October, 1964 towards subsistence allowance was about Rs. 6,544.

## APPENDIX VII—concl'd.

(Referred to in paragraph 36 of Chapter III)

Serial number and department.	Amount.	Remarks.
		RS.
4 Public Health ..	1,448	A field assistant was dismissed from service by the Regional Malariologist, Coimbatore in July, 1958, for having absented himself from duty, without adequate reason or obtaining previous permission. The Sub-Court, Coimbatore, held in July, 1962, that the dismissal of the appellant was not in accordance with the rules and the procedure laid down in Civil Services (Classification, Control and Appeal) Rules. The Government servant was reinstated in service and a sum of Rs. 1,448 was paid to him towards arrears of salary and legal expenses.
5 Forest .. .. .	7,616	The orders of a District Forest Officer terminating the probation of a forester with effect from the 7th July, 1954, were held illegal by the High Court in September, 1960, on the ground they contravened the provisions of Article 311 (2) of the Constitution. The Government servant was reinstated in service on the 1st November, 1960. The period from 7th July, 1954 to 31st October, 1960 was ordered by Government to be treated as on duty; the pay and allowances for the period he remained out of service amounted to Rs. 7,616.
6 Animal Husbandry ..	2,326	An attendant in the Madras Veterinary College was dismissed from service on the 8th March, 1960. On a writ petition filed by him, the High Court set aside the orders of dismissal on the ground that the procedure contemplated in Article 311 of the Constitution had not been followed and that there had been 'a gross violation of the principles of natural justice.' The petitioner was reinstated in service on the 14th May, 1963 and a sum of Rs. 2,326 was paid towards salary and legal expenses.
7 Judicial .. .. .	5,984	An Official Receiver was dismissed from service with effect from the 20th March, 1953, on charges of corruption, etc. The order of dismissal was set aside by the High Court on the ground that the order of dismissal had not been properly worded. The official was reinstated in service with effect from the 20th May, 1960. He was immediately placed under suspension and finally dismissed from service retrospectively from the 20th May, 1960, by an order issued on the 1st December, 1962. A sum of Rs. 5,984 was paid as subsistence allowance for the period from the 20th March, 1953 to the 30th November, 1962.



## APPENDIX VIII

STATEMENT OF WORKS COSTING RS. 5 LAKHS AND ABOVE FOR WHICH EXPENDITURE EXCEEDED THE ESTIMATE BY 10 PER CENT

(Referred to in paragraph 37 of Chapter IV)

Serial number and name of the work.	Sanctioned estimate.	Actual expenditure.	Percentage of excess over sanctioned estimate.	Year in which excess first occurred.
	RS.	RS.		
1 Virudunagar Water-supply improvements I stage (Public Health, Tirunelveli).	5,69,000	6,58,569	15.7	1962-63
2 Tenkasi Water-supply Scheme—III Stage (Public Health, Tirunelveli).	7,44,000	8,35,176	12.3	1962-63
3 Rajapalayam Water-Supply Scheme—I Stage (Public Health, Tirunelveli).	6,19,000	7,27,237	17.5	1962-63
4 Closing leakages and strengthening Pedia-peradam (Kanyakumari division).	7,07,000	8,05,095	13.9	Prior to 1962-6
5 Remodelling Thovala Channel (Kanyakumari division).	7,44,000	9,75,581	31.1	Do.
6 Tirunelveli Water-supply Scheme—III Stage (Public Health, Tirunelveli division).	6,92,000	7,80,098	12.7	Do.
7 Kayalpatnam Water-supply Scheme—I Stage (Public Health, Tirunelveli).	9,57,860	11,35,665	18.6	Do.
8 Excavating foundation for masonry dam between chainage 2770-3250 (Valparai division).	5,00,000	7,34,040	46.8	1962-63
9 Excavating Contour Canal 12/0-13/0 (Aliyar division).	5,26,000	6,03,874	14.8	1962-63
10 Excavating Contour Canal 13/0-14/0 (Aliyar division).	5,30,000	6,99,625	32.0	1962-63
11 Excavating Contour Canal 14/0-15/0 (Aliyar division).	5,24,000	9,26,356	76.8	1962-63

## APPENDIX VIII—concl'd.

## STATEMENT OF WORKS COSTING RS. 5 LAKHS AND ABOVE FOR WHICH EXPENDITURE EXCEEDED THE ESTIMATE BY 10 PER CENT—concl'd.

(Referred to in paragraph 37 of Chapter IV)

Serial number and name of the work.	Sanctioned estimate.	Actual expenditure.	Percentage of excess over sanctioned estimate.	Year in which excess first occurred.
	RS.	RS.		
12 Excavating High Level Contour Canal from 28/2-29/2 (Udumalpet division).	5,85,000	9,59,024	63.9	1962-63
13 Excavation of foundation for masonry dam between chainage 3250-3382 (Valparai division).	5,80,000	7,52,697	29.8	1963-64
14 Excavation of foundation for masonry dam between chainage 3382-3912 (Valparai division).	7,02,000	9,28,709	32.3	1963-64
15 Excavation of Contour Canal at 910-916 (Vettaikaran Pudur division).	5,00,000	5,87,096	17.4	1963-64
16 Manufacturing and erecting radial gate for the spillway of the Aliyar Dam (Machinery and Stores division).	5,50,000	6,07,357	10.4	1963-64
17 Excavating High Level Contour Canal from M. 24/0-24/6 (Udumalpet division).	6,35,000	8,67,989	36.7	1963-64
18 Excavating High Level Contour Canal from M. 24/6-25/2 (Udumalpet division).	5,52,500	6,40,804	16.00	1963-64
19 Construction of Model Foundry, Industrial Estate, Guindy (Construction division, North).	5,88,500	7,45,551	26.7	1963-64
20 Industrial Estate, Madhavaram (Construction division North).	7,14,120	9,29,063	30.1	1963-64

## APPENDIX IX

STATEMENT SHOWING CASES OF DEFAULT IN REPAYMENT  
OR NON-UTILISATION OF LOANS

(Referred to in paragraph 71 of Chapter VII)

<i>Serial number, purpose of loan and date of payment.</i>	<i>Remarks.</i>
1 Manufacture of tiles—Rs. 3,500 (25th September, 1959).	As the borrower did not start production, the loan was foreclosed in July, 1961. The assets offered as security (buildings and land valued at Rs. 5,250) were auctioned from time to time and the maximum amount fetched was Rs. 1,351. The successful bidder did not, however, turn up to make payment and claim the property.
2 Knitting and Cottage Industries Rs. 5,000 (June, 1952).	As the borrower failed to run the industry and defaulted in repayment, the loan was foreclosed in June, 1954. The machinery offered as security was sold in public auction for Rs. 470 in December, 1956. The party's share in the house at Pettai was brought to sale but there was no bidder. A sum of Rs. 6,767 was due from the borrower towards principal and interest.
3 Manufacture of sports goods— Rs. 5,000 (28th September, 1959).	The loan was foreclosed in September, 1962. The amount was advanced on personal surety of another person who was certified to be solvent to the extent of Rs. 15,300. The surety is reported to be no more. The balance due from the borrower is Rs. 3,215.
4 Purchase of additional machinery, working capital, etc., to an existing engineering firm. Rs. 16,000 (21st October, 1959).	The loan was foreclosed in July, 1961 due to default in repayment. The borrower was declared insolvent in December, 1961 and out of the property sold by the official receiver, a sum of Rs. 6,100 only was reported available for payment to Government and this amount was realised and credited to Government in July, 1964.
5 Manufacture of furniture, joinery, etc.—Rs. 25,000 (8th September, 1960).	The security offered was the new machinery proposed to be purchased at a total cost of Rs. 33,825. As the party defaulted in repayment of the first two instalments, the loan was foreclosed in October, 1962 and summary recovery ordered. Action to enforce the recovery by attaching the mortgaged machinery is yet to be taken (October, 1964).
Manufacture of sheet metals— Rs. 10,000 (16th February, 1960).	The borrower defaulted in repayment from the second instalment of the loan which fell due in February, 1962. The loan was foreclosed in August, 1962. On appeal the party was given time for repayment and was required to furnish additional security as the depreciated value of the machines did not provide sufficient cover to the loan. As these conditions were not fulfilled, Government ordered summary recovery in July, 1963. Action is yet to be taken for recovery of the loan amount.

## APPENDIX IX—concl'd.

(Referred to in paragraph 71 of Chapter VII)

STATEMENT SHOWING CASES OF DEFAULT IN REPAYMENT  
OR NON-UTILISATION OF LOANS—concl'd.

<i>Serial number purpose of loan and date of payment.</i>	<i>Remarks.</i>
7 Purchase of additional machinery, construction of additional factory building and working capital to an existing engineering firm in Madras—Rs. 85,000 (31st August, 1959).	The borrower did not complete the construction of the factory building, and also defaulted in repayment of the third instalment of the loan which fell due in August, 1963. He represented in November, 1963 that sufficient power and space for buildings were not available in the area in which the workshop was located. The Assistant Director of Industries and Commerce who inspected the workshop in December, 1963 reported that two of the machines purchased out of the loan had been sold away without the approval of the department, the other machines were lying idle and some of them had not been even unpacked. Government ordered the foreclosure of the loan in July, 1964 for the borrower's failure to complete the factory building and other lapses. A representation received from the borrower against this order is reported to be under consideration of Government (December, 1964).
8 Manufacture of sewing thread—Rs. 29,000 (16th January, 1961).	The borrower has not paid any loan instalment nor renewed the insurance policy in respect of the machinery pledged to Government (value Rs. 22,338). The departmental audit party also reported in April, 1964 that the concern was not working satisfactorily. The aided concern is since reported to have been sold by the borrower to another party (December, 1964).
9 Manufacture of aluminium castings for automobiles, railway coach fittings, etc.—Rs. 50,000 (20th March, 1958).	The factory stopped production in December, 1960 due to technical difficulties and the borrower defaulted in repayment. The foreclosure of the loan ordered in February, 1961 was lifted by Government in January, 1963 and the party was permitted to switch over to production of battery containers. Production has not yet been started (April, 1964). Out of 17 machines offered as security, only three are stated to be available and these machines are also in a dismantled condition. The borrower is since reported to have completely repaid the loan (December, 1964).
10 Purchase of additional machinery and to complete the factory building of an existing foundry Rs. 1,00,000 (28th June, 1962).	The party defaulted in repayment from the first instalment which fell due in June, 1963 and offered to surrender the unutilised loan amount of Rs. 41,830. Subsequently he reported in July, 1963 that he was making arrangements with other financiers to take over the foundry. The Assistant Director of Industries and Commerce reported in March, 1964 that no work was being done at the foundry.

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APPENDIX X.

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APPEN

## STATEMENT SHOWING DELAY

(Referred to in paragraph 72)

Serial number and name of scheme.	Loan assistance drawn.	Date of drawal.	
(IN LAKHS OF RUPEES)			
1 Laying 33" pumping main for North Madras.	8-97 3-50	14th November, 1960 29th November, 1961	..
2 Providing water-supply to old Mambalam.	0-63 1-11	15th November, 1959 29th November, 1961	..
3 Improvement to 1st conduit ..	1-00 0-59	15th November, 1959 29th November, 1961	..
4 Replacement of old worn-out fire hydrants.	0-50 1-00 0-50	6th January, 1959.. 17th March, 1960 29th November, 1961.	..
5 Water supply to Southern Higher Technological Institute, Guindy.	4-00 0-33	3rd December, 1960 29th November, 1961	..
6 Installation of diesel units in place of steam units at Kilpauk Pumping Station.	8-00 (Rs. 100) 4-00	3rd December, 1960 29th November, 1961 (1962-63)	..
7 Laying separate Trunk Main for Zone 5.	4-00 10-00 4-00	29th November, 1961 (1962-63) (1963-64)	..
8 Laying Trunk Main for Zone 8-B ..	3-50 3-61	29th November, 1961 (1962-63)	..
9 1-50 million gallons additional overhead tank at Kilpauk.	1-00 3-00 2-38	30th March, 1962 .. (1962-63) (1963-64)	..
10 Kodambakkam drainage .. ..	5-00	29th November, 1961	..
11 Electrification of pumping stations..	4-00	Do.	..

DIX X.

IN UTILISATION OF LOANS.  
of Chapter VII.)

Unspent  
balance as on  
1st April, 1963.

Remarks.

(IN LAKHS OF  
RUPEES)

1.62

....

1.64

....

1.32

....

1.80

....

1.24

....

12.00 The work has not yet been taken up (June, 1964) and the entire loan of Rs. 12 lakhs remains unspent.

11.95 The expenditure on the scheme up to 1963-64 is Rs. 10.44 lakhs as shown below :—  
1961-62, Rs. 0.39 lakh.  
1962-63, Rs. 1.66 lakhs.  
1963-64, Rs. 8.39 lakhs.

While the loan of Rs. 4 lakhs remained unspent, another loan of Rs. 10 lakhs was disbursed in 1962-63. Again in 1963-64, a loan of Rs. 4 lakhs was granted.

5.11 When the entire loan of Rs. 3.50 lakhs remained unspent, a further loan of Rs. 3.61 lakhs was paid in 1962-63. The expenditure to end of 1962-63 was Rs. 2 lakhs.

3.99 When the entire loan of Rs. 1 lakh remained unspent, a loan of Rs. 3 lakhs was disbursed during 1962-63. The expenditure up to 1962-63 was only Rs. 1,000.

2.00

....

3.89 The expenditure to end of 1963-64 was Rs. 77,000.

## APPEN

(Referred to in paragraph 84 of

## 1. GOVERNMENT BUS SERVICE,

(i) Operational Account for the year ended

<i>Dr.</i>		<i>Cr.</i>
1962-63.	<i>Particulars.</i>	1963-64.
RS.		RS.
	<i>Traffic.</i>	
51,95,807	To Salaries and allowances including batta and bonus payments.	62,81,365
5,08,738	„ Other charges like tickets, stationery, uniforms, etc.	7,17,210
	<i>Repairs and maintenance to vehicles.</i>	
15,33,742	To Salaries and allowances of officers and staff (maintenance).	18,17,355
11,028	„ Staff (Workshop) .. .. .	29,582
61,97,999	„ Stores including services rendered by State Transport Central Workshop.	73,45,550
1,41,080	„ Other charges like clothing and electric power.	1,55,618
	<i>Power.</i>	
56,60,676	To Petrol and fuel to passenger vehicles, staff cars, vans, etc.	86,17,748
57,66,845	„ Licences and taxes to passenger vehicles.	76,33,702
6,79,552	„ Welfare and superannuation ..	8,61,680
8,53,245	„ General administrative expenses ..	12,03,399
61,53,169	„ Depreciation on assets .. ..	72,18,359
17,85,889	„ Interest on capital .. .. .	22,59,458
22,688	„ Net profit .. .. .	..
3,45,10,458	Total ..	4,41,41,026



DIX XI.

Chapter VIII)

MADRAS.

31st March, 1964.

1962-63.	<i>Particulars.</i>	<i>Cr.</i> 1963-64.
RS.		RS.
3,26,47,370	By Traffic revenue and other services ..	3,95,99,164
1,11,281	„ Advertising .. .. .	69,027
7,47,624	„ Sale of old buses, scrap, etc. ..	4,71,286
10,04,183	„ Interest from investments .. ..	11,60,729
..	„ Net loss .. .. .	28,40,820

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 3,45,10,458

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 Total .. 4,41,41,026
 

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## APPENDIX

## 1. GOVERNMENT BUS SERVICE,

(ii) Balance Sheet as at

<i>As at 31st March, 1963.</i>	<i>Capital and liabilities.</i>	<i>As at 31st March, 1964.</i>
RS.		RS.
3,98,59,758	Government capital .. .. .	5,52,69,210
	<i>Funds.</i>	
1,92,23,129	Depreciation Reserve Fund .. .. .	2,48,88,659
26,90,066	Development Fund .. .. .	1,19,291
95,783	Passengers' Amenities Fund .. .. .	2,42,356
1,000	Compassionate Relief Fund .. .. .	1,000
92,304	Accident Reserve Fund .. .. .	54,039
1,57,438	Deposits .. .. .	1,77,418
37,05,771	Sundry Creditors .. .. .	34,72,589
13,00,091	Accrued charges (such as wages of staff, taxes, printing charges, etc.).	19,86,267
1,01,076	Provision for Development and Passen- gers' Amenities Fund.	..
8,323	Outstanding adjustments .. .. .	..
32,000	Undischarged liability .. .. .	34,600
<hr/> 6,72,66,739 <hr/>	Total ..	<hr/> 8,62,45,429 <hr/>

XI—cont.

MADRAS—cont.

31st March, 1964.

<i>As at 31st March, 1963.</i>	<i>Property and assets.</i>	<i>As at 31st March, 1964.</i>
RS.		RS.
4,18,38,308	Fixed capital expenditure (as per schedule 'A').	5,55,27,971
13,200	Telephones .. .. .	..
..	Assets out of Passengers' Amenities Fund.	1,94,706
	<i>Investments.</i>	
1,92,23,129	Depreciation Reserve Fund .. ..	2,48,88,659
6,90,066	Development Fund (deposited with Government).	1,19,291
95,783	Passengers' Amenities Fund (deposited with Government).	47,650
1,000	Compassionate Relief Fund (deposited with Government).	1,000
92,304	Accident Reserve Fund (deposited with Government).	54,039
	<i>Current Assets.</i>	
32,52,729	Stores and other materials .. ..	38,22,295
1,58,693	Advances and deposits .. .. .	1,78,673
..	Advance for fair price shop .. ..	2,200
1,43,355	Accrued income .. .. .	1,52,267
23,535	Prepaid expenses .. .. .	40,036
6,59,051	Sundry Debtors .. .. .	1,64,446
10,79,586	Cash on hand including remittances in transit and stamps.	10,52,196
<hr/> 6,72,66,739	Total ..	<hr/> 8,62,45,429

## SCHEDULE 'A'.

## DETAILS OF CAPITAL EXPENDITURE.

	<i>Balance as on 31st March, 1963.</i>	<i>Expendi- ture during the year.</i>	<i>Assets written off during the year.</i>	<i>Balance as on 31st March, 1964.</i>
	RS.	RS.	RS.	RS.
<i>Existing properties and works.</i>				
Land .. .. .	18,17,042	13,69,652	..	31,86,694
Buildings and fixtures inclu- ding temporary sheds.	28,80,125	19,89,813	..	48,69,938
Machinery and plant ..	7,41,704	3,89,091	1,44,272	9,86,523
Motor buses, trucks, vans, pick-up van and other vehicles.	3,63,00,127	1,14,92,115	14,13,049	4,63,59,193
Miscellaneous equipment, etc.	99,310	6,313	..	1,05,623
Total, existing properties and works.	4,18,38,308	1,52,46,984	15,57,321	5,55,27,971

Assets created out of Passengers' Amenities Fund (T.Nagar Bus Stand), Rs. 1,94,706.

## APPENDIX XI—cont.

## (iii) Stores and Stock Account for the year 1963-64.

	<i>Spare parts, acces- sories, etc.</i>	<i>Fuel.</i>	<i>Tickets.</i>
	RS.	RS.	RS.
Opening balance .. .. .	29,90,105	10,049	63,845
<i>Add</i> —Receipts during the year.	68,26,216	87,02,698	3,45,740
Total ..	98,16,321	87,12,747	4,09,585
<i>Less</i> —Issues during the year ..	63,11,659	86,67,239	3,59,079
Closing balance ..	35,04,662	45,508	50,506

(Referred to in paragraph

## 2. MADRAS STATE TRANSPORT DEPARTMENT—

## (i) Operational account for the year

<i>Dr.</i>	<i>Particulars.</i>	<i>1963-64.</i>
1962-63.		1963-64.
RS.		RS.
	<i>Traffic.</i>	
9,21,893	To salaries and allowances, including batta and bonus payment.	11,14,592
80,066	„ Other charges like tickets, stationery, uniforms, etc.	1,03,049
	<i>Repairs and maintenance to vehicles.</i>	
2,86,708	„ Salaries and allowances .. .. .	3,23,721
8,74,332	„ Stores including charges for services rendered by State Transport Central Workshop.	12,16,474
17,768	„ Other charges like clothing and electric power.	18,789
	<i>Power.</i>	
11,21,943	„ Petrol and fuel .. .. .	16,90,992
12,15,834	„ Licences and taxes to passenger vehicles.	16,88,905
1,14,637	„ Welfare and superannuation ..	1,10,815
3,59,890	„ General administrative expenses ..	4,21,218
8,59,326	„ Depreciation on assets .. .. .	10,95,583
3,08,270	„ Interest on capital .. .. .	4,01,342
5,45,033	„ Net profit .. .. .	..
67,05,700	Total ..	81,85,480

DIX XI—cont.

85 of Chapter VIII)

—KANYAKUMARI BRANCH, NAGERCOIL.

ended 31st March, 1964. •

1962-63	<i>Particulars.</i>	<i>Cr.</i> 1963-64.
RS.		RS.
64,90,023	By Traffic revenue and other services.	75,30,330
30,295	„ Sale of old buses, scrap, etc. ..	33,711
19,626	„ Miscellaneous receipts .. ..	3,40,988
1,65,756	„ Interest from investments .. ..	2,13,274
..	„ Net loss .. .. ..	67,177

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 67,05,700
 

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 Total .. 

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 81,85,480 

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## APPENDIX

## (ii) Balance Sheet as at

<i>As at 31st March, 1963.</i>	<i>Capital and liabilities.</i>	<i>As at 31st March, 1964.</i>
RS.		RS.
79,04,122	Government capital .. .. .	93,53,194
	<i>Funds.</i>	
43,53,762	Depreciation Reserve Fund .. .. .	52,07,002
5,39,176	Development Fund .. .. .	4,83,324
1,14,043	Passengers' Amenities Fund .. .. .	1,63,918
29,829	Insurance Fund .. .. .	29,829
550	Deposits .. .. .	550
4,97,306	Sundry Creditors .. .. .	10,35,893
2,72,053	Accrued charges (such as wages of staff, taxes, printing charges, etc.)	..
3,46,236	Provision for Development and Passengers' Amenities Fund.	..
649	Income received in advance .. .. .	1,712
..	Revenue deposits .. .. .	2,904
1,49,025	Outstanding adjustments .. .. .	1,67,659
<hr/> 1,42,06,751	Total ..	<hr/> 1,64,45,985



XI—cont.

31st March, 1964.

<i>As at 31st March, 1963.</i>	<i>Property and assets.</i>	<i>As at 31st March, 1964.</i>
RS.		RS.
83,49,587	Fixed capital expenditure .. .. .	92,64,717
<i>Investments.</i>		
43,53,762	Depreciation Reserve Fund .. ..	52,07,002
5,39,176	Development Fund (deposited with Government).	4,83,324
1,14,043	Passengers' Amenities Fund (deposited with Government).	1,63,918
29,829	Insurance Fund .. .. .	29,829
<i>Current assets.</i>		
5,29,030	Stores and other materials, including work-in-progress.	9,83,344
45	Advances and deposits .. .. .	243
27,883	Prepaid expenses .. .. .	1,32,307
2,20,950	Sundry Debtors .. .. .	1,52,886
42,446	Cash on hand including remittances in transit and stamps.	26,343
..	Outstanding adjustments .. ..	2,072
<hr/> 1,42,06,751 <hr/>	Total ..	<hr/> 1,64,45,985 <hr/>

## APPENDIX XI—cont,

## (iii) Stores and Stock Account for the year 1963-64.

	<i>Spare parts, acces- sories, etc.</i>	<i>Fuel.</i>	<i>Tickets.</i>
	RS. °	RS.	RS.
Opening balance .. ..	5,05,748	5,490	11,380
Add—Receipts during the year.	17,52,835	16,93,425(a)	48,925
	<hr/>	<hr/>	<hr/>
Total ..	22,58,583	16,98,915	60,305
Less—Issues during the year ..	13,66,719	16,94,712(b)	41,857
	<hr/>	<hr/>	<hr/>
Closing balance ..	8,91,864	4,203	18,448
	<hr/>	<hr/>	<hr/>

NOTE.—(a) Includes excess amounting to Rs. 7,286 taken to stores.

(b) Includes shortages amounting to Rs. 40 charged in the account.

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## 3. SCHEME FOR PURCHASE AND

(Referred to in

(i) *Trading and Profit and Loss account*

<i>Dr.</i>			
1962-63.	<i>Particulars.</i>		1963-64.
RS.			RS.
1,19,45,616	To Opening stock .. .. .		3,22,65,315
9,00,72,326	„ Purchases .. .. .		7,03,34,880
17,67,937	„ Gross Profit .. .. .		
<hr/>			<hr/>
10,37,85,879		Total ..	10,26,00,195
			<hr/>
..	„ Gross Loss .. .. .		7,45,033
34,346	„ Administration expenses .. .. .		66,655
5,70,872	„ Commission to stock holders .. .. .		6,06,422
7,843	„ Supervisory charges .. .. .		8,004
213	„ Pension contribution .. .. .		10,912
22,767	„ Audit fees .. .. .		17,593
5,73,042	„ Interest on capital (Net) .. .. .		9,98,206
99,762	„ Miscellaneous debits .. .. .		96,488
4,85,441	„ Net Profit .. .. .		1,52,666
<hr/>			<hr/>
17,94,286		Total ..	27,01,979
<hr/>			<hr/>

XI—cont.

## DISTRIBUTION OF CHEMICAL FERTILISERS.

paragraph 87 of Chapter VIII)

for the year ended 31st March, 1964.

1962-63.	<i>Particulars.</i>	<i>Cr.</i> 1963-64.
RS.		RS.
7,15,20,894	By Sales .. .. .	8,17,43,106
3,22,64,985	„ Closing Stock .. .. .	2,01,12,056
. . .	„ Gross Loss .. .. .	7,45,033
<hr/> 10,37,85,879	Total ..	<hr/> 10,26,00,195
17,67,937	„ Gross Profit .. .. .	. . .
. . .	„ Amount due from Government of India towards the loss incurred on account of reduction in price of urea.	25,72,500
26,349	„ Miscellaneous Receipts .. .. .	1,29,479
<hr/> 17,94,286	Total ..	<hr/> 27,01,979

(ii) Balance Sheet as

As at  
31st March,  
1963.

Capital and Liabilities.

As at  
31st March,  
1964.

RS.		RS.
1,25,49,109	Government Capital Account .. ..	1,40,41,493
1,72,18,074	Sundry Creditors for purchases .. ..	65,94,317
28,08,326	Other Creditors .. .. .	22,33,763
<u>3,25,75,509</u>	Total ..	<u>2,28,69,573</u>

DIX XI—cont.

at 31st March, 1964.

<i>As at</i> 31st March, 1963.	<i>Property and Assets.</i>	<i>As at</i> 31st March, 1964.
RS.		RS.
3,22,64,985	Closing Stock .. .. .	2,01,12,056
2,31,932	<i>Sundry Debtors.</i> —	
	Manure Mixing Firms and Govern- ment of India.	1,64,388
	Other debtors .. .. .	20,629
3,592	Amount due from Government of India for loss incurred on account of reduction in price of urea.	25,72,500
75,000	Advances to stock-holders for meeting additional transport charges.	..
<hr/> 3,25,75,509	Total —	<hr/> 2,28,69,573

## 4. WOOL PROCESSING

(Referred to in paragraph 91)

(i) *Manufacturing Account for the*

<i>Dr.</i>	<i>Particulars.</i>	<i>1963-64</i>
1962-63.		RS.
RS.		RS.
8,495	To Raw materials consumed .. ..	89,790
6,695	„ Pay of factory staff .. ..	9,122
4,943	„ Wages to workmen .. ..	7,051
3,206	„ Workshop maintenance .. ..	5,318
392	„ Loss on revaluation of loose tools..	409
31,382	„ Depreciation .. ..	11,987
55,113	Total ..	1,23,677

(ii) *Trading and Profit and Loss*

<i>Dr.</i>	<i>Particulars.</i>	<i>1963-64.</i>
1962-63.		RS.
RS.		RS.
72,403	To Finished goods (Opening) .. ..	38,191
55,113	„ Finished goods transferred from Manufacturing Account.	1,23,677
25,383	„ Office expenses .. ..	24,409
1,976	„ Selling and distributing expenses ..	19,773
3,951	„ Depreciation .. ..	11,988
56,268	„ Interest on Capital .. ..	59,700
6,389	„ Indirect charges .. ..	5,222
10,838	„ Preliminary expenses .. ..	10,838
2,32,321	Total ..	2,93,798



DIX XI—cont.

CENTRE, VINNAMANGALAM.

of Chapter VIII)

year ended 31st March, 1964.

1962-63.	<i>Particulars.</i>	<i>Cr.</i> 1963-64.
RS.		RS.
55,113	By Transfer to Trading and Profit and Loss Account.	1,23,677
<hr/> 55,113	Total ..	<hr/> 1,23,677

Account for the year ended 31st March, 1964.

1962-63.	<i>Particulars.</i>	<i>Cr.</i> 1963-64.
RS.		RS.
39,963	By Sales .. .. .	1,03,709
38,191	„ Finished goods at close .. .. .	43,424
14,675	„ Servicing work .. .. .	6,501
1,232	„ Miscellaneous receipts .. .. .	7,160
1,28,260	„ Net loss transferred to capital .. .	1,33,004
<hr/> 2,32,321	Total ..	<hr/> 2,93,798

## (iii) Balance Sheet as

<i>As at</i> 31st March, 1963.	<i>Capital and Liabilities.</i>	<i>As at</i> 31st March, 1964.
RS.		RS.
11,31,349	Capital .. .. .	11,79,738
232	Sundry creditors .. .. .	3,700
9,387	Other liabilities .. .. .	95,937
<hr/> <u>11,40,968</u>	Total ..	<hr/> <u>12,79,395</u>

XV—cont.

## DETAILS OF OBJECTIONS.

of Chapter XI).

<i>Other reasons.</i>		<i>Total.</i>	
<i>Items.</i>	<i>Amount.</i>	<i>Items.</i>	<i>Amount.</i>
(AMOUNT IN LAKHS OF RUPEES)			
2,602	95.14	3,497	1,19.76
3,745	78.92	7,536	1,70.32
2,792	41.42	5,062	91.27
2,025	1,41.90	2,591	1,62.57
1,057	1.57	1,126	1.84
144	2.59	149	2.60
148	0.24	1,582	2,66.98
1,344	78.06	2,654	1,01.62
5,536	40.91	9,748	1,21.36
3,359	26.70	3,974	39.84
<u>22,752</u>	<u>5,07.45</u>	<u>37,919</u>	<u>10,78.16</u>

## STATEMENT SHOWING DEPARTMENTWISE DETAILS OF OUTSTANDING

(Referred to in paragraph

<i>Serial number and department.</i>	<i>1959-60 and earlier years.</i>		<i>1960-61</i>	
	<i>Reports.</i>	<i>Para-graphs.</i>	<i>Reports.</i>	<i>Para-graphs.</i>
1 Education and Public Health.	22	78	19	52
2 Finance .. .. .	..	..	2	24
3 Food and Agriculture ..	108	528	43	269
4 Home .. .. .	4	4	8	26
5 Industries, Labour and Co-operation.	14	26	14	33
6 Public .. .. .	1	3	1	12
7 Public Works including Madras State Electricity Board.	52	90	17	37
8 Revenue .. .. .	..	..	16	65
9 Rural Development and Local Administration.	139	716	84	582

XV—concl'd

INSPECTION REPORTS—concl'd.

105 of Chapter XI).

1961-62		1962-63		1963-64		Total.	
Reports.	Para- graphs.	Reports.	Para- graphs.	Reports.	Para- graphs.	Reports.	Para- graphs.
60	226	71	286	162	1,093	334	1,735
..	..	1	2	9	55	12	81
89	531	96	796	152	1,044	488	3,168
27	56	40	185	58	298	137	569
58	299	60	426	104	620	250	1,404
1	3	..	..	3	11	6	29
30	185	49	186	54	477	202	975
34	196	55	391	111	825	216	1,477
210	1,307	76	431	129	1,035	638	4,071



