



सत्यमेव जयते

GOVERNMENT OF WEST BENGAL

AUDIT REPORT
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TABLE OF CONTENTS

Audit Report, 1966

	<i>Reference to</i>	
	<i>Paragraph</i>	<i>Page</i>
<i>Prefatory Remarks</i>	v
CHAPTER I—GENERAL		
General .. .. .	.. 1—16	1—14
CHAPTER II—APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE		
Summary .. .. .	..17—18	15—17
Excesses over voted grants .. .. .	.. 19	17—18
Excesses over charged appropriations .. .. .	.. 20	18—19
Savings in grants/appropriations .. .. .	..21—24	19—26
Control over expenditure .. .. .	.. 25	26—28
Delay in submission of materials for Appropriation Accounts .. .. .	.. 26	28—29
Unnecessary withdrawal of funds .. .. .	.. 27	29
Reconciliation of departmental figures .. .. .	.. 28	29—30
CHAPTER III—CIVIL DEPARTMENTS		
Extra expenditure .. .. .	..29—32	31—32
Nugatory expenditure .. .. .	..33—35	32
Scheme for distribution of chemical fertilisers .. .. .	.. 36	32—34
Scheme for distribution of superphosphate and its mixtures .. .. .	.. 37	34—35
Public galleries in playgrounds in the Calcutta Maidan .. .. .	.. 38	35—36
Slum Clearance Scheme .. .. .	.. 39	36
Lift irrigation from rivers and beels .. .. .	.. 40	36—37
Scheme for development of lock industry at Bargachia .. .. .	.. 41	37—38
Sisal Plantation Scheme, Rajnagar (District Birbhum) .. .. .	.. 42	38
Hand-made Paper Industry Centre, Kalyani .. .. .	.. 43	38—39
Government Braiding Factory, Baranagar .. .. .	.. 44	39—40
Expansion of Co-operative Training and Education Scheme .. .. .	.. 45	40—41
Purchase of a private concern .. .. .	.. 46	41
Expenditure of doubtful utility .. .. .	.. 47	41
Extra expenditure on a requisitioned house .. .. .	.. 48	41—42
Infructuous expenditure .. .. .	.. 49	42
Locking up of Government funds .. .. .	.. 50	42—43
Non-recovery of electric charges .. .. .	.. 51	43
Outstanding demands .. .. .	.. 52	43—44
Payment of interest charges on unutilised loans .. .. .	.. 53	44

	<i>Reference to</i>	
	<i>Paragraph</i>	<i>Page</i>
CHAPTER III—CIVIL DEPARTMENTS—Concl'd.		
Priced publications of Government ..	54	44
Unutilised tents	55	44
Unutilised vehicles and infructuous expenditure	56	44—45
Unutilised land and buildings	57	45
Unfruitful outlay	58	45—46
Wastage of paper	59	46
Write-off of losses	60	46—47
Losses awaiting investigation and write-off/recovery	61	47
Other miscellaneous irregularities, losses, etc.	62	47
CHAPTER IV—MISAPPROPRIATION OF GOVERNMENT MONEY		
Misappropriations and defalcations, etc. ..	63	48
Misappropriation of Government money ..	64—66	49—50
CHAPTER V—WORKS EXPENDITURE		
Review of works expenditure	67	51—52
Extra expenditure	68—73	52—54
Extra contractual payments	74—76	54—55
Non-recovery of cost of materials	77—79	55
Dredging of silt for Salt-lake reclamation ..	80	55—56
Overpayment	81	56
Work-load in Salt Lake Reclamation		
Divisions	82	57
Rejection of lower tenders	83	57
Defective construction of sewers	84	57—58
Defective construction of staff quarters ..	85	58
Grant of extension of time for completion of works	86	58
Loss	87	59
Expenditure on an unremunerative lock-gate	88	59
Infructuous expenditure	89	59
Outstanding advances	90	59—60
Other miscellaneous irregularities, losses, etc.	91	60
CHAPTER VI—STORES AND STOCK ACCOUNTS		
Stores and Stock Accounts	92	61—63
Shortage of stores	93—95	63
Excesses over reserve stock limits	96	63—64
Stock register and stock verification	97	64—65
Excess and idle stock	98	65—66
Surplus machinery	99	66
Non-utilisation of spare parts and other equipment	100	66
CHAPTER VII—REVENUE RECEIPTS		
Buildings lying vacant	101	67
Outstanding rent of requisitioned premises	102	67

CHAPTER VII—REVENUE RECEIPTS—*Conold.*

Non-realisation of water rates ..	103	67—68
Outstanding dues	104	69
Outstanding supervisory charges ..	105	69
Outstanding audit fees	106	69
Outstanding ferry receipts	107	69—70
Loss of revenue	108—109	70
Non-realisation and less realisation of “extra fees” for the renewals of licences	110	71
Non-realisation of fees for permits for cement	111	71
Other irregularities	112	71

**CHAPTER VIII—LOANS AND ADVANCES, SUS-
PENSE AND OTHER TRANSACTIONS**

Large unadjusted balances under “Suspense” and “Remittance” heads ..	113	72—76
Irregularities in the payment of loans under Bengal State Aid to Industries Act, 1931	114	76—79
Default in repayment of loans ..	115	79
Infructuous loan	116	79
Loans to industrial concerns	117	79—80
Outstanding Takavi loans	118	80—81
Outstanding Takavi Works advance ..	119	81
Non-remittance of accounts	120	82
Review of Reserve Funds	121	82—83

**CHAPTER IX—GOVERNMENT COMMERCIAL AND
TRADING ACTIVITIES**

Section I—General	122	84
Section II—Statutory Corporations/Board	123	84
Calcutta State Transport Corporation ..	124	84—88
Avoidable payment of advertising com- mission	125	88
North Bengal State Transport Corporation	126	88—90
West Bengal State Electricity Board ..	127	90—95
Annexure .. ..	..	96
Section III—Government Companies ..	128	97
Compensation for damages	129	98
Irregularities pointed out by Company Auditors	130	98—100
Unnecessary installation of a plant ..	131	100
Financial aid to a contractor	132	100—101
Brick and Tile Board	133	101
Unsecured and indefinite loans	134	101—102
Irregular sale	135	102
Nugatory expenditure	136	102
Loss	137—138	102—103
Section IV—State Government Commercial and <i>quasi</i> -Commercial Departments		
Non-submission of <i>pro forma</i> accounts ..	139	103
Brooklyn Ice Plant and Cold Storage ..	140	104—105
Greater Calcutta Milk Supply Scheme ..	141	106

**CHAPTER IX—GOVERNMENT COMMERCIAL AND
TRADING ACTIVITIES—*Concl'd.***

Scheme for production of ergot on commercial basis	142	106
Industrial centres	143	106—108
Sales empor a	144	108—110
Building lying vacant	145	110
Large outstanding dues	146	111
Inadequate overhead charges	147	111—112
Machines lying unused	148	112
Schemes for State Trading on rice and paddy and wheat and wheat products ..	149	112—114
Irregularities in the grant of refraction allowance to rice mills	150	114—115
Outstanding godown rent	151	115
Uneconomic maintenance of Calcutta Transport Fleet	152	115—116
Loss due to delay in imposition of revised selling rates of rice	153	117

CHAPTER X—GRANTS-IN-AID

Non-recovery of grants found inadmissible	154	118
Non-utilisation of grants	155	118
Non-recovery of overpayment, delay in utilisation of grants, etc.	156	118
Overdrawal of subventions	157	119
Unutilised grants	158	119—121

**CHAPTER XI—OUTSTANDING OBJECTIONS AND
INSPECTION REPORTS**

Outstanding Audit Objections	159	122—123
Outstanding Inspection Reports	160	123—125

Appendices I to XVIII (vide details at pages 126—127)

Prefatory Remarks

This volume mainly relates to matters arising from the Appropriation Accounts for 1964-65 together with other points arising from audit of the financial transaction of the Government of West Bengal. It also includes:

- (i) certain points of interest arising from the Finance Accounts for the year 1964-65; and
- (ii) matters relating to certain statutory bodies the accounts of which are audited by the Indian Audit and Accounts Department.

2. The financial irregularities, losses, etc., commented upon in the Report relate to cases which came to the notice of Audit during the year 1964-65 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 1964-65 have also been included wherever considered necessary.

(b) The increase is analysed below :—

	1962-63	1963-64	1964-65	Increase over Amount	1962-63 Percent- age
<i>(In crores of rupees)</i>					
<i>Receipts from the Central Government—</i>					
(a) State's share of divisible Central Taxes	19.78	23.00	23.35	3.57	18.0
(b) Grants-in-aid, contributions, etc.	9.83	11.65	15.44	5.61	57.1
<i>Revenue raised by the State Government—</i>					
(a) From taxes, duties and other principal sources of revenue	60.85	71.84	82.67	21.82	35.9
(b) From other receipts, such as water rates, betterment levy, rents from buildings, etc.	17.05	19.42	19.87	2.82	16.5
Total	107.51	125.91	141.33	33.82	31.5

The receipts from the Central Government accounted for 27.4 per cent. of the total revenues for 1964-65.

(c) The increase of Rs. 21.82 crores in the revenues raised by the State Government from taxes, duties and other principal sources of revenue since 1962-63 occurred mainly under the following heads :—

Head of account	1962-63	1963-64	1964-65	Increase over 1962-63
<i>(In crores of rupees)</i>				
State Excise Duties	7.69	8.81	10.55	2.86
Taxes on vehicles	2.70	4.89	5.34	2.64
Sales Tax	24.68	32.18	36.89	12.21
Other Taxes and Duties . .	11.28	12.34	13.74	2.46
Stamps	4.88	5.51	6.24	1.36

The increase of Rs. 12.21 crores under Sales Tax is mainly attributable to increased trading activities.

The increase under 'Other Taxes and Duties' occurred mainly under Electricity Duties (Rs. 1.90 crores) due to raising the rates of industrial electricity (excluding consumption by cottage and small scale industries) from the 1st May, 1963.

No new tax was levied during 1964-65

3. *Arrears of revenue*: The information regarding arrears in collection of revenue was called for from four departments; the departments of Irrigation and Waterways and Home (Police) have not furnished the requisite information. According to the information furnished by the remaining two departments, the arrears in collection of revenue were as follows:—

	Arrear as in April, 1965.	Average annual revenue during 1961-62 to 1964-65	Percentage of arrears to the total average annual revenue
<i>(In crores of rupees)</i>			
Land Revenue ..	3.61	7.07	51.0
Forest	0.15	1.99	7.5

4. *Expenditure on Revenue Account*: The expenditure during the year 1964-65 (Rs. 135.44 crores) showed an increase of 15.6 per cent. over that of 1963-64 and 19.3 per cent. over that of 1962-63.

The increase is analysed below:—

	1962-63	1963-64	1964-65	Increase over 1962-63	
	<i>(In crores of rupees)</i>			Amount	Percent- age
(i) Collection of Taxes, Duties and other principal revenues.	5.78	5.90	6.24	0.46	7.9
(ii) Administrative Services—					
Police ..	10.23	10.53	12.28	2.05	20.0
Other Administra- tive Services ..	9.39	8.95	10.08	0.69	7.3
Total Administra- tive Services ..	19.62	19.48	22.36	2.74	14.0

The expenditure on Administrative Services in 1964-65 constituted 16.5 per cent. of the total expenditure on Revenue Account.

	1962-63	1963-64	1964-65	Increase over 1962-63	
	(In crores of rupees)			Amount	Percent- age
(iii) Social and Developmental Services—					
Education ..	23.36	24.12	27.68	4.32	18.5
Medical and Public Health ..	11.52	12.36	13.34	1.82	15.8
Agriculture ..	5.32	6.21	9.08	3.76	70.7
Community Development Project, etc. ..	2.69	2.78	3.29	0.60	22.3
Other Departments, etc. ..	6.96	7.97	9.07	2.11	30.3
Total Social and Developmental Services ..	49.85	53.44	62.46	12.61	25.3

The expenditure on Social and Developmental Services constituted 46.1 per cent. of the total expenditure on Revenue Account.

(iv) Other Services—

Interest charges ..	8.31	9.39	11.09	2.78	33.5
Other heads ..	29.97	29.00	33.29	3.32	11.1
Total	1,13.53	1,17.21	1,35.44	21.91	19.3

The reasons for the main items of increase are given below :—

Head of account	Reasons
Administrative Services— Police	More expenditure under District Executive Force due to raising of a new armed battalion.
Social and Developmental Services— Agriculture	More expenditure under Development Schemes.
Education	Increased expenditure under Development Schemes and grant of additional dearness allowance.
Other Services— Interest	More amounts of interest paid on market loans and loans taken from the Central Government. This is due mainly to increase in the debt of the State—c.f. paragraph

5. *Expenditure outside the Revenue Account* : (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 1964-65 as compared with the budget estimates for these years is shown below ('Loans and Advances' are dealt with in paragraph 6) :

Year	Budget	Actuals	Variation	
			Amount	Percentage
<i>(In crores of rupees)</i>				
1962-63	45.43	34.45	-10.98	24.2
1963-64	33.43	26.79	-6.64	19.9
1964-65	40.94	38.23	-2.71	6.6

The saving of Rs. 2.71 crores in 1964-65 was the net result of savings under certain heads and excesses under certain others. Large savings occurred in the provisions for Capital Outlay on Multipurpose River Schemes (Rs.4.92 crores), Abolition of Zamindari system (Rs. 1.62 crores) and other works (Rs. 3.91 crores); expenditure largely exceeded the provision under Schemes of Government Trading (Rs. 11.13 crores).

(b) A further analysis of the expenditure outside the Revenue Account is given below :

	During 1964-65	During 1962-63 to 1964-65	Progressive total up to 1964-65
<i>(In crores of rupees)</i>			
I. Capital expenditure on—			
(i) Irrigation and Multipurpose River Schemes	8.02	22.97	1,39.84
(ii) Other Commercial Departments/ Undertakings, Schemes of Government Trading, Industrial Development, Road and Water Transport and Agricultural Schemes	11.02	17.56	24.32
(iii) Compensation to land holders, etc., on the abolition of Zamindari system	2.37	6.97	15.02
(iv) Outlay on Civil Works	16.77	51.81	1,59.13

	During 1964-65	During 1962-63 to 1964-65	Progressive total up to 1964-65
	<i>(In crores of rupees)</i>		
(v) Miscellaneous capital outlay on other works and payment of commuted value of pension	0.05	0.16	0.60
(vi) Electricity schemes ..	..	..	1.28
Total capital expenditure ..	38.23	99.47	3,40.19
II. Net outgo under "Loans and Advances" by the State Government, i.e., after taking into account recoveries of loans ..	21.98	62.40	1,38.61
Total	60.21	1,61.87	4,78.80

Further details of capital expenditure are given in Statement Nos. 2 and 13 of the Finance Accounts, 1964-65.

(c) The sources from which expenditure outside the Revenue Account including that on "Loans and Advances" during 1964-65 and during the three year period ending with 1964-65 was met, are indicated below :

	1964-65	1962-63 to 1964-65
	<i>(In crores of rupees)</i>	
Net additions to—		
I. (i) Permanent debt	5.03	6.75
(ii) Loans from the Central Government ..	40.09	98.50
(iii) Loans from other sources and Unfunded debt	12.51	17.50
II. Miscellaneous (mainly excess of deposits, etc., received by Government over repayment on that account)	8.30	17.40
III. Increase (—)/Decrease (+) in cash balance and investments	—11.61	+13.17
IV. Revenue surplus	5.89	8.57
Net sources available for expenditure outside the Revenue Account	60.21	1,61.87

6. *Loans and Advances by the State Government* : (a) The total amount of loans and advances disbursed by Government and outstanding on the 31st March, 1965 was Rs. 1,38.61 crores as shown below :—

(In crores of rupees)

(1) Loans to Corporation, Municipalities, District and other Local Fund Committee	2.72
(2) Advances to cultivators	4.16
(3) Loans and Advances to displaced persons	42.70
(4) Loans under Community Development Project—	
(i) Loans to State Electricity Board	0.96
(ii) Other than State Electricity Board	2.81
(5) Miscellaneous Loans and Advances—	
(i) (a) Loans to State Electricity Board	7.48
(b) Loans to State Electricity Board under Development Scheme	39.03
(c) Loans to State Electricity Board under Railway Electrification Scheme	3.26
(ii) Loans to West Bengal Development Corporation	3.12
(iii) Loans under Low Income Group Housing Scheme	1.81
(iv) Loans to Calcutta State Transport Corporation	1.99
(v) Loans to Durgapur Project Limited	14.14
(vi) Loans to Durgapur Chemicals	1.56
(vii) Other Miscellaneous Loans	12.87

(b) *Non-settlement of terms and conditions* : The terms and conditions of repayment in respect of loans amounting to Rs. 56.13 crores advanced to Statutory Corporations/Board have not been settled and no repayment has, therefore, been made by them. These loans were advanced during the period from 1955-56 to 1964-65. The details of the loans are indicated below :—

Name of loanee	Number of loans	Total amount of loan
(In crores of rupees)		
West Bengal State Electricity Board	68	50.75
West Bengal Financial Corporation	7	0.12
West Bengal Development Corporation	23	3.11
Durgapur Development Authority	9	0.02
Calcutta State Transport Corporation	6	1.99
North Bengal State Transport Corporation	2	0.14
Total	115	56.18

In regard to the loans to the State Electricity Board, only the rate of interest for the loans advanced up to the 31st March, 1961 (Rs. 7.71 crores) has been settled. But no interest has been paid by the State Electricity Board so far (January, 1966). The rate of interest for the loans paid after that date and the terms and conditions of repayment of the entire amount of loan (Rs. 50.75 crores) paid to the Board remain unsettled (January, 1966).

(c) *Overdue amounts* : In respect of the loans the detailed accounts of which are maintained by Audit Office, the repayment of a sum of Rs. 94.92 lakhs (principal Rs. 52.31 lakhs and interest Rs. 42.61 lakhs) was in arrears in 281 cases on the

31st March, 1965 as indicated below. Of this, an amount of Rs. 36.88 lakhs (principal Rs. 16.98 lakhs and interest Rs. 19.90 lakhs) was in arrears in 160 cases for more than three years.

From whom due	Number of cases	Principal (In lakhs of rupees)	Interest
Calcutta Corporation, Municipalities, etc.,	73	12.00	5.71
Displaced persons	135	34.65	33.68
Educational institutions	71	4.06	3.08
Statutory bodies	2	1.60	0.14

In the case of other loans, the departmental officers are responsible for maintaining the detailed accounts. The details of overdue amounts have not been intimated by them.

(d) *Non-receipt of utilisation certificates*: Utilisation certificates were due on the 31st March, 1965 in 1,429 cases covering a total amount of Rs. 63.53 crores, but the certificates have not been received (February, 1966) in 1,284 cases covering a total loan of Rs. 29.54 crores, as shown in Appendix I.

7. *Debt position*: (a) The details of the Public debt transactions for the year 1964-65 are given below:

	Receipts during the year	Repayments during the year	Net increase during the year
<i>(In crores of rupees)</i>			
(i) Market loans	7.00	1.97	5.03
(ii) Floating loans	23.37	15.37	8.00
(iii) Loans from the Central Government	53.31	13.22	40.09
(iv) Other loans	2.98	0.20	2.78
Total	86.66	30.76	55.90

(b) The outstanding Public debt of Government amounted to Rs. 4,54.32 crores at the end of 1964-65. An analysis of the debt, compared with the corresponding figures for the preceding 2 years, is given below:—

	1962-63	As at the end of 1963-64	1964-65
<i>(In crores of rupees)</i>			
1. Market loans	54.50	50.92	55.95
2. Floating loans .. ..	..	..	8.00
3. Loans from the Central Government	3,04.46	3,41.33	3,81.43
4. Other loans	4.51	6.17	8.94
Total	3,63.47	3,98.42	4,54.32

(c) In addition to the Public debt, the balances at credit of accumulated funds to the extent to which they have not been invested but are merged with the general

cash balance of Government, as also certain deposits, constitute liabilities of Government. Taking the regular (Public) debt and these liabilities together, the debt position of Government may be stated as follows:—

	1962-63	1963-64	1964-65
	<i>(In crores of rupees)</i>		
Public debt	3,63.47	3,98.42	4,54.32
Unfunded debt	12.35	14.03	15.76
Depreciation Reserve and other Earmarked Funds	11.79	12.32	14.31
Deposits of Local Funds and Civil Deposits	24.83	29.35	37.65
Total ..	4,12.44	4,54.12	5,22.04

(d) Under an agreement with the Reserve Bank of India, Government have to maintain a minimum cash balance of Rs. 25 lakhs on every Friday and not less than Rs. 20 lakhs on other days. When the balance falls below the agreed minimum, the deficiency is made good by the Bank by giving Ways and Means advances up to an agreed maximum of Rs. 50 lakhs. If, even after taking these advances, the State Government are not able to maintain the minimum balance, the Bank allows the State Government overdrafts.

During the major part of April, 1964, the State Government could not maintain the stipulated balance with the Reserve Bank and had to take Ways and Means advances from the Bank on 9 occasions. In addition, overdrafts aggregating Rs. 8.87 lakhs were obtained. These were fully repaid during the year together with interest amounting to Rs. 1.07 lakhs.

8. *Loans from the Central Government*: The amount of loans received from the Central Government and outstanding at the end of 1964-65 was Rs. 3,81.43 crores which formed 83.9 per cent. of the total debt.

During the year 1964-65, the State Government obtained from the Central Government loans amounting to Rs. 53.32 crores for (a) development purposes (Rs. 35.42 crores) and (b) other purposes (Rs. 17.90 crores); a further analysis is given below:

Category of loans	Amount
	<i>(In crores of rupees)</i>
1. Miscellaneous Development Schemes ..	20.43
2. Scheme for sharing Small Savings collections ..	15.42
3. West Bengal Government's share of expenditure on Damodar Valley Corporation ..	5.14
4. Grow More Food Scheme ..	3.61
5. Rehabilitation of displaced persons ..	1.06
6. Other purposes ..	7.66

As on the 31st March, 1965, a total sum of Rs. 4,00.28 lakhs (principal Rs. 34.17 lakhs and interest Rs. 3,66.11 lakhs) was overdue for repayment to the Central Government, as indicated below :—

Purpose of loans	Amount overdue as on the 31st March, 1965,	
	Principal	Interest
	<i>(In lakhs of rupees)</i>	
(i) Grow More Food Scheme	28.17	3.67
(ii) Small Scale Industries	4.09	2.32
(iii) Handloom Industries	0.41	0.92
(iv) For loans to West Bengal Goods Transport Co-operative Society Limited.	1.50	0.35
(v) Loans for payment of West Bengal Government's share of expenditure on Damodar Valley Corporation (*)	—	3,58.85
Total	34.17	3,66.11

In addition, a sum of Rs. 40.94 crores (principal Rs. 27.67 crores and interest Rs. 13.27 crores) was outstanding in respect of rehabilitation loans obtained from the Central Government according to the original terms and conditions of repayment. The revised terms and conditions as recommended by the Second Finance Commission have not been accepted by the State Government. The State Government pay to the Government of India whatever amount they collect from the loanees during a year.

9. *Delayed utilisation of loan and avoidable interest charges*: The major part of the loan of Rs. 30.25 lakhs obtained from the Government of India in 1961-62 for land acquisition and development schemes was utilised only in 1963-64, as shown below :—

Year	Amount utilised
	<i>(In lakhs of rupees)</i>
1961-62	0.10
1962-63	10.80
1963-64	19.35

(*)—According to the terms of repayment of loans granted up to the 25th September, 1962, these are repayable at the end of 40 years. In respect of loans granted on and from the 19th March, 1963, the repayment of principal would commence from the 9th anniversary of drawal of loans. As such the repayment of the principal has not fallen due. But interest on these loans is to be paid either half-yearly or annually from the dates of drawal.

The interest paid up to 1962-63 on the unutilised amount was Rs. 1.37 lakhs. It was stated by Government in August, 1965, that "the entire interest liability on the loan capital will be realised from the saleproceeds of the homestead plots when the project matures and there will be no question of any loss on the part of Government".

10. Interest payments on account of debt and other obligations are analysed below :

	1963-64	1964-65
	<i>(In crores of rupees)</i>	
(i) Interest paid by the State Government	11.62	12.21
(ii) <i>Deduct—</i>		
(a) Interest received on loans and advances	2.52	1.21
(b) Interest received on investment of cash balances.	0.14	0.07
(c) Interest received on capital advances to the Damodar Valley Corporation	2.23	1.12
(iii) Net burden of interest on Revenue {(i) <i>minus</i> (ii)}	6.73	9.81
(iv) Net interest as percentage of Revenue	5.34	6.94

11. *Amortisation of debt* : The following arrangements have been made for the amortisation of loans raised in the open market :

- (i) A sum equal to 1½ per cent. of the total nominal amount of the loan is set apart to form a Depreciation Fund for purchasing the securities of the loans for cancellation.
- (ii) In addition to the contribution to the Depreciation Fund, annual contribution is made to the Sinking Fund for amortisation of the loans at such rates as Government may decide from time to time.

During 1964-65, a sum of Rs. 3.91 crores was credited to the Funds. After meeting the repayment of market loans (Rs. 1.95 crores) out of these Funds, the balance at credit at the end of 1964-65 was Rs. 20.22 crores. Out of this, a sum of Rs. 11.82 crores stood invested in securities of the Government of India, West Bengal and other States and the balance, Rs. 8.40 crores, was merged in the general cash balance of the State.

Government have not considered any amortisation arrangement necessary for repayment of loans from the Central Government.

12. *Guarantees given by Government* : Article 293 of the Constitution empowers the State Government to give guarantee within such limits as may be fixed by the

Legislature. The Legislature has not enacted any law in this regard. As at the end of March, 1965, Government had given guarantees for a maximum amount of Rs. 29.69 crores as indicated below

Nature of guarantee	No. of cases	Maximum amount for which guarantees were given	Actual amount of loans, share capital, etc., raised at the end of 1964-65 against the sums guaranteed.
<i>(In crores of rupees)</i>			
(i) Guarantees for share capital and minimum dividend at 3½ per cent. thereon, pertaining to West Bengal Financial Corporation	1	1.00	1.00
(ii) Guarantee for repayment of principal and payment of interest in respect of loans and debentures raised by :—			
(a) Statutory Corporations	8	7.95	7.95
(b) Local Bodies	2	3.00	1.55
(c) Government Companies	1	0.50	0.26
(d) Joint Stock Companies	6	5.12	4.92
(e) Co-operative Banks	3	0.80	0.80
(f) Co-operative Societies	8	0.11	0.03
(iii) Guarantees for granting medium/short-term loans or cash credit accommodation by the Reserve Bank of India and State Bank of India to co-operative banks	6	11.19	0.92
(iv) Guarantees for granting medium/short-term loans or cash credit accommodation by the West Bengal Provincial Co-operative Bank Limited for construction of cold storages to a co-operative society	1	0.02	0.02
Total	36	29.69	17.45

Further details of the guarantees are given in Statement No. 6 of the Finance Accounts, 1964-65.

Government do not charge any fees for the guarantees given to the different undertakings. Since the guarantees constitute contingent liabilities on the Public Exchequer, it was suggested to Government as far back as May, 1961 to consider the feasibility of charging some fees for guarantees at least from private undertakings. The reply of Government is still awaited (January, 1966).

13. *Investments of Government*: Investments of Government in Statutory Corporations, Joint Stock Companies, Co-operative Banks and institutions amounted to Rs. 25.20 crores on the 31st March, 1965 as indicated below :—

- (i) 4 Statutory Corporations (Rs. 6.77 crores).
- (ii) 6 Government Companies (Rs. 17.05 crores) including 1 owned by the Central Government.
- (iii) 1 Joint Stock Company (Rs. 1.70 lakhs).
- (iv) Co-operative Banks (Rs. 66 lakhs).
- (v) Co-operative Societies (Rs. 70 lakhs).

In addition, a sum of Rs. 58.49 lakhs was drawn for investment during the period from 1962-63 to 1964-65 but no information has been received as to the mode of investment.

The detailed particulars of the investments have been given in Statement No.14 of the Finance Accounts, 1964-65.

Of the 4 Statutory Corporations, West Bengal State Warehousing Corporation has been sustaining losses since 1959-60, Calcutta State Transport Corporation has sustained a loss of Rs. 17.15 lakhs during 1962-63 while West Bengal Financial Corporation earned a profit of Rs. 11.79 lakhs during 1964-65.

Of the 5 State Government Companies, 4 earned a total return of Rs. 95.58 lakhs during 1964-65; the remaining one is still to go into production (January, 1966).

A sum of Rs. 5,100 has been credited to Government during 1964-65 as dividend from the Joint Stock Company.

14. *Grants-in-aid*: A total amount of Rs. 13.87 crores was paid during 1964-65 as grants-in-aid to local bodies (Rs. 6.58 crores), private institutions and individuals; this formed 10.2% of the Government's total expenditure on Revenue Account. An analysis by broad purposes for which the grants were paid is shown below :—

Purpose	Non-recurring		Recurring	
	<i>(In lakhs of rupees)</i>			
Maintenance grants	2,64.14	8,02.39
Building grants	3,08.96	—
Construction of godowns	3.79	—
Water Supply	8.10	—

According to the rules, certificates of proper utilisation of grants should be sent to Audit by the sanctioning/departmental officers. The utilisation certificates for grants paid during 1956-57 to 1963-64 amounting to Rs. 7.55 crores in 3,014 cases as detailed in Appendix II have not been furnished (October, 1965). Of these, certificates for grants amounting to Rs. 1,92.56 lakhs are awaited for more than 3 years.

The bulk of the outstanding certificates (2,029 certificates for grants amounting to Rs. 6.14 crores) are due from the Education Department.

15. *Financial results of Irrigation and Multipurpose River Schemes*: On the 31st March, 1965 Government investment on Irrigation and Multipurpose River Schemes (numbering 8 for which Capital and Revenue Accounts are maintained) amounted to Rs. 20.30 crores. After making provision for interest on capital (Rs. 1.01 crores) there was a net loss of Rs. 0.69 crore (4.99 per cent. on the capital investment) during 1964-65.

Further details are given in Statement No. 3 of the Finance Accounts, 1964-65.

16. *Financial stock-taking of engineering and development projects*: Financial stock-taking of large engineering projects and development schemes is required to be undertaken at suitable intervals so as to correlate the progress of expenditure with the progress of work actually done as compared with the estimates. This is with a view to ascertaining the prospects of the projects being completed within the limits of sanctioned estimates and also to ensuring that there have not been any material modifications of or deviations from the sanctioned estimates. Such a scrutiny also gives an opportunity to the executing agencies to revise the financial forecast, if necessary.

No financial stock-taking report has been furnished to Audit so far (January, 1966). As at the end of 1964-65, there were 22 projects in the State, each estimated to cost above Rs. 50 lakhs. The expenditure incurred on them up to March, 1965 was Rs. 27,93.83 lakhs. Particulars of the projects each estimated to cost more than Rs. 1 crore are given in Appendix III.

Government had assured the Public Accounts Committee as early as in April, 1952, that financial stock-taking would be taken up very early and done regularly. In May, 1957, Government decided that financial stock-taking should be conducted in respect of schemes estimated to cost Rs. 1 crore and above; this limit was subsequently revised to Rs. 10 lakhs and to Rs. 50 lakhs in March, 1961 and September, 1964, respectively. Government also decided that the reports of financial stock-taking should be furnished to Audit every half-year in April and October.

CHAPTER II

Appropriation Audit and Control over Expenditure

17. *Summary*: (a) The table below compares the total expenditure from the Consolidated Fund during the years 1961-62 to 1964-65 with the total amount of grants/appropriations :

Year			Total provision	Actual expenditure	Unutilised provision	
					Amount	Percent- age
(In crores of rupees)						
1961-62	..	..	1,75.95	1,48.98	26.97	15.3
1962-63	..	..	1,95.71	1,70.56	25.15	12.9
1963-64	..	..	2,76.62	2,54.44	22.18	8.0
1964-65	..	..	3,25.88	2,94.76	31.12	9.5

The savings occurred mainly in the provision for development schemes, particularly on the schemes pertaining to the Third Five-Year Plan as shown below :

Year	Position of expenditure <i>vis-a-vis</i> provision under 'Development Schemes'			Position of expenditure <i>vis-a-vis</i> provision for the schemes under 'Third Five-Year Plan'			
	Total provision	Expendi- ture	Saving	Total provision	Expendi- ture	Saving	
(In crores of rupees)							
1961-62	..	76.63	60.99	15.64	53.14	39.20	13.94
1962-63	..	86.55	72.22	14.33	61.75	50.40	11.35
1963-64	..	1,00.78	90.29	10.49	74.55	66.09	8.46
1964-65	..	1,14.16	1,03.39	10.77	79.87	73.63	6.24

(b) Details of provision and expenditure in respect of the year 1964-65 are given below :

	Voted grants	Charged appropriations	Total
	(In crores of rupees)		
Original grants/appropriations ..	2,47.24	39.96	2,87.20
Supplementary grants/appropriations ..	37.26	1.42	38.68
Total amount granted/appropriated ..	2,84.50	41.38	3,25.88
Actual expenditure	2,47.22	47.54	2,94.76
Net excess(+)/saving(-)	-37.28	+6.16	-31.12

The net total saving of Rs. 31.12 crores was the result of—

- (i) provision of Rs. 45.66 crores remaining unutilised in 66 grants/appropriations and
- (ii) excesses amounting to Rs. 14.54 crores in 8 grants/appropriations.

18. *Supplementary grants/appropriations* : During the year, supplementary provision amounting to Rs. 38.68 crores was obtained under 28 voted grants and 21 charged appropriations (excluding 1 grant under which token provision was obtained).

The details given in Appendix IV bring out the following points :

- (i) In 7 cases (5 voted grants and 2 charged appropriations) the supplementary grant/appropriation (exceeding Rs. 1 lakh in each case) amounting to Rs. 3.37 crores proved entirely unnecessary as the expenditure did not come up even to the original provision.

In the previous year (1963-64), the number of such cases was 6 (5 voted grants and 1 charged appropriation), the amount of supplementary grant proving unnecessary being Rs. 2.33 crores.

- (ii) In 4 grants, the supplementary provision (exceeding Rs. 1 lakh in each case) proved excessive as in these cases, the final saving in the total grants formed more than 20 per cent. of the supplementary provision. Against the supplementary provision of Rs. 20.99 crores under these grants, the amount actually utilised was Rs. 12.44 crores.
- (iii) In 4 cases (3 voted grants and 1 charged appropriation) the supplementary provision (exceeding Rs. 1 lakh in each case) proved inadequate. In these cases, while the additional provision made was Rs. 6.55 crores, the actual expenditure incurred exceeded the total provision by Rs 5.60 crores. The excess formed 85.4 per cent. of the supplementary provision. (The expenditure had exceeded the total provision in 1963-64

also, the excess being 46.7 per cent.). As the supplementary provision in all these cases was obtained as late as on the 30th March, 1965, it should have been possible for the departments concerned to frame reasonably close estimates of their requirements.

Comments on important instances where the supplementary provision proved unnecessary or excessive or inadequate are given in the notes below the respective grants/appropriations in the Appropriation Accounts, 1964-65.

19. *Excesses over voted grants* : The following 3 cases of excesses over voted grants require to be regularised under Article 205 of the Constitution. Excesses occurred under all these grants in the previous year also. The circumstances in which the excesses could not be met by obtaining adequate supplementary grants or by taking suitable advances from the Contingency Fund were not intimated by the controlling departments.

Sl. No.	Particulars of grant	Total grant	Expenditure		Excess (and its percentage to the grant)
			Rs.	Rs.	
1.	7—Stamps—				
	Original	15,36,000	} 17,09,000	18,32,482	1,23,482 (7.2)
	Supplementary ..	1,73,000			

The excess was stated to be due mainly to increased payment of discount to stamp vendors consequent on the increase in the sale of stamps during the closing months of the year.

Excesses over the grant occurred in the previous two years also as indicated below :—

Year	Provision	Excess
	<i>(In lakhs of rupees)</i>	
1962-63	12.77	1.02
1963-64	14.85	0.93
2. 19—Education—		
Original ..	} 28,11,18,000	29,31,82,158
Supplementary ..			4,20,46,000
		1,20,64,158 (4.3)

The excess occurred mainly under "G—Direct Grants to Non-Government Secondary Schools—G(i)(a)—Direct Grants to Non-Government Secondary Schools for boys—Non-recurring—Other Grants." The reasons for the excess were not furnished by the controlling authority.

Sl. No.	Particulars of grant	Total grant	Expenditure	Excess (and its percentage to the grant)
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Excesses over the grant occurred in the previous years also, as indicated below :—

Year	Provision	Excess
(In lakhs of rupees).		
1959-60	14,35.50	1,59.37
1960-61	15,79.96	96.05
1961-62	20,22.21	1,08.17
1962-63	21,67.23	1,68.74
1963-64	24,39.57	1,41.87

3. 34—Public Works—

Original ..	12,61,57,000	} 14,91,41,000	19,28,72,337	4,37,31,337 (29.7)
Supplementary	2,29,84,000			

The excess occurred mainly under—

“I—Suspense” (Rs. 5,07.31 lakhs) and

“D—Repairs” (Rs. 42.67 lakhs), partly counterbalanced by savings under other items. The reasons for the excess were not furnished by the controlling officer.

In the previous year also, there occurred an excess of Rs. 2.63 crores over the grant (Rs. 13.01 crores).

20. *Excesses over charged appropriations* : The expenditure exceeded the charged appropriations in the following 5 cases; the excesses require regularisation.

In these cases also, the circumstances in which the excesses could not be met by obtaining supplementary appropriation or by taking suitable advances from the Contingency Fund were not furnished by the controlling departments.

Sl. No.	Number and name of the appropriation	Total appropriation	Expenditure	Excess (and its percentage to the provision)
		Rs.	Rs.	Rs.

1. 13—Administration of Justice—

Original ..	38,19,000	} 41,14,000	41,55,551	41,551 (1.0)
Supplementary ..	2,95,000			

Sl. No.	Number and name of the appropriation	Total appropriation	Expenditure	Excess (and its percentage to the provision)
		Rs.	Rs.	Rs.
2.	34—Public Works—			
	Original .. 15,71,000	} 15,72,000	16,06,602	34,602 (2.2)
	Supplementary .. 1,000			
3.	36—Road and Water Transport Schemes—			
	Original .. 1,18,000	} 1,18,000	1,19,200	1,200 (1.0)
	Supplementary			
4.	41—Forest—			
	Original	} 2,000	2,154	154 (7.7)
	Supplementary .. 2,000			
5.	51—Public Debt—			
	Original .. 19,90,00,000	} 21,16,12,000	30,09,78,990	8,93,66,990 (42.2)
	Supplementary .. 1,26,12,000			

The excess was mainly due to repayment of overdrafts (Rs. 8.87 crores) taken by Government from the Reserve Bank of India from the 1st to the 20th April, 1964 in order to maintain the prescribed minimum cash balance with the Bank. The overdrafts were repaid during the same month, *i.e.*, April, 1964; but the expenditure was not covered by supplementary appropriation even by the end of the year.

21. *Savings in grants/appropriations* : The details given in Appendix V bring out that among voted grants, there were 25 cases in which the savings exceeded 10 per cent. of the total provision; in 15 of these cases, the savings ranged from 21.4 per cent. to 69.5 per cent.

Of the 25 cases, savings exceeding 10 per cent. occurred also in the preceding 4 years under the following grants :

- (1) 23—Agriculture—Fisheries.
- (2) 24—Animal Husbandry.
- (3) 26—Industries—Industries.

- (4) 48—Capital Outlay on Multipurpose River Schemes—Damodar Valley Project.
- (5) 36—Road and Water Transport Schemes.
- (6) 27—Industries—Cottage Industries.
- (7) 41—Forest.
- (8) 43—Miscellaneous—Other Miscellaneous Expenditure.
- (9) 49—Capital Outlay on Public Works.

In the charged appropriations, there were 14 cases in which the savings exceeded 10 per cent. of the total appropriation. In 4 of these, the savings exceeded Rs. 1 lakh each.

As in the previous years, savings occurred this year also in a number of voted grants (10) and charged appropriations (10) as a result of excessive supplementary provisions obtained at the fag end of the financial year (30th March, 1965). This points to the need for improvement in the scrutiny of the departmental estimates for additional funds required to be provided by supplementary grants/appropriations.

22. A further analysis of savings is given below :

(a) *Voted grants* : Large savings occurred mainly in the following grants; against the total provision of Rs. 1,14.54 crores in these cases, the expenditure came up to Rs. 83.05 crores. (The reasons for the saving have been indicated below each grant.)

Number and name of grant	Total provision	Saving (and its percentage to the total provision)
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(In crores of rupees)

24—Animal Husbandry	6.41	2.37 (37.0)
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Mainly less procurement of raw milk on account of fluctuating market rates and non-execution of the programme of removing milch cattle to the colony from the city *khatahs* due to some legal impediments (Rs. 1,26.60 lakhs); non-implementation/partial implementation of a number of development schemes due to non-completion of preliminaries (Rs. 79.03 lakhs), delay in acquisition of land (Rs. 21.00 lakhs), non-availability of foreign aid and equipment (Rs. 11.26 lakhs) and appointment of technical staff (Rs. 0.14 lakh).

Number and name of grant	Total provision	Saving (and its percentage to the total provision)
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(In crores of rupees)

In the previous years also, there was considerable saving under this grant as indicated below :

Year	Provision (In crores of rupees)	Saving	Percentage
1960-61	1.47	0.65	44.2
1961-62	1.87	1.48	79.1
1962-63	2.07	0.62	30.0
1963-64	4.92	1.41	28.7
28—Industries—Industries	3.76	1.13 (30.1)	

Non-utilisation/partial utilisation of the provision for several development schemes owing to—

- (i) non-starting of several industrial institutes due to non-completion of construction work (Rs. 44.57 lakhs),
- (ii) less investment in some commercial undertakings as a measure of economy (Rs. 24 lakhs),
- (iii) delay in acquisition of land due to non-finalisation of proceedings (Rs. 17.51 lakhs) and
- (iv) non-finalisation of purchase of certain articles (Rs. 5.56 lakhs).

Large savings occurred under this grant during the last four years also as indicated below :—

Year	Provision (In crores of rupees)	Saving	Percentage
1960-61	1.78	0.28	15.7
1961-62	2.21	0.34	15.4
1962-63	2.72	0.34	12.5
1963-64	3.72	1.34	36.0

Number and name of grant	Total provision	Saving (and its percentage to the total provision)
	<i>(In crores of rupees)</i>	
29—Community Development Projects	5.46	1.17 (21.4)
Late starting of a number of blocks owing to non-availability of qualified personnel (Rs. 60.06 lakhs), non-implementation of a number of schemes due to delay in receipt of Government sanctions (Rs. 41.98 lakhs).		
33—Irrigation	11.51	2.15 (18.7)

Mainly non-payment to the Damodar Valley Corporation of—

- (i) the share of revenue deficit on Irrigation and Flood Control due to non-availability of loans from the Government of India for the purpose (Rs. 46.23 lakhs) and
- (ii) the share of net proceeds of water rate for want of Government sanction (Rs. 28.40 lakhs).

34-A—Greater Calcutta Development Scheme	1.46	0.84 (57.5)
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Mainly—

- (i) non-implementation/partial implementation of certain schemes due to delay in receipt of approval (Rs. 26.23 lakhs),
- (ii) delay in receipt of sanction of Government to the purchase of spun-iron pipes (Rs. 13 lakhs) and
- (iii) gas meters not imported for want of the requisite import licence (Rs. 13 lakhs).

43—Miscellaneous—Other Miscellaneous Expenditure	13.64	3.38 (24.8)
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Adjustment of expenditure on 'Greater Calcutta Development Scheme' and gas distribution system in Calcutta under Grant Nos. '34-A' and '52' respectively consequent on a post-budget change in classification (Rs. 1.36.75 lakhs), non-implementation/partial implementation of a number of schemes due to non-execution/slow progress of construction work (Rs. 39.33 lakhs), non-completion of preliminaries (Rs. 11.65 lakhs), delay in land acquisition proceedings (Rs. 11.62 lakhs) and execution of agreements (Rs. 4.68 lakhs), non-finalisation of working details (Rs. 3.70 lakhs) and curtailment of expenditure as a measure of economy (Rs. 3.36 lakhs).

Large savings occurred under this grant during the preceding six years also as indicated below :—

Year	Provision <i>(In crores of rupees)</i>	Saving	Percentage
1958-59	8.36	1.51	18.1
1959-60	9.13	1.84	20.2
1960-61	14.00	2.03	14.5
1961-62	16.22	6.40	39.5
1962-63	16.93	1.93	11.4
1963-64	8.96	1.57	17.5

Number and name of grant	Total provision	Saving (and its percentage to the total provision)
	<i>(In crores of rupees)</i>	
44—Miscellaneous—Expenditure on displaced persons.	6.05	1.40 (23.1)

Reasons for the saving of Rs. 48.44 lakhs have not been furnished by the controlling officers. The balance of the saving occurred due mainly to non-execution of certain schemes for want of sanction from the Government of India (Rs. 75.76 lakhs) and non-payment of certain bills and claims owing to non-completion of scrutiny (Rs. 10.83 lakhs).

47—Expenditure connected with the National Emergency, 1962	3.12	1.74 (55.8)
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Non-receipt/late receipt of certain equipment from the Government of India (Rs. 123.92 lakhs), non-materialisation of certain purchases on account of failure of the suppliers (Rs. 17.03 lakhs), due to changed context of emergency (Rs. 5.49 lakhs) and unfilled vacancies for want of suitable personnel (Rs. 2.49 lakhs).

In the previous year also, there was a saving of Rs. 0.65 crore (39.2% of the original provision) under this grant.

48—Capital Outlay on Multipurpose River Schemes—Damodar Valley Project.	19.09	10.11 (52.9)
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Less payment of capital advances to the Corporation and allocation of less share of expenditure to the State Government.

Large savings occurred under this grant during the preceding two years also as indicated below :—

Year	Provision	Saving	Percentage
	<i>(In crores of rupees)</i>		
1962-63	7.37	2.84	38.5
1963-64	16.95	7.61	44.9
50—Capital Outlay on Schemes of Government Trading.	44.04	7.20 (16.3)	

Less supply of wheat by the Government of India owing to unsatisfactory wheat position (Rs. 8,60.68 lakhs). In the previous two years also, there were savings under this grant as indicated below :—

Year	Provision	Savings	Percentage
	<i>(In crores of rupees)</i>		
1962-63	1.50	1.48	98.7
1963-64	29.05	3.16	10.9

(b) *Charged appropriations*: In the charged appropriation, there was a total saving of Rs. 2.78 crores of which the saving of Rs. 2.58 crores (18.1%) of the provision occurred under "Interest on Debt and Other Obligations". This was mainly due to less payment of interest on loans for Damodar Valley Project to the Central Government consequent on less realisation of interest on capital advanced to the Corporation.

In the previous year also, there was a saving of Rs. 2.05 crores (15.5% of the provision) for identical reasons.

23. Some of the major schemes, items, etc., the provision for which remained wholly or substantially unutilised are shown below (along with the reasons for the savings); some others are indicated in Appendix VI.

Number and name of grant	Description of the schemes, items, etc.	Provision	Saving (and its percentage to the provision)
(In lakhs of rupees)			
2—Land Revenue	Final compensation in lieu of acquired lands.	2,70.00	1,28.76 (47.7)

Mainly non-payment of compensation owing to non-preferment of claims by the ex-intermediaries.

Considerable saving occurred under this group-head in the previous three years also for similar reasons.

9—Interest on Debt and Other Obligations.	Interest on Inter-Governmental Debt.	11,05.75	2,51.27 (22.7)
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Less payment of interest on loans for Damodar Valley Project to the Government of India due to less realisation of interest charges on capital advances made by Government to the Corporation.

In the previous year also, identical reasons were given for the saving of Rs. 2,00.88 lakhs (19.7% of the provision) under this item.

22—Agriculture—Agriculture.	Development Schemes—Third Five-Year Plan.	5,99.01	1,65.36 (27.6)
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Non-execution/partial execution of a number of schemes owing to non-completion of preliminaries and non-availability of required types of implements and other requisites (Rs. 1,50.19 lakhs), non-payment of certain bills for distribution charges in respect of the schemes "Distribution of Super-phosphates" and "Distribution of Bone-meal" owing to non-settlement of discrepancies in the claims of distributors (Rs. 56.99 lakhs) and non-filling up of posts (Rs. 27.17 lakhs). In the previous 3 years also, there were considerable savings under this head.

Out of 143 schemes for which provision had been made in 1964-65, 34 remained unexecuted and 27 were partially executed.

Number. and name of grant	Description of the schemes, items, etc.	Provision	Saving and its percentage to the provision) (In lakhs of rupees)
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Some of the major schemes, the savings under which contributed to the total saving under this head are indicated below :

Name of scheme	Saving (In lakhs of rupees)
(1) Distribution of superphosphate	55.98
(2) Soil conservation—Extension work on waste land and agricultural land	24.96
(3) Improvement of agricultural practices and improved agricultural implements	22.59
(4) Improvement of agricultural schools and training centres..	8.45
Further details in this regard are given at pages 49 of the Appropriation Accounts, 1964-65.	
23-Agriculture—Fisheries Development Schemes	74.17
Third Five-Year Plan—	61.33 (82.7)

Non-implementation/partial implementation of a number of schemes due to non-completion of preliminaries (Rs. 24 lakhs), possession of land on account of court's injunction (Rs. 16 lakhs) and non-availability of equipment (Rs.4.41 lakhs).

Some of the major schemes under which substantial savings occurred are :

- (1) Development of south salt lake area for increasing fish supply to Calcutta markets, etc. (Rs. 16 lakhs),
- (2) Establishment of seed farms for production of quality seeds through breeding of Indian major carps by hormonal treatment (Rs. 9.60 lakhs),
- (3) Scheme for intensive development of fisheries in Community Development Block or Blocks (Rs. 8 lakhs),
- (4) Pilot scheme for reorganisation of Calcutta fish markets on co-operative basis (Rs. 6.89 lakhs) and
- (5) Development of derelict fisheries in the State of West Bengal (Rs. 5.56 lakhs).

24-Animal Husbandry	Scheme for establishment of colonies—Distribution of milk and milk products, etc.	3,30.00	1,26.56 (38.4)
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Less procurement of milk owing to indirect effect of higher price prevalent in the open market and non-execution of the scheme of removing milch cattle to milk colony from the city *khatahs* due to some legal impediments (Rs. 1,26.60 lakhs).

Considerable saving occurred under this scheme during the previous three years also.

Third Five-Year Plan (Greater Calcutta Milk Supply Scheme)	1,52.73	57.71 (37.8)
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Reasons for a saving of Rs. 42.61 lakhs are awaited. The balance saving of Rs. 15.10 lakhs occurred under the following schemes :

- (1) Refrigerated transport (Rs. 6 lakhs) for want of foreign aid
- (2) Training (Indian Dairy Diploma) due to non-availability of equipments, (Rs. 2.66 lakhs),

Number and name of grant	Description of the schemes items, etc.	Provision	Saving (and its percentage to the provision) (In lakhs of rupees)
(3)	milk product factories, cheese factory, etc.	(Rs. 2.50 lakhs)	for want of foreign aid,
(4)	New Milk Supply Scheme	(Rs. 2 lakhs)	due to delay in receipt of foreign aid and
(5)	Integrated Schemes for Extension, Survey and Statistics	(Rs. 1.94 lakhs)	due to non-completion of preliminaries.

In the previous year also, a saving of Rs. 36.16 lakhs occurred under this head (42.5 per cent. of the original provision).

33-Irrigation.	Drainage and Anti-Water-logging Scheme	74.34	41.20 (55.4)
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Non-execution/partial execution of a number of schemes due to non-receipt of administrative approval (Rs. 10 lakhs), change in classification of the expenditure on a scheme to grant No. 43 (Rs. 10 lakhs), non-payment of compensation for land acquisition, land charges (Rs. 4.80 lakhs), non-receipt of Government sanction (Rs. 3.79 lakhs) and delay in acceptance of tenders (Rs. 2 lakhs).

34-Public Works	Original works— Communication.	2,08.77	1,11.78 (53.5)
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Mainly slow progress of work owing to difficulties in land acquisition.

Substantial saving occurred under this head in the previous three years also.

24. 24 Schemes have been allotted to Animal Husbandry Department for execution in the Third Five-Year Plan (1961-66). Except for the scheme "Residential accommodation of the teaching staff of the Bengal Veterinary College" provision was made in the budget for all the schemes; but, as against the total sum of Rs. 1,84.49 lakhs provided for during 4 years ending March, 1965, the expenditure incurred was only Rs. 46.36 lakhs (about 25 per cent. of the provision). 7 of the 23 schemes for which provision was made were not implemented during the period (provision Rs. 95.98 lakhs), the provision was not utilised to full extent in the case of 13 schemes (provision not utilised Rs. 52.59 lakhs) and expenditure exceeded the provision by Rs. 12.66 lakhs in the case of 3 schemes. The particulars of these schemes are given in Appendix VII.

The scheme "Shifting of Bengal Veterinary College" on which an expenditure of Rs. 13.24 lakhs was incurred as against the budget provision of Rs. 5.10 lakhs only was dropped in 1964. The reasons for dropping the schemes have not been furnished.

25. *Control over expenditure:* (a) 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 grant/appropriation; this is done by:

- (i) sanctioning reappropriations for transfer of funds from the sub-heads of grants/appropriations where a saving is anticipated to other sub-heads in the same grants/appropriations where there is need for additional provision of funds,
- (ii) obtaining supplementary grants/appropriations wherever necessary,

- (iii) effecting surrender of surplus funds under a sub-head as soon as the saving can be foreseen and
- (iv) taking suitable advances from the Contingency Fund for meeting unforeseen requirement of additional funds during the year or for meeting expenditure on a 'new service' or 'new instrument of service' if it is not possible immediately to obtain supplementary provision by authorisation of the Legislature.

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

(b) Cases where the total expenditure against a grant or appropriation as a whole has exceeded the sanctioned amount and requires regularisation by the Legislature have been mentioned in paragraphs 19 and 20.

(c) Cases where the additional funds provided in the course of the year by supplementary grant or appropriation proved unnecessary or excessive or inadequate have been indicated in paragraph 18.

(d) The following points were noticed in connection with the surrender of unutilised amounts :

(i) In 11 cases (10 voted grants and 1 charged appropriation) the total amount surrendered in each case at the end of the year was in excess of the saving actually available for surrender.

Cases where such excess in voted grants was more than Rs. 1 lakh in each case are given below :—

Number and name of grant	Saving available in the grant	Surrender made during the year	Excess amount of surrender (and its percentage to the saving)
	Rs.	Rs.	Rs.
2-Land Revenue	1,62,36,883	1,80,06,636	17,69,753 (10.9)
9-Interest on Debt and Other Obligations	25,45,953	31,00,000	5,54,047 (21.8)
16-Miscellaneous Departments—Fire Services	60,166	2,26,236	1,66,070 (276)
43-Miscellaneous-Other Miscellaneous Expenditure	3,38,32,882	3,58,39,034	20,06,152 (5.9)
49-Capital Outlay on Public Works	1,41,23,986	1,51,17,816	9,93,830 (7)

(ii) Although the rules require that unutilised amounts should be surrendered as soon as the possibility of saving is envisaged, the surrenders amounting to Rs. 32.88 crores (against the available saving of Rs. 45.66 crores) were made only in March, 1965 and that too in most cases on the 30th and 31st March, 1965.

(iii) After taking into account the surrenders made during the year, there remained unsurrendered savings totalling Rs. 10.79 crores in 4 grants and 3 appropriations in excess of 10 per cent. of the grant/appropriation and Rs. 1 lakh in each case (details given in Appendix VIII). In the following 3 cases the amounts of unsurrendered savings were very high.

Grants/Appropriation	Unsurrendered saving (In lakhs of rupees)
<i>Grants :</i>	
44-Miscellaneous—Expenditure on displaced persons	89.18
50-Capital Outlay on schemes of Government Trading	6,97.14
<i>Appropriation :</i>	
9-Interest on Debt and Other Obligations	2,57.84

(iv) Important instances of defective control over expenditure in respect of individual group-heads within the grants/appropriations have been indicated in the Appropriation Accounts; a few cases in which reappropriations proved to be injudicious or inadequate are referred to below :—

<i>Appropriation Accounts</i> 1964-65			
Group No, Group-head Page Number,			
Reappropriation in the wrong direction	19	G(i) (a)	27
	22	L(e)	50
	33	(i)	83
	33	A(2) (a)	92
Funds withdrawn by reappropriation/surrender in excess of available savings.	2	G(2)	10
Provision not augmented by reappropriation although there were savings under other sub-heads	49	E(i) (b)	141

26. *Delay in submission of materials for Appropriation Accounts :* The information required for framing the explanations for variations in the case of 125 group heads in the Appropriation Accounts was not received from the controlling officers or where received, was incomplete. Comments on the variations in respect of these heads have, however, been included to the extent possible on the basis of information available with the Audit Office.

These heads formed 46·8 per cent. of the number of group-heads in respect of which variations were to be explained. Although such delays have been mentioned in successive Audit Reports and were also brought to the notice of Government, the position continues to be unsatisfactory. The result of such delay in the submission of materials by the departments is that the report furnished to the Legislature remains incomplete in certain essential respects.

EDUCATION DEPARTMENT

27. *Unnecessary withdrawal of funds* : 158 cheques for amounts totalling Rs. 68.04 lakhs, as indicated below, drawn by 9 officers of the Education Department during 1961-62 to 1963-64 for payments of grants-in-aid to private institutions were not paid to the grantees during the financial years in which the cheques were drawn; these were sent to the Accountant-General, West Bengal, for revalidation after expiry of periods ranging between 3 and 20 months after their drawal. 5 of them were sent for revalidation after a lapse of more than one year and 31 after more than 6 months from their dates of issue.

Year	Number of cheques	Amount (In lakhs of rupees)
1961-62	76	5.21
1962-63	28	19.80
1963-64	54	43.03
Total	158	68.04

The certificates of utilisation of the amounts for the purpose for which they were drawn have not yet been received (September, 1965) from the Education Department.

The drawal of cheques not required for immediate disbursement contravenes the financial rules and defeats parliamentary control over finance. Certain other cases of this nature were mentioned in paragraph 27 of the Audit Report, 1964.

28. *Reconciliation of departmental figures* : In order to exercise effective control over expenditure, the accuracy of the departmental accounts is required to be ensured by periodical reconciliation of the departmental figures with those of the Accounts Office before the close of the accounts for a year.

The delay in reconciliation of the figures was mentioned in Audit Reports since 1951. In their report, dated the 17th September, 1960, the Public Accounts Committee expressed concern once again over the inordinate delay in reconciliation of figures and emphasised the need of ensuring efficient and effective control in this regard so as to prevent recurrences. Instructions were issued by Government in August, 1961 to all the departments "to take effective steps to prevent

recurrences of delay". But the position continues to be unsatisfactory as shown below :—

Year	Number of controlling officers who did not reconcile the figures.
1961-62	7
1962-63	39
1964-65	36

As indicated above, during 1964-65, as many as 36 out of 261 controlling officers did not complete the reconciliation work; of these, 17 did not reconcile the departmental accounts for any month in the year . The Chief Engineer, Irrigation and Waterways Department, did not reconcile the accounts for any year since 1949-50.

Timely reconciliation facilitates detection of unauthorised drawals, misappropriations, etc. Thus, failure to reconcile the figures is fraught with the risk of losses of Government money remaining undetected.

CHAPTER III

Civil Departments

29. *Extra expenditure* : Three cases involving a total extra expenditure of Rs. 45.125 owing to delay in lifting bricks and non-acceptance of lowest tenders, are given in paragraphs 30 to 32 below.

DEPARTMENT OF HEALTH

30. The West Bengal Brick and Tile Board (a State Government concern) offered in February, 1961 to supply bricks by March, 1962 at the rate of Rs. 45.00 ex-kiln. The Executive Engineer, Hospital Construction Division, entrusted the work of carriage of 20 lakh bricks to a contractor in March, 1961. He carried 6.18 lakh bricks by the 4th July, 1961; the progress was considered to be unsatisfactory and the contract terminated (January, 1962) without imposition of any penalty.

No alternative arrangements for the carriage of bricks were made and in May, 1962, the Brick and Tile Board revised their rates to Rs. 51 and Rs. 52 per thousand for supply of bricks from the 2 kilns. A contractor was engaged in May, 1962 for carriage of 12 lakh bricks. He stopped the work after transporting only 4.54 lakh bricks. His contract was also terminated (July, 1962) without imposition of any penalty.

The reasons for non-imposition of penalty have not been made available to Audit (January, 1966) in either of the cases.

Subsequently during November, 1962 to May, 1963, 15 lakh bricks were purchased from a contractor at an all-inclusive rate of Rs. 72.00.

The extra expenditure amounted to about Rs. 21,000, computed with reference to the rate of the Board, quoted in February, 1961 and the carriage charges of the first contractor.

The matter was reported to Government in October, 1965; no reply has been received (January, 1966).

31. The Central Diet Committee of the Directorate of Health Services rejected the lowest tender for supply in 1962-63 of milk and milk products to the hospitals in Calcutta at 9 per cent. below the scheduled rate; a higher tender at 2 per cent. below the scheduled rate was accepted. The extra expenditure in the purchases amounted to about Rs. 10,300. The lowest tender was rejected on the ground that the date of commencement of business shown in his Sales-tax Clearance Certificate (10th February, 1961) was different from that shown (14th January, 1960) in a similar certificate furnished by this contractor with the tender for 1961-62. No clarification for the discrepancy was sought from the tenderer or from the Commercial Tax Officer concerned. It may also be mentioned in this connection that the Sales-tax Clearance Certificate submitted by the same tenderer in respect of the tender for 1964-65 was taken into consideration although the date of commencement of business had been left blank.

EDUCATION DEPARTMENT

32. Tenders for the supply of instruments and apparatus for the laboratory of the Government College, Chandernagore were invited in July, 1963 without indicating the specifications. The lowest quotations were not accepted in the case of some articles; this resulted in an additional expenditure of Rs. 13,825. It was stated in April, 1965 by the Principal of the college that purchases at higher rates were made as these articles were more suitable for the purpose and that the specifications had not been mentioned in the tender notice with a view to selecting the best and most suitable articles.

In the absence of specifications in the tender notice, it was not apparently possible to have secured competitive rates.

33. *Nugatory expenditure* : Two cases involving a total nugatory expenditure of Rs. 29,273 on account of expenditure incurred on pay and allowances of drivers and cleaners, etc., of vehicles remaining idle, are given in paragraphs 34 and 35 below :

EDUCATION DEPARTMENT

34. Three buses intended for conveyance of students from their residences to the Lady Brabourne College, Calcutta, are lying unserviceable, one since March 1955, another since November, 1962 and the third since October, 1963. There has been a nugatory expenditure of Rs. 16,858 (up to October 1965) on the pay and allowances of the drivers, cleaners and attendants of the two buses which went out of order in November, 1962 and October, 1963. One of the drivers was transferred from the college only in July, 1964 and the other still continues in the college and is stated to be employed for miscellaneous work for which other sanctioned staff has been entertained.

DEPARTMENT OF AGRICULTURE AND COMMUNITY DEVELOPMENT

35. In 9 National Extension Service Blocks, 9 jeeps remained out of order during September, 1959 to January, 1965 for periods upto about 3½ years. This was attributed to (i) want of tyres and (ii) delay in repairs of the vehicles both in the Central Workshop and in private workshops.

The pay and allowances of the drivers for such periods amounted to Rs. 12,415. According to the information furnished by the Block Development Officers the drivers remained completely idle in 6 blocks and in the remaining 3 blocks they were employed occasionally on other duties.

It has been stated by Government (October, 1965) that steps are being taken to minimise delay in repairing the vehicles in future.

36. *Scheme for distribution of chemical fertilisers* : This scheme was taken up by Government in 1950-51 for distribution of nitrogenous and phosphatic fertilisers to cultivators through agents appointed by Government.

Certain points noticed in connection with the scheme were mentioned in paragraph 24 of the Audit Report, 1959. The following points were noticed during local audit of the accounts of the scheme for the 2 years 1961-63 :—

(a) Excessive administrative charges—

A sum of Rs. 4.90 lakh was spent on handling about 2.61 lakh tons of fertilisers during the 2 years 1961-63. This works out to Rs. 1.88 per ton; an Enquiry Committee set up by the Government of India had recommended in 1960 that the administrative charges for execution of fertiliser distribution schemes should not exceed Re. 1 per ton. Government stated (December, 1965) that if the entire targeted quantity could be handled the charges would have been Rs. 1.05 per ton. The failure to achieve the target is stated to be due to :

- (i) allotment of less quantity of fertiliser by the Government of India;
- (ii) late and ill-distributed rainfall and
- (iii) restrictions on the movement of railway wagons imposed on account of the emergency declared in October, 1962.

(b) Dishonoured and lost cheques—

Under the system in force up to the 16th September, 1962 payments for the fertilisers could be made by the agents by crossed cheques. On receipt of such payments, stocks were released by the department. During the 2 years 1961-63, 25 cheques aggregating Rs. 4.93 lakhs received from 6 agents were dishonoured by the banks. But payment by fresh cheques or in cash for these supplies were not insisted upon before releasing further stocks.

A sum of Rs. 59,610 is stated to have been realised leaving a balance of Rs. 4,33,194 at the end of August, 1965; civil suits have been instituted in 2 cases only involving Rs. 69,942. It has been stated by the department (August, 1965) that of the 6 agents (i) only one firm from whom Rs. 33,140 are due is in existence, (ii) 2 firms (against whom Rs. 69,942 are due) could not be traced by the police, and (iii) information about the remaining 3 firms (Government dues Rs. 3,30,112) is awaited from the police.

It has been observed generally that the department did not enter the cheques in the cash book for a long time (the delay ranged between 53 and 90 days) before presenting them to the bank for encashment. The department stated that this was due to the increase in the volume of transactions without corresponding increase in staff.

A cheque for Rs. 65,568 received in September, 1961 was stated to have been lost; this was noticed by the department after nearly 1½ years in January, 1963. The cheque is still stated to be missing (August, 1965). No action has been taken by the department to obtain a fresh cheque from the agent or to enquire from the bank as to whether the lost cheque had been encashed. It was stated by Government (November, 1965) that a criminal case in this respect is pending in the court.

(c) Financial aid to the agents—

Credit facilities were provided to agents by permitting them (October, 1961) to make payments through 60 days' (extended to 120 days in September, 1962) sight bank drafts (*hundis*) against bank guarantees. The monetary value of the benefits to agents (by way of interest at 4½%) was about Rs. 3.18 lakhs up to 1963-64. It was stated by Government in November, 1964 that the facility of deferred payment was granted in order to avoid the blocking of the capital of the distributing agents.

It is noticed that the agents had already been allowed a minimum margin of Rs. 30 per ton over their purchase price. This margin of Rs. 30 included Rs. 2 per ton as interest on capital; while allowing the additional benefit by way of credit facility, reduction was not, however, made in the margin allowed over the purchase price.

(d) Outstanding recoveries—

Up to 1957-58 fertilisers were sold on credit to cultivators and the value thereof was treated as interest-free loan to them. As against such credit sales amounting to Rs. 3,30.18 lakhs* up to 1957-58 recoveries amounting to Rs. 1,72.22 lakhs only had been effected up to December, 1965; according to the terms of the loan the entire amount should have been recovered by 1958-59.

(e) Consignments not accounted for—

The department has not furnished to Audit (December, 1965) receipts of the consignments of fertilisers valued at Rs. 92.87 lakhs allotted to agents. Records have also not been produced to show whether the cost of these consignments had been paid to the department by the agents.

The department has not produced records showing the sale-proceeds of the consignments of fertilisers valued at Rs. 4.10 lakhs, the debits for which were received from the Regional Deputy Director (Food), Government of India, Calcutta, during 1959-60 and 1961-62. The matter is stated to be under correspondence with the Regional Director (Food) (January, 1966).

37. *Scheme for distribution of superphosphate and its mixtures :*

The scheme was introduced in 1953-54; superphosphate and its mixtures are sold to cultivators through distributors appointed by Government. Since 1955-56 the distributors purchase the fertilisers from manufacturers on the basis of despatch instructions issued by the department and sell them to cultivators at subsidised rates. Government pay them subsidy equal to the difference between the purchase price and the subsidised selling price. (The system of payment of subsidy has been abolished from January, 1965; the fertilizers are now sold at purchase price.)

(a) Subsidy paid without verification : Subsidy amounting to Rs. 1.69 lakhs was paid during the 4 years 1961-65 without ascertaining that the fertilisers had actually been sold to cultivators at subsidised prices; the payments were made on the basis of certificates of the departmental officers that the fertilisers had been moved to the distribution depots.

(b) Non-adjustment of transport charges : Till 1963-64, the subsidised selling prices were fixed taking into account estimated transport charges of Rs.27 per tonne.

*This is the figure according to departmental records. A discrepancy of Rs. 63.67 lakh was noticed in July, 1962 between the figures of the distributors and those of the department; this has not been reconciled so far (January, 1966).

Difference, if any, between the actual charges paid by the distributors and the estimated amount was adjustable at the time of payment of subsidy to them. The transport charges in respect of 35,470 tonnes distributed during 1960-61 to 1964-65 have not been adjusted so far (July, 1965); the subsidy (Rs. 9.58 lakhs) has, however, been paid.

(c) Extra expenditure : The requirement of superphosphates for potato fertiliser mixture to be distributed in 1964-65 was estimated at 32,717 tonnes. As the stock with the local manufacturers was found inadequate, the distributors obtained, under arrangements made by Government, 5,956 tonnes of superphosphates from outside the State at Rs. 260 per tonne against the rate of Rs. 193.50 per tonne fixed for local manufacturers. In order to keep the selling price uniform, Government agreed that the extra cost amounting to Rs. 3.92 lakhs would be reimbursed as additional subsidy to the distributors. Despite this extra expenditure, the supplies could be available only after the potato season was over.

It was noticed, however, that the existing stock of superphosphates with the distributors was enough for meeting the requirements of potato fertiliser mixture for 1964-65; as against the target of 51,320 tonnes fixed by the department for the season, the distributors prepared 53,039 tonnes. In view of this, as also of the fact that the supplies ordered for them outside the State were procured only after the potato season was over, the commitment for extra subsidy amounting to Rs. 3.92 lakhs lacks justification.

(d) Heavy administrative expenditure : The expenditure on administering the scheme during 1960-61 to 1964-65 amounted to Rs. 12.29 lakhs; this works out to Rs. 2.23 per tonne of the fertiliser purchased and distributed. This was more than double the amount of Re. 1 per tonne fixed by the Fertiliser Distribution Enquiry Committee in 1960.

(e) Non-remittance of account : In terms of their agreements, the distributors should submit to the department monthly accounts of receipt and sale of fertilisers. Till July, 1965 none of the distributors had submitted the accounts for 1963-64. For 1964-65, 10 out of 24 distributors had not submitted the accounts and 12 others had submitted accounts for a few months only.

The matter was reported to Government in November, 1965 their reply is awaited (January, 1966).

EDUCATION DEPARTMENT

38. *Public galleries in play grounds in the Calcutta Maidan :*

The playgrounds in the Calcutta Maidan were leased by Government to a private company which constructed galleries on them at their own cost. On the expiry of the lease, Government took over in April, 1963 the grounds together with the galleries. A sum of Rs. 2 lakhs was paid to the private company for these galleries; a further sum of Rs. 2.42 lakhs was spent on their repairs (upto September, 1964).

(a) Prior to the taking over of the galleries by Government, a private scheduled bank used to collect the sale-proceeds of the tickets for entrance to the galleries; the amount was credited to the account of the lessee in the bank. The arrangement was continued and the sale-proceeds of tickets were credited to Government account in the private bank instead of in the Reserve Bank of India. In October, 1963 when a moratorium was issued on the private bank, Government had a balance of Rs. 2.93 lakhs at their credit. On amalgamation, the bank paid Rs. 2.05 lakhs

in March, 1964. The balance amount of Rs. 0.88 lakh has not so far been received (September, 1965).

(b) Under the existing arrangements Government is entitled to a share of gate-receipt, in respect of charity matches beyond the first six such matches each year. During each of the years 1963 and 1964, seven charity matches were played but Government's share of the gate-receipts in respect of the extra charity matches amounting to about Rs. 13,000 were not realised and no reasons for this have been furnished.

(c) The booking counters, involving handling of cash, are manned by part-time employees on daily wages basis from whom no security deposits have been obtained.

DEPARTMENT OF HOUSING

39. *Slum Clearance Scheme* : Under this centrally-sponsored scheme introduced in 1958-59 tenements are constructed with the object of providing alternative accommodation for housing the dwellers of slums to be cleared in and around Calcutta. The total expenditure incurred by Government on the scheme upto March, 1965 amounted to Rs. 2,69.27 lakhs; Government have received from the Government of India Rs. 1,05.39 lakhs as subsidy and Rs. 1,14.89 lakhs as loan.

4,212 tenements were completed by March, 1965 of which 1,160 tenements completed on various dates from March, 1960 onwards have not been let out so far (October, 1965). The loss of rent in respect of 140 of these tenements works out to about Rs. 1.86 lakhs; the loss in respect of the remaining tenements could not be assessed for want of details such as date of completion, rent fixed, etc. 360 other tenements constructed during February, 1959 to December, 1960 were let out after delays ranging from 3 to 22 months; the loss of rent amounted to Rs. 1.74 lakhs.

The delay in renting out the tenements is attributed to non-provision of water supply and electric installations, dispute with the allottees regarding rate of rent and service charges, etc.

No slum area has been cleared so far. Some areas are stated to have been notified for acquisition but the acquisition proceedings are stated to have been held up owing to injunction orders of the court (December, 1965).

DEPARTMENT OF AGRICULTURE AND COMMUNITY DEVELOPMENT

40. *Lift irrigation from rivers and beels* : The scheme was started in 1961-62; it provided for installation of 650 high-powered diesel pumping plants by 1965-66. By the end of 1964-65, 70 pumping plants were installed at a cost of Rs. 43.43 lakhs. The slow progress was attributed to non-availability of suitable pumping plants.

The two types of pumping plants installed were expected to serve an area of 1,000 acres/500 acres; but on an average, the plants have served only 100 acres each,

and only "flood irrigation water" and not river water, has been supplied. Government stated (June, 1965) that "flood irrigation water" was being supplied due to non-completion of the water transmission system.

The maintenance charges of the 70 plants amounted to Rs. 19.02 lakhs up to the 31st March, 1965. No water rates have been fixed as the water transmission system has not been completed.

In the Western Mechanical Division, Bankura, the 4 plants installed (cost Rs. 2.66 lakhs) up to October, 1964 remained mostly idle; they worked for only 3,000 hours during July, 1963 to October, 1964 as against the estimated 17,000 hours. This was attributed to 'no or less' demand for water from cultivators. The maintenance charges of these pumps amounted to Rs. 8,400 up to December, 1965.

DEPARTMENT OF COTTAGE AND SMALL SCALE INDUSTRIES

41. *Scheme for development of lock industry at Bargachia :*

(a) The scheme was taken up by Government in 1956; it provided for setting up a central factory at Bargachia (Howrah District). The object of the scheme was to revitalise the local cottage lock industry by imparting technical advice, standardisation of products, introduction of new types of locks, marketing of the products, extension of employment facilities, etc. It was contemplated that the factory would—

- (i) provide employment to 500 local locksmiths;
- (ii) produce parts for 50,000 locks per month thereby ensuring each locksmith the benefit of assembling and finishing 4 locks per day and enabling him to earn a minimum of Rs. 1.50 per day as labour charges and
- (iii) earn a profit of Rs. 11,393 per month by sale of the locks produced and this would be distributed amongst the artisans.

(b) The factory was set up during 1956 at a cost of Rs. 1.79 lakhs and production commenced in 1958-59. During the period from 1959-60 to 1964-65 the average output of finished locks varied between 0.02 to 0.15 lock per artisan per day against the estimate of 4 locks, the total output (62,223 pieces) being 1.7% of the stipulated production of 36 lakhs; but the expenditure incurred (Rs.10.18 lakhs) was 75.9% of the estimate (Rs.13.42 lakhs).

(c) The books of accounts were not maintained on commercial system and consequently it was not possible to ascertain the working results of the undertaking. It was, however, noticed from the records available that instead of an anticipated annual profit of about Rs. 1.37 lakhs, the factory incurred loss every year since 1959-60 except 1962-63 and 1963-64 when small profits of Rs. 271 and Rs. 5,772 respectively were earned. The net loss incurred during the period from 1959-60 to 1964-65 was Rs. 1.19 lakhs which does not include interest on capital employed. It was stated that the loss was mainly due to the fact that outside artisans could not be fully utilised as adequate sanction for payment of wages to them was not obtained in time. Only 209 outside artisans could be employed instead of 500 provided for in the scheme.

(d) A sum of Rs. 1.30 lakhs on account of sales on credit was outstanding for recovery at the end of March, 1965 from Government departments (Rs. 0.50 lakh) and other bodies, such as Commissioners for the Port of Calcutta, West Bengal

Small Industries Corporation, Bhilai Steel Plant (Hindusthan Steel Limited) and Employees' State Insurance Corporation (Rs. 0.80 lakh). Most of these outstandings are due from 1960-61 onwards.

(e) The value of stock of finished locks at the end of March, 1965 was Rs. 2.46 lakhs. The accumulation was stated to be due mostly to the poor performance of the sole selling agents, viz., the West Bengal Small Industries Corporation.

(f) Machinery purchased for Rs. 28,815 in 1961-62 in connection with an expansion scheme for production of padlocks and components of different types of locks has not been installed (August, 1965) for want of accommodation.

DEPARTMENT OF AGRICULTURE AND COMMUNITY DEVELOPMENT

42. *Sisal Plantation Scheme, Rajnagar (District Birbhum)*: The scheme was started in 1955-56 with the primary object of demonstrating by actual practice how waste lands or tracts with low rainfall and rocky soil could be profitably utilised by cultivation of Sisal plants; another objective was to produce ropes from the Sisal leaf fibres.

Sisal plants were planted on 1,060 acres of land. A sum of Rs.13.03 lakhs has been spent on the scheme up to the end of 1964-65.

The average annual yield of fibre was 209 quintals from 1960-61 onwards as against the target of 2,000 quintals of fibres per year. The shortfall is stated to be due to (i) non-availability of modern machinery and equipment and (ii) bad communication leading to difficulties in carrying bulky manure to the plantations.

The direct expenditure on plucking and processing of leaves rose to Rs.119 per quintal of standard fibre in 1964-65 as against Rs. 86 in 1961-62. This has been attributed to rise in the cost of fuel, oil and lubricant, etc.

Cultivation of plants on 217 acres was totally damaged during 1956-57 and 1957-58 by cattle, fire, intruders, etc.; a total sum of Rs.0.53 lakh had been spent on these plantations.

The following points were also noticed :

- (i) Only the fibres out of the leaves were used in rope-making; the remainder, which comprised about 96 per cent. of the leaves was discarded as waste. It was only in March, 1965 that an agreement was made with a private party for utilisation of this waste in subsidiary industries during the next three years; the waste is expected to fetch an annual revenue of about Rs.1,000.
- (ii) Under the existing orders Cultivation Registers and Firm Production Registers are to be maintained for the purpose of ascertainment of plot-wise expenditure on wages, manures and their produce, etc. and also for watching the utilisation of each plot. The Registers have not been maintained.

DEPARTMENT OF COTTAGE AND SMALL SCALE INDUSTRIES

43. *Hand-made Paper Industry Centre, Kalyani*: (i) The Centre has been in existence since 1955-56. It was expected that the Centre would earn an annual

profit of Rs.4,000. According to the *pro forma* accounts prepared by the department, the Centre has, however, incurred a total loss of Rs.2.54 lakhs (upto September 1964). The loss occurred mainly because the cost of production was more than the market price and, therefore, the products had to be sold at less than the cost price. Some of the factors contributing to the high cost of production were as follows :

- (a) Heavy expenditure on house rent—As against the estimate of Rs.4,000 per year, the actual rent paid amounted to Rs.15,200 per annum. About 2/3rds of the premises hired remained unutilised.
- (b) Heavy wastage of raw material—As against the permissible wastage of 30 per cent. in raw materials, the wastage on an average has been 50 per cent.

The department has stated that labour agitation since 1958-59 and poor supervision have also contributed to the loss.

The Centre has been transferred to the West Bengal Khadi and Village Industries Board from October, 1964; but the terms and conditions of the transfer of assets and liabilities have not been settled so far (December, 1965).

(ii) As on the 30th September, 1964 a sum of Rs.1.24 lakhs was outstanding for recovery on account of credit sales to Government offices, semi-Government institutions and co-operative societies. Year-wise analysis of the arrears was not worked out.

(iii) The value of unsold stock of finished goods as at the end of December, 1965 was Rs.0.80 lakh. This had accumulated over several years. It has been stated that the stock remained unsold due to its poor quality, not being upto the approved sample.

44. *Government Braiding Factory, Baranagar* : (a) Some machines and tools of the factory were rented out to a co-operative society in December, 1959 at Rs.40 per month for use for 6 hours a day. The working hours were increased to 15 per day from September, 1960 without any proportionate increase of rent. Besides this, no charges have also been recovered on account of consumption of electricity and the rent for a room used by the society. The amount due from the society as in February, 1965 was Rs.10,778 as indicated below :

	Rs.
Rent for machinery for increased working hours at the rate of Rs.60* per month from the 12th September, 1960 to the 28th February, 1965.	3,218
Proportionate electricity charge at the rate of Rs.100** per month from the 1st December, 1959 to the 28th February, 1965.	6,300
Proportionate rent of one room at the rate of Rs. 20 per month from the 1st December, 1959 to the 28th February, 1965.	1,260
Total ..	10,778

*Worked out with reference to the rent of Rs.40 per month for 6 working hours per day.

**Average on the basis of actual bills.

All machines, tools, etc. (value Rs.14,780) of the factory were transferred to the society on the closure of the factory in February, 1965; but the terms and conditions for the transfer have not been settled so far (June, 1965).

(b) The training scheme of the factory (which was a training-cum-production centre) was discontinued from the 8th February, 1964 and there was also no production after that date ; but staff was employed for about a year thereafter up to the 28th February, 1965. A sum of about Rs.13,100 was spent on pay of staff and maintenance of the factory during this period.

DEPARTMENT OF CO-OPERATION

45. *Expansion of co-operative training and education scheme*—Three Regional Training Institutes were set up during the period from 1956-57 to 1958-59 for imparting training to the subordinate official personnel in Burdwan, Midnapur and Darjeeling districts, in addition to the existing institute at Hooghly. On the 1st August, 1964 the administration of the institutes was transferred to the West Bengal State Co-operative Union to which Government give grants for the expenditure on the institutes.

As against the estimated number of 4,560 candidates to be trained in the 4 institutes during the period from 1956-57 to 1963-64, only 2,169 candidates were admitted and 2,020 of them completed the training. The shortfall has been attributed to the selected candidates failing to turn up for training. The details are given below :

Institutes	No. of candidates scheduled to be trained	No. of candidates admitted for training	No. of candidates trained
Uttarpara (Hooghly)	1,200	770	727
Barsul (Burdwan)	1,280	702	650
Jhargram (Midnapur)	1,120	475	456
Kalimpong (Darjeeling)	960	222	187
Total	4,560	2,169	2,020

The actual cost of training works out to Rs.824 per trainee as against the estimate of Rs.402, an increase of 105 per cent.

According to the terms of the bonds executed at the time of admission, each trainee is required to refund stipends and travelling allowance received by him if he leaves the institute before completion of the training. A total amount of Rs. 9,486, on account of stipends and travelling allowance remains unrecovered (July, 1965) from 66 trainees who left the institutes before completion of their training.

The Institute in Hooghly district was initially started at Konnagar in a building situated on requisitioned land. In July, 1957 the Institute was shifted to a Government building at Uttarpara. But the land at Konnagar was not de-requisitioned since

it was stated to be under unauthorised occupation by displaced persons. Government are still paying municipal tax and annual rent for this land : expenditure on this account from July, 1957 to June, 1965 was over Rs.50,000.

DEPARTMENT OF COTTAGE AND SMALL SCALE INDUSTRIES

46. *Purchase of a private concern* : Government took over in 1957 A. K. Sarkar Industries (Private) Limited for which a sum of Rs.14.73 lakhs was paid in March, 1960. The basis of valuation of assets has not been intimated. It is noticed, however, that the balance-sheet of the concern for any of the years from 1952 to 1957 had not been made available to Government before they took over the concern. The records pertaining to the acquisition of the concern were called for by Audit in November, 1964 ; but these have not been made available so far (January, 1966).

The concern was taken over with the object of implementing the following schemes:

- (a) Establishment of a Research Board and a Research Institute,
- (b) Establishment of a Chemical Polytechnic,
- (c) Production of ceramic goods including processed clay, and
- (d) Establishment of a shot blasting and electroplating unit.

The formal possession of the concern was taken in July, 1962 after completion of land acquisition proceedings. Only the scheme of production of ceramic goods including processed clay has so far been executed, the others having been deferred. The undertaking incurred a loss of about Rs.0.80 lakh from July, 1962 to December, 1963. This has been attributed to (a) defective machinery which produced defective and low-grade articles and (b) damage to semi-finished articles during rains owing to dilapidated condition of sheds.

LAND AND LAND REVENUE DEPARTMENT

47. *Expenditure of doubtful utility* : At the instance of the Bengal Secretariat Co-operative Land Mortgage Bank and Housing Society Limited, acquisition proceedings were instituted by Government in September, 1949 for acquisition of 7.44 acres of land surrounding the areas of Jodhpur Club within the Tollygunge Police Station. The estimated amount of the compensation had not been obtained from the Society, although required by the existing orders. When the amount was demanded in December, 1961 the Society expressed their unwillingness to pay, as the area had in the meantime been squatted upon by a large number of displaced persons. Government had then to pay a sum of Rs.4.23 lakhs as compensation to the land owners, in pursuance of a High Court decree. In September, 1964 it was stated by Government that "the land in question has been involved in some civil suits and civil rules and injunctions have also been issued restraining Government from taking action in furtherance of the acquisition proceedings."

The land acquired thus remains unutilised.

48. *Extra expenditure on a requisitioned house* : A sum of Rs.88,741 was paid by Government in August, 1963 to the owner of the first floor of a private building at Howrah (floor space 4,181 sq. ft.) in settlement of an arbitration award. The

accommodation was requisitioned in September, 1948 and remained under occupation of senior officers of Government up to November, 1954 and thereafter of the offices of the Board of Revenue. The amount of Rs. 88,741 comprises :

- (i) Rs. 38,566 being the difference between the total amount of rent of the house payable at the rate (Rs.720 per month) fixed by the arbitrator and the amount already paid (at Rs. 200 per month) upto November, 1954.
- (ii) Rs. 50,175 representing interest at the rate of 3 per cent. per annum on the arrears of rent upto May, 1963 (Rs. 31,265 on (i) above and Rs. 18,910 for the subsequent period).

The officers who occupied the house paid rent, at Rs. 200 per month, as assessed by the Collector, Howrah. The owner of the house did not accept this assessment and the matter was put to arbitration in August, 1962. The arbitrator (Additional District Judge, Howrah) held in March, 1963 that "the compensation as assessed by the Government was arbitrary and high-handed".

No additional recovery from the officers was made although the house had been requisitioned for occupation of the officers concerned and full rent thereof was recoverable from them.

The matter was reported to Government in November, 1965 ; but no reply has so far been received (January, 1966)

DEPARTMENT OF AGRICULTURE AND COMMUNITY DEVELOPMENT

49. *Infructuous expenditure* : A training-cum-production centre was established in May, 1961 at Eklakshmi (District Burdwan) for imparting training for one year to 15 persons. The centre could not complete the full course of training as the major portion of implements and accessories required for the training for which orders were placed in February, 1961 with a firm for supply within 15 days were received only in December, 1961 and even then they were found to be defective; the defects were rectified by the supplier and the articles could be brought into use only in February, 1962. To enable the training being completed, an extension of time of training by three months (upto July, 1962) was granted, but the trainees left the centre at the end of April, 1962 without permission ; the centre had to be closed down prematurely in May, 1962.

The expenditure incurred on this centre was about Rs. 16,000; in view of the fact that the training was not completed, the expenditure was apparently largely infructuous.

No penalty was levied on the supplier for delay in supply of the materials; no agreement had been entered into nor any penal clause included in the purchase order.

REFUGEE RELIEF AND REHABILITATION DEPARTMENT

50. *Locking up of Government funds* : A building with adjoining land in Raiband, Purulia, was acquired in August, 1958 at a cost of Rs. 0.60 lakh for starting a 'home' for displaced women from East Pakistan. After acquisition, the department noticed the inadequacy of water supply and sanitary arrangements for the number of persons expected to be housed there. In November, 1959 the Chief Engineer, Public Health Engineering, estimated the cost of improvements to be Rs. 0.81 lakh and the idea of starting the 'home' was finally abandoned in January, 1960 on grounds of economy. The Social Welfare Department took it over in January, 1965 to start a Reformatory-cum- Industrial School for girls. The school has, however, not yet been started (April, 1965).

Thus, the property has not been put to any use except for temporary occupation for about two years (February to December, 1959 and from June, 1962 to August, 1963) by the Administrator, Dandakaranya Project and Settlement Officer.

DEPARTMENT OF HEALTH

51. *Non-recovery of electric charges* : No recovery has been made for the electricity consumed in 3 residential quarters attached to the Central Medical Stores. Till September, 1964 there were no separate meters for these quarters. The bills for electricity charges were paid by the Medical Stores certifying incorrectly that the bills did not include charges for the electricity consumed in the quarters.

Separate meters were installed in September, 1964. For the earlier period (December, 1947 to August, 1964) the Superintending Engineer, Electrical Circle No. I, assessed (September, 1964) the total electricity charges for the quarters as Rs.25.45 per month on an *ad hoc* basis, the total amount recoverable from the occupants since 1947 being about Rs.5,000. But on the basis of difference of electricity charges of the Central Medical Stores for the period from November, 1964 (since when such charges for the residential quarters were being separately billed for) to June, 1965 and for the corresponding period of the previous year, which averaged Rs.70 per month, the recoverable amount comes to about Rs.14,000. Even the amount of Rs.5,000 has not been recovered so far (October, 1965).

DEPARTMENT OF LABOUR

52. *Outstanding demands* : Costly medicines and appliances are supplied to patients covered by the Employees' State Insurance Scheme, through approved chemists. Government have entered into agreements with the manufacturers/distributors under which they reimburse to Government the difference between the trade prices and the special rates of medicines, etc., settled with them by Government.

For this purpose, the Administrative Medical Officer, Employees' State Insurance Scheme, should send to the manufacturers/distributors monthly claims; within a fortnight of receipt of the claims, the manufacturers/distributors should remit the dues to Government. A sum of Rs.0.43 lakh is, however, outstanding for recovery in this regard on account of delay in preferring the claims and delay on the part of the manufacturers, etc., in remitting the dues. A year-wise analysis is given below :

Year to which the claims relate.	Rs.
1958-59 to 1960-61	10,330
1961-62 and 1962-63	279
1963-64	32,730
Total	43,339

It has been stated by Government (December, 1965) that there is little possibility of recovery of the outstanding to the extent of Rs.8,530 which pertains to the period from 1958-59 to 1962-63.

It has been noticed that there were delays in sending the claims by the Administrative Medical Officer. Out of claims totalling Rs.12.60 lakhs made during 1963-64, claims for Rs.1.20 lakhs were sent after a delay of 3 to 8 months.

It has been stated by Government (December, 1965) that adequate steps are being taken to issue demand notices promptly.

DEPARTMENT OF AGRICULTURE AND COMMUNITY DEVELOPMENT

53. *Payment of interest charges on unutilised loans* : Government obtained between June and September, 1963 short-term loans totalling Rs.51 lakhs from the Government of India for re-lending to cultivators for purchase of fertilizers. Out of this amount, only a sum of Rs.23.59 lakhs was utilized; the balance, Rs.27.41 lakhs, was refunded to the Government of India in March-April, 1964. The interest on this unutilised amount of loan amounted to Rs.0.41 lakh.

DEPARTMENT OF COMMERCE AND INDUSTRIES

54. *Priced publications of Government* : The priced publications of Government are printed (on requisition by different departments) and sold by the Superintendent, Government Printing, West Bengal. The stock accounts maintained by the Superintendent do not indicate, though required under the rules, the cost of printing; in the absence of this information, the department could not assess the profit or loss on printing and sale of these publications.

Out of 3,000 publications on stock at the end of 1964-65, a test-check of 200 items indicated that the number of copies in stock was about 73,000 valued at Rs.2.81 lakhs. These publications were printed between 1931 and 1964. 39,534 copies of these (valued Rs.1.48 lakhs) were printed more than 5 years back; out of this only 2,091 copies were sold for Rs.10,787 during the period from 1960-61 to 1964-65.

Earlier in 1960, 3,500 publications were declared obsolete. A check of about 250 of such publications indicated that their copies in stock at the end of 1964-65 were about 2.16 lakhs; their value according to the prices printed on them was about Rs.1.28 lakhs.

DEPARTMENT OF RELIEF AND SOCIAL WELFARE

55. *Unutilised tents* : Pending construction of multi-storeyed buildings under the *Bustee* Rehabilitation Scheme Government decided in April, 1964 to procure 1,000 tents for housing temporarily "*bustee-dwellers*" in Calcutta whose *bustees* had been damaged in the disturbances of January, 1964. Orders for the tents were placed in August, 1964 on the Rehabilitation Industries Corporation at Rs.240 each. The tents were to be supplied by the 24th October, 1964, but were actually supplied in February-March, 1965. In the meantime these *bustee-dwellers* were paid grants amounting to Rs.10 lakhs for re-construction of their huts. Thus, all the tents except 100 issued to the Jalpaiguri district for relief purposes remained unutilised (August, 1965).

DEPARTMENT OF HEALTH

56. *Unutilised vehicles and infructuous expenditure* : In connection with the National Malaria Eradication Programme, 213 vehicles were received from the Government of India during 1958-59; 65 of the vehicles went off the road for repairs

on different dates between July, 1960 and September, 1964; none of them had been received back after repairs (December, 1964). They had remained off the road for long periods as indicated below :

Period	Number of vehicles
For over a year but less than 2 years	13
For 2 to 3 years	13
For more than 3 years	21

44 vehicles with 29 drivers were allotted to 6 units, but 25 of them went off the road between September, 1961 and September, 1964. As a result, 10 of the drivers remained without work for a total period of 117 months; they were not employed on any other work, according to the information furnished by the Directorate in September, 1965. Their pay and allowances for the period amounted to about Rs. 13,000.

REFUGEE RELIEF AND REHABILITATION DEPARTMENT

57. *Unutilised land and buildings* : 660 acres of land with some buildings and structures thereon were acquired at Jorai (Cooch Behar district) in April, 1959 at a cost of about Rs.2.22 lakhs for the settlement of displaced agriculturist families. The buildings and structures costing Rs. 0.44 lakh (meant to be utilised for establishment of schools, health centres and starting of schemes for economic rehabilitation of the families to be settled in the area) and 13 acres of the land (value Rs.3,000½, remained unutilised for over 5½ years when in January, 1965 some of these buildings and structures and land valued at Rs.32,864 were made over for temporary use by the Bengal Refugee Service under World Church Organisation in connection with certain schemes for helping the partially rehabilitated families of the area. Two buildings (value Rs. 14,920) were retained by the Deputy Commissioner, Cooch Behar, for the setting up of a weaving centre, which, however, has not been started so far (September, 1965).

58. *Unfruitful Outlay* : An amount of Rs.33,161 was paid by Government to a land owner in June, 1961 in satisfaction of a court decree (cost of land—Rs.32,304 and legal costs—Rs.857). 96 acres of land had been made over by the land owner in 1956 to 48 families of displaced persons from East Pakistan and Government had undertaken to pay him the cost of land on production by him of the sale registration slips and after deducting from the cost of land a sum of Rs.5,000 due from him on account of a previous loan. As, however, the payment was not made the land owner instituted a suit against Government in June, 1959 and the court decreed the suit in his favour in February, 1961.

Government had agreed to pay the cost of land to the owner treating the amount as loan to fortyeight displaced families who were to hypothecate the land to Government. No deed of hypothecation was executed by any of the allottees of land.

28 families are stated to have since vacated 56 acres occupied by them. It was stated by the District Magistrate in July, 1965 that action for the disposal or utilisation of this vacant land could not be taken unless its possession was legally received

and that in the absence of any loan bonds it was not possible to evict the 20 families still in occupation or to recover the proportionate cost of the land from them.

EDUCATION DEPARTMENT

59. *Wastage of paper* : 9,130 reams of Australian printing paper (size 22½" × 35") were received between 1962-63 and 1964-65 from the Government of India for printing of text books for free distribution amongst poor and needy children of primary schools. Of these, 8,244 reams were utilised upto the end of 1964-65 for printing books of the size 7½" × 5". In the process only 600 sq. in. of paper out of 787½ sq. in. of each sheet was utilised; the balance (24% of the sheet) could not be utilised in any manner and was wasted. The value of the paper thus wasted was over Rs. 0.53 lakh. Had the size of the books been revised to 8½" × 5½", the wastage would have been limited to 5% only and 19% additional books could have been printed with the paper saved.

It was stated in November, 1964 by the Director of Public Instruction that the size of the books could not be changed for the sake of uniformity till the disposal of the old stocks of books whose size was 7½" × 5".

Government stated (February, 1966) that on various technical grounds the sizes of the books could not be increased to 8½" × 5½"; it was indicated, however, that they could expect to print 10% more books with an additional cost of Rs. 15,000, if the size of the books was changed without any regard to uniformity and standardization.

60. *Write-off of losses* : A summary of cases of write-off of losses (other than those due to defalcation of Government money) sanctioned by competent authorities during 1964-65 is given below; the details are given in Appendix IX.

Sl. No.	Name of the department	Total No. of cases	Total amount of loss
			Rs.
1.	Agriculture	219	1,80,367
2.	Animal Husbandry and Veterinary Services ..	165	1,39,785
3.	Commerce and Industries	77	89,082
4.	Forest	57	25,164
5.	Health	175	52,518
6.	Home (Defence)	17	2,84,210
7.	Home (General Administration)	26	66,295
8.	Home (Jails)	41	5,654

Sl. No.	Name of the department	Total No. of cases	Total amount of loss Rs.
9.	Home (Transport)	21	86,005
10.	Land Revenue	26	14,315
11.	Refugee Relief and Rehabilitation	53	4,36,744
12.	Other Departments	38	26,875
	Total	915	14,06,968

61. *Losses awaiting investigation and write-off/recovery* : 94 cases of losses aggregating Rs. 2.19 lakhs pertaining to the period from 1960-61 to 1964-65 are awaiting investigation and orders for write-off/recovery. An analysis of these cases by years and departments is given in Appendix X.

A broad analysis indicating the nature of the losses is given below :—

Nature of the loss	Number of cases	Amount Rs.
Theft of Government property	75	79,337
Loss of cash/materials in transit	4	54,705
Damage due to fire, etc.	10	24,641
Government property missing	3	1,163
Non-recovery of arrear dues	1	19,425
Delivery taken on false representation (False and forged supply orders presented to the Deputy Assistant Director of Health Services)	1	40,000
(Equipment and Stores and delivery taken of about 20,000 rft. of 1½" dia. G. I. pipe)		
Total	94	2,19,276

DEPARTMENTS OF AGRICULTURE AND COMMUNITY DEVELOPMENT AND CO-OPERATION

62. *Other miscellaneous irregularities, losses, etc* : Particulars of 2 cases of non-recovery of a total amount of Rs. 17,319 are given in Part I of Appendix XI.

CHAPTER IV

Misappropriation of Government Money

63. *Misappropriations and defalcations, etc* : The following table indicates the position in regard to cases of misappropriation of Government money which were pending final action at the end of 1964-65.

	No.	Amount <i>(In lakhs of rupees)</i>
Cases outstanding at the end of 1963-64	280	7.19
Cases reported during 1964-65	19	0.60
Cases disposed of during 1964-65	15	0.64
Cases outstanding at the end of 1964-65	284	7.15

Of Rs. 0.64 lakh involved in 15 cases disposed of during the year, an amount of Rs. 0.56 lakh (12 cases) was recovered and the balance Rs. 0.08 lakh (3 cases) was written-off.

Of the 284 cases outstanding at the end of 1964-65, 144 cases involving a total sum of Rs. 2.33 lakhs were pending for recovery; an analysis of the remaining 140 cases is given below :—

	No. of cases	Amount involved <i>(In lakhs of rupees)</i>	Remarks.
	46	1.40	Awaiting investigation.
	10	0.23	Awaiting action for laxity in supervision, etc.
	28	0.74	Awaiting write-off orders.
	32	1.83	Pending in courts.
	24	0.62	Awaiting information regarding recovery/adjustment, etc.
Total ..	140	4.82	

Department-wise analysis of the outstanding cases is given in Appendix XII. Particulars of some of the cases are given in paragraphs 64 to 66 below.

DEPARTMENT OF AGRICULTURE AND COMMUNITY DEVELOPMENT

Particulars	Remarks.
<p>64. The Block Development Officer, Pulbazar, Darjeeling, made over charge of his post on the 19th May, 1964 without closing the cash books. He was asked to do so and when he closed the books on the 11th June, 1964 misappropriation of cash of Rs. 11,652 was noticed. Further misappropriation of a sum of Rs. 9,077 was detected during local audit in the same month. This amount was shown as disbursed in the accounts for March, 1964 although the payments had already been made on the 27th March, 1963.</p>	<p>No security had been obtained from the cashier. He was arrested on the 14th June, 1964; the records were seized by the police immediately thereafter. The results of police investigation are awaited; the responsibility for the misappropriation has not been fixed (January, 1966).</p>
<p>No records were produced to Audit in regard to disbursement of Rs. 50,280 received by the Block Development Officer from other offices; this amount had not been entered in the cash book.</p>	
<p>65. A test-check of the cash book of the Block Development Officer Harishchandrapur, Malda, in March, 1965 for the period February, 1963 to February, 1965 indicated a suspected misappropriation of Rs. 7,094 as indicated below :</p>	<p>The amount has not yet been recovered nor has responsibility been fixed (January, 1966).</p>
<p>(i) cash received (Rs. 5,084) was not entered in the cash book and remitted into the treasury;</p>	<p>The misappropriation was facilitated by laxity in supervision and non-observance of rules and procedure such as checking the day's entries and totals in the cash book and conducting physical verification of cash balance, etc.</p>
<p>(ii) totals of the cash book were incorrectly drawn resulting in the expenditure being inflated by Rs. 1,908; and</p>	<p>All the initial records, e.g., duplicate carbon receipt books, cancelled bills, etc., were not produced for audit. This was specifically reported to Government in July, 1965 and a thorough investigation was suggested. It has been stated that the question of arranging a special audit of the accounts of the Block is under active consideration of Government (November, 1965).</p>
<p>(iii) Rs. 102 shown to have been deposited in the post office was not actually deposited.</p>	
<p>Certain other defects were also noticed in the maintenance of the cash book, e.g., overwritings, erasures, delay in the accounting of receipts, unauthorised holding of cash, non-cancellation of unused pages, undischursed sums remaining unanalysed, etc.</p>	

BOARD OF REVENUE

Particulars.

Remarks.

66. 15 cases of misappropriation of land revenue totalling Rs. 16,612 were reported to Audit during 1962-63 to 1964-65 from 8 districts. 3 cases of misappropriation amounting to Rs. 4,852 were also detected by Audit in 2 districts during 1964-65.

In most of these cases either the revenue collected was not deposited into the Treasury or different amounts were noted in the original and counterfoil of the receipts issued by the Tahsildars.

A total sum of Rs. 3,058 was recovered from 6 Tahsildars and a sum of Rs. 460 was realised from the Life Insurance Corporation against the surety bond in one case. In another case, a sum of Rs. 714 was written-off by Government in February, 1965.

3 Tahsildars were removed from service and 3 died before full recovery could be effected. Police investigation is in progress in 5 cases and criminal cases are in court against 2 Tahsildars.

CHAPTER V

Works Expenditure

67. *Review of works expenditure* : (a) Want of estimates or expenditure in excess of estimates : According to rules, no work shall be commenced or liabilities in connection with it incurred until a detailed estimate has been sanctioned. Also, when the total expenditure on a work is likely to exceed the sanctioned estimate by more than 5%, a revised estimate has to be sanctioned. In a number of cases, expenditure on works was incurred either without sanctioned estimates or in excess of sanctioned estimates. The position as on the 31st March, 1965 was as follows :—

Department	Want of sanctioned estimates		Excess over sanctioned estimates	
	No. of works	Amount of expenditure up to March, 1965	No. of works	Amount of excess up to March, 1965
		(In crores of rupees)		(In crores of rupees)
1. Public Works	858	4.53	13	0.07
2. Public Works (Roads) ..	221	2.12	32	0.32
3. Public Works (Construction Board)	367	3.12	..	..
4. Irrigation and Waterways ..	88	1.11	12	0.06
5. Agriculture and Community Development	189	3.72	..	..
6. Refugee Relief and Rehabilitation	2	0.08	..	..
7. Public Health	92	2.27	..	..
8. Housing	65	0.16	..	..
Total ..	1,882	17.11	57	0.45

Particulars of works costing over Rs. 10 lakhs each which have been executed without sanctioned estimates and those costing Rs. 5 lakhs each on which expenditure exceeded the sanctioned estimates by more than 10% are given in Appendix XIII.

(b) *Vouchers not furnished* : It was mentioned in paragraph 51 of the Audit Report, 1965 that vouchers for expenditure totalling Rs. 52.84 lakhs incurred upto the 31st March, 1964 had not been furnished to Audit. The position deteriorated further during 1964-65; as at the end of March, 1965, 692 vouchers in support of

expenditure amounting to Rs. 1,46.17 lakhs incurred upto the end of March, 1965 were awaited from departmental officers, as indicated below :—

Department				Number of vouchers	Amount (In lakhs of rupees)
1.	Development	..	..	35	0.56
2.	Development (Special Roads)	..	..	9	0.76
3.	Public Health	..	..	119	20.17
4.	Public Works	..	..	260	67.85
5.	Public Works (Construction Board)	..	..	42	14.32
6.	Public Works (Roads)	..	..	15	0.25
7.	Irrigation and Waterways	..	..	149	13.86
8.	Refugee Relief and Rehabilitation	..	..	25	0.06
9.	Housing	..	..	18	0.17
10.	Land and Land Revenue	..	..	9	27.99
11.	Agriculture and Community Development	..	..	11	0.18
Total				692	1,46.17

68. *Extra expenditure* : 5 cases involving a total extra expenditure of Rs. 3.88 lakhs owing to rejection of lowest offer, non-observance of the conditions of contract, delay in making available the work-site, defective specifications in the contract, defective execution, etc., are given in paragraphs 69 to 73 below.

DEPARTMENT OF IRRIGATION AND WATERWAYS

69. In the Kangsabati Project two contracts for excavation of hard weathered rocks and hard rocks accepted in 1957-58 and 1960-61 stipulated consolidated rates for carriage of excavated stones and pitching them in the dam at Rs. 13.65 and Rs. 12.28 per 100 cft. respectively. The Project authorities, however, allowed these contractors to transport (between December, 1961 and November, 1963), 31.15 lakh cft. of stone boulders to a stacking yard, at Rs. 7.22 and Rs. 8.55 per 100 cft. This was stated to be due to non-availability of space in the earthen dam.

Separate contracts were entered into during 1961-62 to 1964-65 with different contractors for carrying these boulders from the stacking yard and pitching them on the dam; the rates paid ranged between Rs. 6 and Rs. 18 per 100 cft. 26.87 lakh cft. of these materials were carried between August, 1962 and November, 1964.

The additional expenditure amounted to Rs. 1.83 lakhs; this represents the difference between the actual cost of the work done and the amount computed at the consolidated rates stipulated in the contracts entered into in 1957-58 to 1960-61.

The matter was reported to Government in September, 1965; but no reply has so far been received (January, 1966).

PUBLIC WORKS DEPARTMENT

70. For improvement of Gariahat-Mathurapur Road from Baruipur to Joy-nagar an order was placed by the Alipur Division on a contractor in March, 1960 for supply of stone metal at specified points. The metal was not delivered at those specified points for want of road-side land; the delivery was made at other points and final payment of Rs. 2.30 lakhs was made to the supplier in July, 1961.

In January, 1961 the division had entrusted the work of improvement of the road to a contractor at 21.63% less than the estimated cost (Rs. 3.45 lakhs). After having executed work costing Rs. 0.81 lakh the contractor stopped further work on the 26th July, 1961 on the ground that the requisite stone metal was not supplied at the specified points as required under the terms of the contract.

The contract for the residual work was then entrusted to another contractor in January, 1962 at 4.75% above the estimated cost. This entailed an extra expenditure of Rs. 0.86 lakh.

DEPARTMENT OF AGRICULTURE AND COMMUNITY DEVELOPMENT

71. The work of test-pumping of 200 deep tubewells to determine their yield was entrusted to a firm in March, 1962; the contract rate was Rs. 1,550 for running a tubewell for 24 hours (8 hours a day for 3 days). On a review in November, 1963 this number of hours was reduced to 10 only (all in one day continuously). Notwithstanding this reduction in work, no reduction was made in the rate and payment for 131 tubewells tested after the reduction in the "yield testing" hours was made at the original rate. The extra expenditure, computed with reference to the rate of Rs. 1,000 per tubewell fixed later in June, 1964 for similar work by the same firm amounted to Rs. 72,000.

DEPARTMENT OF LABOUR

72. The lowest tender received in June, 1963 by the Hospital Construction Division No. II for the construction of five clerks' quarters for a 250 bed hospital at Kalyani under Employees' State Insurance Scheme was for Rs. 3.24 lakhs; the tenderer had quoted the total amount correctly but had made a mistake in showing the rate against an item (Rs. 1.60 per hundred sq. ft. in place of Rs. 160). This tender was rejected by the Chief Engineer on the ground that it was a defective one and that the mistake was pointed out by the tenderer 15 days (22nd June, 1963) after opening of the tender (7th June, 1963). The work was thereafter allotted to the 2nd and 3rd lowest tenderers (at the rate of the second lowest tenderer—Rs. 3.64 lakhs).

The rejection of the lowest offer on grounds of an error of very obvious nature has entailed an extra expenditure of about Rs. 40,000.

DEPARTMENT OF HEALTH

73. While inviting tenders for the construction of main hospital building (500 beds) at Kalyani in April, 1961 two items of work (lime terracing and expansion joints in lime terracing) were not included in the tender notice; the lowest rates accepted for other items tendered for were 4.32% less than the estimated cost. Separate tenders for these two items were called for in July, 1963 during the execution of the main work and the lowest rate accepted from the same contractor was 4.37% above the estimate (Rs. 1 lakh). Had these items been included in the original contract, an extra expenditure of Rs. 7,200 could have been avoided.

Government stated (February, 1966) that the rates for these items were not called for through oversight while inviting the original tender.

74. *Extra contractual payments* : Two cases of extra contractual payments amounting to Rs. 4.54 lakhs, due to non-observance of the conditions of contract, admittance of unauthorised claim, etc., are given in paragraphs 75 and 76 below.

PUBLIC WORKS DEPARTMENT (CONSTRUCTION BOARD)

75. The contract agreement executed by a contractor for the work "Manufacture and supply of bricks at Haringhata" (Murshidabad Division, Construction Board) required him to procure and transport coal at his own cost ; the permits for coal were to be issued by the department. A permit for 759 tons was issued in January, 1956 and another for 400 tons in April, 1956. The contractor took delivery of the coal on the first permit but did not avail of the second one and in the meantime procured on his own arrangement 790 tons of coal from the fields of Ranigunge. This was transported by him by road. Although according to the contract agreement the cost of transportation was to be borne by the contractor, he claimed the difference of transportation charges between road and rail ; the claim was accepted by the Construction Board and an amount of about Rs. 23,000 was paid to him in February-June, 1961. The approval of the Finance Department was necessary for this extra contractual payment ; this was also not obtained.

DEPARTMENT OF IRRIGATION AND WATERWAYS

76. The work of "Reclamation of Salt Lakes" was awarded to a foreign firm in February, 1961; the agreement stipulated that any increase or decrease after the 12th April, 1960 in the rate for charges of electricity used for the booster station (s) would be to the account of Government. The electricity rate was increased after the 12th April, 1960.

The contractor has been using electricity for running its reclamation dredgers also. Though the stipulation referred to above in the agreement does not cover the extra cost of electricity used on reclamation dredgers, the firm has been claiming and the department has been reimbursing such expenditure to them. The approximate amount paid on this account upto March, 1965 was Rs. 4.31 lakhs.

The case was reported to Government in January, 1965; no reply has been received (January, 1966).

77. *Non-recovery of cost of materials:* Two cases of non-recovery of cost of materials from the contractors amounting to Rs. 57,000 have been mentioned in paragraphs 78 and 79 below.

DEPARTMENT OF HEALTH

78. In connection with the sinking of 94 tubewells in 3 districts under the Rural Water Supply Scheme, the Presidency Division issued materials (such as G. I. pipes, sockets, hand pumps, cement, strainers, etc.) costing about Rs. 47,000 to two contractors between August, 1958 and August, 1961. The contractors did not execute the work nor did they return the materials. This was pointed out in audit in March, 1962. The cost of the materials has not, however, been recovered from the contractors so far (January, 1966).

PUBLIC WORKS DEPARTMENT

79. The contract for the "Construction and remodelling of bridges, culverts and causeways in Chandrakona-Ghatal Road" (Midnapore Construction Division) was terminated in February, 1961 as necessary land was not available: full payment (Rs. 48,944) for the work done had been made in February, 1954, but the cost of materials about Rs. 10,000 issued to the contractor was not recovered. The matter is reported to be still (November, 1965) under scrutiny.

DEPARTMENT OF IRRIGATION AND WATERWAYS

80. *Dredging of silt for Salt Lake reclamation:* The consulting engineers of Government (a foreign firm) had recommended in October, 1957 that the silt dredged by the Calcutta Port Commissioners might be utilised as filling material for Salt Lake reclamation purposes. Government were also assured by the Port Commissioners of free supply of a minimum of 1 lakh cft. of silt per day during spring tides and 1.5 lakh cft. per day during neap tides.

In the agreement with the contractors for the reclamation work, Government provided a clause giving the contractors the option of utilising either the silt supplied by the Port Commissioners or that dredged by the contractors themselves. The rate for carrying and pumping of the silt dredged by the Port Commissioners was Rs.67 per 1,000 cft. as against Rs.85.50 per 1,000 cft. including dredging if the silt was dredged by the contractors.

In actual practice, all the silt used was dredged by the contractors themselves. The difference between the amount paid to them in this regard and the expenditure which would have been incurred if the silt offered by the Port Commissioners had been used amounted to about Rs 21 lakhs upto March, 1964. The work is in progress.

The files containing papers leading to the inclusion of the option clause which was disadvantageous to Government were called for by Audit in January, 1965; but have not yet been made available (January, 1966).

It was stated (June, 1965) by Government that the option clause was provided in the agreement as the Chief Engineer was of the view that the suggestion to utilise

the silt dredged by the Port Commissioners was not economic and should be ruled out. They also stated that the contractors did not utilise the silt offered by the Port Commissioners for the following reasons :

- (i) the contractors considered that the silt dredged by the Port Commissioners was unsuitable ;
- (ii) the contractors did not have sufficient number of barges, reclamation dredgers, pumping stations and boosting stations for transporting the silt; and
- (iii) uncertainty regarding regular supply of Port Commissioners' silt and the idle time of the tugs and barges during the bore tide period and at night, when no dredging is done by the Port Commissioners.

81. *Overpayment:* A sum of Rs.5.80 lakhs was paid to a foreign firm in August, 1964 against their claim for Rs.8.58 lakhs to compensate them for loss of machinery, idle labour, etc., caused as a result of artificial obstructions by logs to their pumping stations located in the Hooghly river. These obstructions were caused on 142 occasions involving 391 working hours during the period from April, 1962 to August, 1963. The compensation was payable as per terms of the contract on fulfilment of the following two conditions :

- (1) causes of such obstructions could not in the opinion of the Board's Engineer have been reasonably foreseen by the experienced contractors and
- (2) the contractors could not insure themselves against such artificial obstructions.

The competent engineering authority (Special Engineer, Salt Lake Reclamation Board) did not admit the claim in March, 1963 on the ground that the contractor did not fulfil either of these two conditions of the contract. He also observed that the contractor was expert in dredging in old rivers where existence of logs could not be ruled out and that according to the terms of the contract the contractor should have taken into account the site conditions. Since, however, the contractor pressed his claim, the Special Engineer referred the matter to the Board. The case was not referred by the Board to a higher technical authority; it was referred to the Legal Remembrancer who observed as follows :

“Obstruction in this case is mainly due to logs of considerable size and not ordinary wreckage”.

The claim for compensation was then admitted.

The question as to how far in the circumstances of the case the payment was justified, was referred by Audit to Government in October, 1965; their reply is still awaited (January, 1966).

82. *Work-load in Salt Lake Reclamation Divisions:* The value of work executed by 3 out of 4 divisions of the Salt Lake Reclamation Board during the period from 1962-63 to 1964-65 was as indicated below :

Name of division	Average annual value of work done
	(In lakhs of rupees)
Salt Lake Reclamation Division No. I	13.81
Salt Lake Reclamation Division No. II	2.15
Salt Lake Reclamation Division No. IV	7.24

Total expenditure on regular establishment of these 3 divisions during this period (Rs. 10.70 lakhs) constituted 15.4 per cent. of the value of work done ; the corresponding percentage in the remaining division was 1.6 only. 2 out of the 4 divisions have since been abolished with effect from the 14th December, 1965.

The department has not (December, 1965) prescribed any yardstick of work-load for their divisions.

PUBLIC WORKS DEPARTMENT

83. *Rejection of lower tenders :* According to the financial rules of Government all works should normally be entrusted to the lowest tenderers. In June, 1959, however, Government issued orders to the effect that tenders for group repair works for roads and buildings below a certain percentage of the schedule of rates should be regarded as unworkable and rejected. This order was applicable to 18 divisions. Information furnished by 8 of these divisions indicates that the extra expenditure resulting from the operation of the Government orders of June, 1959 was more than Rs. 3 lakhs. Government have since cancelled the orders from 1964-65 and the Engineers have been advised to follow the normal procedure prescribed in the Financial Rules.

The considerations on which the orders of June, 1959 were issued have not been intimated, nor have the relevant files called for by Audit in May, 1962 been furnished.

DEVELOPMENT AND PLANNING DEPARTMENT

84. *Defective construction of sewers:* Government have not fixed responsibility so far (January, 1966) for certain defective constructions noticed more than 10 years ago. Certain particulars of the case are mentioned below :

The construction of 69" diameter and 63" diameter brick sewers in block "B" of the Kalyani township was completed in May, 1952; the total expenditure was Rs. 4.37 lakhs. According to reports dated November, 1955 and February, 1957 of the Executive Engineer cracks started developing along some lengths of the sewer line which got badly damaged by November, 1955 and by February, 1957 bricks at some places fell down, the sand upon them having been blown away earlier. Some 603 rft. of the main line also caved in during the rains of 1959-60.

In another report to the Chief Engineer the Executive Engineer stated (February, 1959) that the contractors had actually utilised 793 tons of cement as against 1,027.79 tons and 16.23 lakhs of bricks as against 17.39 lakhs which should have been used according to the prescribed specifications. Nevertheless, the contractor-

had been paid for the quantity of work at full rates, the excess payment being about Rs. 29,000.

A sum of Rs.0.92 lakh was spent upto January, 1962 on special repairs and replacement of the feeder sewers; an expenditure of Rs. 1.67 lakhs was also incurred on the construction of a by-pass sewer.

PUBLIC WORKS DEPARTMENT (CONSTRUCTION BOARD)

85. *Defective construction of staff quarters* : In the Howrah Division, Construction Board, staff quarters for a Block Development Office were constructed by a contractor during August, 1960 and June, 1961 at a cost of Rs.1.17 lakhs; the designs of the quarters were also prepared by the same contractor and approved by the Division. The quarters completed in June, 1961 developed cracks which were detected on the 13th December, 1961. The contractor was asked immediately to rectify the defects but he refused to do so on the ground that the period of contractual obligations to rectify any defect had expired by the 5th December, 1961. The Block Development Officer refused in March, 1962 to take over the quarters because of the cracks. The rectification of defects is estimated by the department to cost about Rs. 29,000. The defects have not been rectified so far; the quarters remain unoccupied (June, 1965).

The Chief Engineer stated in March, 1965 that the defects were due to slight distortion of the columns because of the existence of cracky nature of soil below the foundation of the columns. He further stated that the buildings were not constructed in the conventional specification of brick work in foundation and superstructure with R. C. roof slab.

86. *Grant of extension of time for completion of works*: In course of a test survey of 49 Public Works Divisions it has come to notice that extensions of time were granted without imposition of penalty in 993 cases of original works during 1963-64 out of 1,734 works scheduled to be completed during that year. The table below will indicate the number and period of extensions granted during the year :

No. of cases where extensions were granted.		No. of cases where successive extensions were granted.	
Extensions upto one year	Extensions for more than one year	Two extensions	Three or more extensions
58	135	254	199

In 30 cases only, penalty has been imposed, the quantum having been fixed in 7 cases only (Rs.0.52 lakh approximately); a sum of Rs.4,431 has so far been collected in 5 cases (August, 1965).

The reasons for the grant of extensions were called for in audit in August, 1965; 33 out of 49 divisions did not intimate any reasons. The reasons furnished by the remaining 16 divisions for the grant of extensions in all the cases were as follows :

Number of divisions	Reasons stated
5	"No fault of the contractor"
10	"Extension justified".
1	"In the interest of work."

PUBLIC WORKS (ROADS) DEPARTMENT

87. *Loss* : 1.53 lakh cft. of stone metal required in connection with the "Improvement of Mollarpur-Rampurhat-Nalhati Road" was supplied by a contractor between March, 1956 and May, 1958 to the Burdwan Construction Division; the final payment to the contractor was made in August, 1958, after taking measurements and the security deposit refunded in October, 1959.

While utilizing the stone metal on road work, it was found in October, 1961 that it had not been stacked on levelled ground as required under the contract. Thereupon the stacks were rearranged and remeasured which indicated a shortage of 26,000 cft. of stone metal (value about Rs.10,000). The contractor refused to make good the shortage on the ground that the materials were supplied long ago under the direct supervision of the departmental officers.

The contractor was not sued in a court of law as the legal advice was against such action in view of the final payment and refund of security deposit made long ago. Responsibility for the loss has not been fixed (July, 1965).

The matter was reported to Government in August, 1965; their reply is awaited (January, 1966).

DEPARTMENT OF IRRIGATION AND WATERWAYS

88. *Expenditure on an unremunerative lock-gate* : A sum of Rs.1.37 lakhs was spent during 1960-61 by the Canal Division on special repairs of the Diamond Harbour Lock which was constructed in April, 1912 at a cost of Rs. 2 lakhs. A toll charge is leviable on all boats passing through the lock. During the period from 1953-54 to 1964-65 Government realised toll charges of Rs.1,100 a year on an average whereas the average annual expenditure was Rs.3,300 on collection of toll and maintenance, etc., of the lock.

The matter was reported to Government in June, 1965; their reply is awaited (January, 1966).

89. *Infructuous expenditure* : The Investigation Division No. II (since renamed as Flood Investigation Division No. II) undertook a minor irrigation work (estimated cost Rs.1.05 lakhs in March, 1961, in connection with "Kalikhola Irrigation Scheme" in Darjeeling district. After incurring an expenditure of about Rs. 22,000, the work was abandoned under the orders of the Irrigation and Waterways Department in June, 1963 on the ground that it would adversely affect the hydro-electric scheme of the West Bengal State Electricity Board (taken up in December, 1963) in the same locality. The entire expenditure was thus rendered infructuous.

DEPARTMENT OF HEALTH

90. *Outstanding advances* : Advance payments are allowed to suppliers of controlled materials, viz., cement, steel, etc., against permits issued by the Regional Honorary Cement Adviser/Controller of Iron and Steel in favour of the Department. Out of such advances aggregating Rs.15.07 lakhs made by Public Health Engineering, East Circle to 54 suppliers during the period 1950-51 to 1959-60, a sum of Rs. 2.80 lakhs remained outstanding against 41 suppliers at the end of March, 1965. The year-wise details are given below :

Year of payment	Number of suppliers	Amount outstanding (In lakhs of rupees)
1950-51 to 1955-56	26	1.73
1956-57 and 1957-58	10	0.16
1958-59 and 1959-60	5	0.91

No ledger accounts were maintained by the department for watching the supplies of materials against the advances.

The matter was reported to Government in August, 1965 ; no reply has so far been received (January, 1966).

PUBLIC WORKS DEPARTMENT

91. *Other miscellaneous irregularities, losses, etc* : Particulars of a case are given in Part II of Appendix XI.

CHAPTER VI

Stores and Stock Accounts

92. *Stores and Stock Accounts* : (a) A synopsis of the important stores accounts which have been received is given below :

Name of the department.	Description of stores	Opening balance	Receipts during the year	Issues during the year	Closing balance
<i>(In lakhs of rupees)</i>					
1962-63					
1. Home (Publicity)-Publicity Branch excluding distribution.	Miscellaneous articles.	19.64	9.32	8.58	20.38

(i) In Some cases, the value of stores acquired was not shown in the ledger and consequently not incorporated in the Stores Accounts.

(ii) Stores lying with subordinate officers have not been included in the Stores Accounts.

(iii) Every year since 1959-60, the issues were less than the receipts resulting in accumulation of stores to the extent of Rs. 7.15 lakhs.

1963					
2. Home (Jails)—Manufactory Department of the Presidency and Central Jails. (The accounts are compiled for the calendar year)	Tools and plant, raw materials, oils, etc.	10.36	37.44	36.00	11.80

A sum of Rs. 10,665 representing the difference between the book value of mustard oil sediment (in terms of oil) and the price actually realised on its disposal during the year 1959, had not been written off up to the date of audit (January, 1966).

1963-64					
1. Education—Bengal Engineering College, Shibpur.		1.10	1.50	1.34	1.26

Equipment costing Rs. 2.50 lakhs, purchased by the Institution in 1963-64 has not been included in the Stores Accounts.

Name of the department	Description of stores	Opening balance	Receipts during the year	Issues during the year	Closing balance
(In lakhs of rupees)					
2. Commerce and Industries—Director of Medicinal plants	Ipecac root, coffee, cardamon, tung seed, etc.	6.00	19.73	13.43	12.30
3. Commerce and Industries — West Bengal Stationery Office.	Stationery stores, packing cases, etc.	3.89	47.85	47.08	4.66

(i) Packing cases (value Rs. 22,000) received during 1963-64 were issued for despatch of stationery articles. But no account for the utilisation of the packing cases was produced to Audit.

(ii) Discrepancy of Rs. 40.29 lakhs between the accounts figures (Rs. 1,71.31 lakhs) and the departmental figures (Rs. 2,11.60 lakhs) is yet to be reconciled (January, 1966).

4. Home (Jails)—Alipur Central Jail Press—Stationery and Printing.	Printing materials	9.79	29.80	22.39	17.20
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Physical verification of stock as on the 1st April, 1964 had not been conducted.

1964-65

1. Irrigation and Waterways.	Small Stores, building materials and metals.	15.59	16.87	18.82	13.64
2. Public Works	Do.	1,53.68	4,92.04	4,45.70	2,00.02
3. Public Works (Roads)	Do.	57.39	1,13.27	99.94	70.72

(b) In addition to the Stores and Stock Accounts for 1964-65 which are awaited in all the cases except those of the Public Works Departments, the Stores and Stock Accounts for earlier years have also not been furnished by certain departments as indicated below. According to the orders of Government the accounts are required to be furnished to Audit by the 5th September each year.

Sl. No.	Description	Year of account
1.	Home (Publicity) Department— (i) Publicity Branch— Distribution Section	1962-63 and 1963-64
	(ii) Publicity Branch— Excluding Distribution Section	1963-64
2.	Department of Agriculture and Community Development— Intensive Food Production Scheme	1963-64
3.	Home (Jails) Department— Jails Depot	1962 onwards

Sl. No.	Description	Year of account
4.	Department of Health— Consolidateds tores accounts of principal State hospitals (excluding Kancharapara T. B. Hospital).	1962-63 and 1963-64

93. *Shortage of stores* : Two cases of shortage of stores involving a total amount of Rs. 1,11,700 are given in paragraphs 94 and 95 below :

COMMERCE AND INDUSTRIES DEPARTMENT

94. Under the rules, physical verification of all stores should be made at least once a year. No physical verification of stores of the Industrial Training Institute, Durgapur, was, however, conducted between January, 1962 and March, 1964.

Physical verification conducted in April—May and November, 1964 indicated a shortage of stores valued at Rs. 0.63 lakh. Subsequent verifications carried out in July-August, 1965 indicated further shortage of stores valued at about Rs. 2,500. No verification of dead stock articles has yet been undertaken (October, 1965). The case was handed over to the Police in November, 1964 and is stated to be under investigation (October, 1965).

It has been stated by Government (December, 1965) that steps have been taken to get the stores of the Institute verified once a year by a competent authority.

PUBLIC WORKS DEPARTMENT (CONSTRUCTION BOARD)

95. On the formation of the Birbhum Construction Sub-division from the 1st February, 1964 the Sub-divisional Officer took over charge of stores transferred by the parent Sub-division (Bankura Sub-division) subject to subsequent verification. The physical verification conducted between April and June, 1964, indicated a shortage of 8,161 bags of cement (value Rs. 46,200) and deterioration in another 200 bags (value Rs. 1,500). The assistant concerned was arrested in June, 1964 and placed under suspension. Information regarding completion of the police and departmental investigations has not yet (January, 1966) been received.

96. *Excesses over reserve stock limits* : According to the rules, the Chief Engineer of the department is required to fix for each division a monetary limit upto which stores can be held by the division. Such limits have not been fixed for 11 divisions (Buildings—7, Irrigation—3 and Roads—1).

In 20 out of the 52 divisions for which the reserve stock limits have been prescribed, the total value of stores held as on the 31st March, 1965 exceeded the aggregate reserve stock limits by Rs. 59.86 lakhs. An analysis is given below :

	No. of division	Value of excess stock (In lakhs of rupees)
Public Works Department	13	38.17
Public Works (Roads)	6	21.59
Irrigation	1	0.10

In the cases of the following divisions, the value of the stores with the divisions has been in excess of the prescribed limits for 3 or more years, as indicated below:

<i>Public Works Department</i>		Excess persists from
1. Midnapore Division	..	1954-55
2. Darjeeling Division	..	1956-57
3. West Dinajpur Division	..	1960-61
4. Calcutta Electrical Division	..	1962-63

Public Works (Roads) Department

1. Murshidabad Construction Division		1960-61
2. Hooghly Construction Division	..	1962-63

IRRIGATION AND WATERWAYS AND PUBLIC WORKS DEPARTMENTS

97. *Stock Register and stock verification* : (a) The register of stock in a Public Works Division is required to be closed at the end of each year and reviewed by the Divisional Officer to ensure that the stock consists only of necessary and serviceable articles and that the stores are priced within the prevailing market rates.

In 51 out of the 63 divisions, the stock registers for the year ended on the 31st March, 1965 were not closed (August, 1965) as indicated below :

Department	Total number of divisions which held stock	Number of divisions which did not close the registers	Year from which registers were not closed
Public Works	35	30	9 from 1961-62 and earlier years 3 from 1962-63 7 from 1963-64 11 from 1964-65

Reports in respect of 2 of the remaining 5 divisions are awaited (August, 1965).

Public Works (Roads) ..	15	13	1 from 1958-59 2 from 1962-63 6 from 1963-64 4 from 1964-65
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Report in respect of 1 of the remaining 2 divisions is awaited (August, 1965).

Irrigation and Waterways ..	13	8	1 from 1958-59 1 from 1960-61 1 from 1962-63 3 from 1963-64 2 from 1964-65
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Reports in respect of 4 of the remaining 5 divisions are awaited (August, 1965).

(b) The stock held by the division is required to be physically verified periodically by responsible officers independent of the stock-holders with reference to the book balances in order to ascertain that there are no shortages, pilferages, etc.

In the following cases, reports of physical verification have not been received (August, 1965) for several years :

Name of the Department/Branch		Number of divisions	Year from which the reports are due
Public Works—Buildings Branch	..	2	1957-58
		1	1959-60
		1	1961-62
		4	1962-63
		5	1963-64
	10	1964-65	
Public Works (Roads)	..	2	1962-63
		1	1963-64
		8	1964-65
Irrigation and Waterways	..	1	1958-59
		1	1960-61
		1	1962-63
		1	1963-64
		3	1964-65

DEPARTMENT OF IRRIGATION AND WATERWAYS

98. *Excess and idle stock* : The reserve limit of stock for the Kangsabati Mechanical Division fixed by the Chief Engineer in May, 1958 at Rs. 15 lakhs is being exceeded for a long time, as shown below :—

Date			Value of stock (In lakhs of rupees)
31st March, 1959	..	..	28.62
31st March, 1960	..	..	40.70
31st March, 1961	..	..	58.29
31st March, 1962	..	..	81.71
31st March, 1963	..	..	56.72
31st March, 1964	..	..	63.73
31st March, 1965	..	..	56.70

The reasons for exceeding the stock limit were stated (October, 1965) by the Project authorities to be :

- (i) collection of huge quantities of steel materials in advance of requirement;
- (ii) collection of large quantities of spares and accessories required to be kept in stock for the machines employed in the project and
- (iii) advance collection of imported spares in view of their not being readily available in the market owing to foreign exchange difficulties.

The stores accounts have not been closed since 1959-60.

The following further irregularities were also noticed in the receipts and issues of spare parts :—

- (i) There has been no issue (upto July, 1965) of spare parts costing Rs. 6.51 lakhs purchased between July, 1958 and December, 1961.
- (ii) Out of the stock of Rs. 13.18 lakhs purchased between July, 1958 and December 1961, spare parts valued at Rs. 8.92 lakhs were lying idle up to the end of May, 1965.
- (iii) The stock of Rs. 51.73 lakhs on the 31st May, 1965 also included spare parts costing Rs. 2.72 lakhs purchased after January, 1962 when similar parts costing Rs. 3.93 lakhs were already awaiting disposal.

The matter was reported to Government in August, 1965 ; their reply is still awaited (January ,1966).

99. *Surplus machinery* : 10 items of earth-moving machinery, etc., (depreciated value Rs. 1.06 lakhs) declared surplus 11 years ago, in February, 1954 and 106 bull-dozers, cranes, stone-crushers, etc., (depreciated value Rs. 9.55 lakhs) declared surplus in May, 1964 remain undisposed of in the Mayurakshi Headquarters Division (September, 1965).

DEPARTMENT OF AGRICULTURE AND COMMUNITY DEVELOPMENT

100. *Non-utilisation of spare parts and other equipment* : 90 boxes containing spare parts and equipment for repairs to jeeps supplied under the Technical Co-operation Mission Programme, were received during the period 1952-58 under the same programme.

Except 4 boxes, all others are still lying in the original packed condition (August, 1965). It was stated by the department in August, 1965 that the boxes were not opened due to inadequacy of space for proper storage and paucity of technical hands.

While the spare parts were lying in stock unutilised for the last 13 years the jeeps with the Block Development Offices were repaired by purchasing spare parts from the local markets. The non-supply of the spare parts received under the Technical Co-operation Mission Programme to the Block Development Officers was attributed to absence of technical hands and difficulties in maintaining the stock account of the materials.

Government have stated in December, 1965 that 5 of the boxes have since been opened and spare parts issued for repairs to jeeps of the Agriculture Department at the Headquarters, districts and blocks.

CHAPTER VII

Revenue Receipts

DEPARTMENT OF AGRICULTURE AND COMMUNITY DEVELOPMENT

101. *Buildings lying vacant* : Houses were built in two Development Blocks for the purpose of letting out to Government officials and private individuals. Of these, 29 quarters with standard rents varying between Rs. 20 and Rs. 28 per month are lying vacant for considerable periods even as far back as from May, 1960. The resultant loss of rent upto the end of June, 1965 works out to about Rs. 24,000.

The reasons for these houses remaining vacant in one block (Jhargram) is stated to be their proximity to jungle resulting in frequency of thefts in that area, while in the other block (Mohammadbazar) the vacancy was adduced to—

- (i) the standard rent being too high for intending occupiers;
- (ii) the differential treatment of Government officials other than the Block Office staff ;
- (iii) failure to carry out proper maintenance and
- (iv) shifting of a few offices from the locality.

REFUGEE RELIEF AND REHABILITATION DEPARTMENT

102. *Outstanding rent of requisitioned premises* : Mention was made in paragraphs 42 and 24 of Audit Reports, 1952 and 1957 respectively about the outstanding rents amounting to Rs. 4.36 and Rs. 8.65 lakhs as they stood on the 30th September, 1950 and the 31st March, 1954 on account of certain premises requisitioned by Government and let out to displaced persons including Government servants. The matter was considered by the Public Accounts Committee on several occasions. In spite of repeated assurances given by the department since November, 1956 that special measures would be taken for expeditious realisation of the outstanding dues, the arrears have actually gone up and these stood at Rs. 12.14 lakhs at the end of August, 1959 and Rs. 13.31 lakhs at the end of January, 1965. Rs. 5,239 and Rs. 2,038 only were realised during the periods from the 1st September, 1958 to the 30th August, 1959 and from the 1st March, 1964 to the 31st January, 1965 respectively.

BOARD OF REVENUE

103. *Non-realisation of water rates* : Arrears to the extent of Rs. 1,86.04 lakhs as detailed below on account of water rates were reported by the local offices

to be outstanding upto the year 1964-65 in respect of irrigation schemes declared as commercial undertakings :—

Year	Midnapur Canal	Eden and Damodar Canals	Mayurakshi Canal	Bakreswar Canal	Total	
<i>(In lakhs of rupees)</i>						
Upto—						
1956-57	4.04	6.36	0.02	10.42	
1957-58	1.65	7.20	..	8.85	
1958-59	6.04	10.06	..	16.10	
1959-60	7.21	11.76	..	18.97	
1960-61	11.16	14.31	0.02	25.49	
1961-62	10.95	19.10	0.03	30.08	
1962-63	..	0.53	12.15	21.20	0.05	33.93
1963-64	..	0.44	12.33	28.72	0.08	41.57
1964-65	..	0.63	0.63
Total	..	1.60	65.53	118.71	0.20	186.04

Assessment for the year 1964-65 in respect of Bakreswar Canal, Mayurakshi Canal and Eden and Damodar Canals has not been made.

The arrears have been reported in successive Audit Reports since 1958, but inspite of the assurance given by the department for realisation of arrear dues, there has been a continuous increase in the outstanding revenue.

Although some of the dues relate to years as far back as 1930-31, it is not known if certificate cases have been filed in all the cases. Besides, as many as 5,971 cases filed more than 3 years ago, as shown below, have not been finalised as yet.

Year	Number of cases	Amount Rs.
Upto		
1956-57	.. .. 126	4,557
1957-58	.. .. 255	2,500
1958-59	.. .. 542	4,631
1959-60	.. .. 515	12,890
1960-61	.. .. 1,533	52,753
1961-62	.. .. 3,000	1,48,991

DEPARTMENT OF HEALTH

104. *Outstanding dues* : The Kalimpong Water Works supplies water to the public for which it recovers water-tax quarterly from the consumers. The outstanding dues at the end of November, 1964 on account of water-tax for the period upto the 31st March, 1964 stood at Rs. 26,175 including Rs. 1,681 due from different Government departments. Government have informed (December, 1965) that Rs. 7,382 has since been recovered.

EXCISE DEPARTMENT

105. *Outstanding supervisory charges* : Under the rules, licensed cultivators of "Ganja" are required to pay to Government a monthly fee in cash equivalent to the monthly cost of establishment employed by the department for the supervision of the work of the cultivator concerned; the fee is payable within 7 days after the expiry of the month to which it relates. It was, however, noticed during local audit of the accounts of the Superintendent of Excise, Berhampore, for the period from July, 1961 to July, 1964 that a fee of Rs. 2.26 lakhs pertaining to the period from 1949-50 to 1960-61 was outstanding against two such cultivators. Certificate cases were started in 1959-60 and onwards against the defaulters to whom the licenses were issued every year though they defaulted in making the payment in the previous years. Moveable assets of one party against whom the dues amounted to Rs. 1.65 lakhs were sold in October, 1963 in auction for Rs. 4,866. The results of the certificate case against the other party are not known to Audit.

DEPARTMENT OF CO-OPERATION

106. *Outstanding audit fees* : The Registrar of Co-operative Societies is the statutory auditor of the co-operative societies. Audit fees are recoverable from these societies on or before the 31st March every year on the basis of their average working capital or total value of goods sold. It was, however, noticed that sums aggregating Rs. 7.20 lakhs (of which Rs. 5.40 lakhs pertain to periods prior to 1963-64) had remained outstanding on account of audit fees up to the end of 1963-64. The year-wise break-up of the arrear dues was not made available to Audit.

PUBLIC WORKS/PUBLIC WORKS (ROADS) DEPARTMENTS

107. *Outstanding ferry-receipts* : Arrears to the extent of Rs. 0.41 lakh on account of lease money of ferries in 3 Public Works Divisions were outstanding on the 31st August, 1965 as detailed below :

Name of the ferry	Period of lease	Amount payable by the lessee Rs.	Amount realised Rs.	Amount outstanding Rs.
1. Khari	1st June, 1959 to the 31st May, 1960	2,534	1,507	1,027
2. Mandeswari	1st April, 1958 to the 31st May, 1959	25,465	15,100	10,365
3. Mijhia	1962-64	1,26,150	1,15,633	10,517
4. Dhulian Khejuria	1955-58	30 per cent. of gross income	—	2,488
5. Banshbari- ghat	15th June, 1961 to the 15th December, 1961	20,000	15,000	5,000
	1st September, 1963 to the 30th November, 1964	15,429	3,600	11,829

In four of the cases (items 1-3 and 5) certificate cases are stated to have been instituted for realisation of arrears.

DEPARTMENT OF LOCAL SELF-GOVERNMENT AND PANCHAYATS

108. *Loss of revenue* : Under the West Bengal Fire Service Act, 1950, the annual fees are to be calculated at such rate not being less than 10 per cent. nor more than 25 per cent. of the annual value of the building or place used as a warehouse as may be prescribed; different rates may be prescribed for different classes of warehouses, according to the nature and quantity of the articles stored, processed or kept. This Act came into force with effect from the 18th April, 1950 and the Licence Section under the said Act was taken over by Fire Service Directorate on the 1st April, 1953 from the then Licensing Authorities, Calcutta Corporation and other municipalities. The revised method of assessment whereby a warehouse/workshop could be assessed to any amount, where formerly a ceiling was fixed at Rs. 5,000, was ordered to be applied from December, 1955. Because of the protest of the Indian Jute Mills Association the Act was amended to be effective from the 1st August, 1957 with a graduated scale of rebate allowed in respect of premises where the fire protection and prevention facilities existed.

- (a) Against a total demand of Rs. 50.39 lakhs for the period 1957-58 to 1964-65, a sum of Rs. 46.79 lakhs was realised up to September, 1965 leaving a balance of Rs. 3.60 lakhs. Some of these arrears relate to periods as far back as 1957-58. Assessment has not, however, been finalised in respect of one jute mill since 1957-58 and 7 jute mills for the period 1960-61 onwards.
- (b) (i) In cases where annual fees are less than Rs. 5,000 the amount of outstanding fees could not be furnished by the local office. The outstanding dues in respect of 2 out of 4 divisions as worked out by Audit came to Rs. 5.21 lakhs (October, 1965).
- (ii) Under the Act licence fees of Rs. 50 or Rs. 30 per year are payable from August, 1951 by the agents of big oil companies in respect of each oil bin located within the jurisdictions of Calcutta and Howrah Municipalities or outside respectively. Full details of such bins located in different localities could not be furnished by the local office.
- (iii) The warehouse list maintained by the Directorate has not been verified with the Trade Licence Registers of the municipalities, corporations, etc. This is necessary to eliminate the possibility of the assessee evading fire licence fees.

PUBLIC WORKS DEPARTMENT (CONSTRUCTION BOARD)

109. *Loss of revenue* : The work of electrification of 23 staff quarters of the teachers of the Post Graduate Basic Training College at Banipur, 24-Parganas, was undertaken by the Development Division (Construction Board). Though the quarters were ready for electrification by February, 1961, works were started only from June, 1964 and were not completed till October, 1965 with the result that none of the quarters could be rented out. Calculated on the minimum of the time scale of pay of the officers who are entitled to occupy these quarters there has been a loss of rent of about Rs. 28,000 so far (November, 1965).

DEPARTMENT OF FOOD AND SUPPLIES

110. *Non-realisation and less-realisation of "extra fees" for the renewals of licences* : The validity of licences issued to dealers in textiles and soft coke expires annually on the 31st March following the date of issue and applications for renewals thereof are required to be filed within that date. The licensing authority may, however, extend the period of validity and/or the date of filing the applications for the renewals of licences ; an "extra fee" (equal in amount to the usual renewal fee) is leviable in all such cases in addition to the normal "renewal fee".

It was, however, noticed that during 1962-63 and 1963-64, applications for renewals filed within the extended period were exempted from payment of "extra-fees" which had resulted in a loss of revenue of about Rs. 4.33 lakhs.

It was also seen that in case of applications for renewal of textile licence received after extended dates, the extra fee was charged at 25% of the normal renewal fee without any authority from Government; this had resulted in an undercharge of the extra fee of about Rs. 3,371.

111. *Non-realisation of fees for permits for cement* : A fee of Re. 1 per ton is recoverable from all recipients of permits for cement excepting those specifically exempted under the rules.

No fee was, however, charged from the bulk purchasers of cement (above 200 tonnes) which resulted in a loss of Rs. 0.74 lakh during the period January, 1962 to December, 1964. Neither the loss has been written off nor the responsibility fixed therefor.

* After this was pointed out in Audit in September, 1964 requisite fees are being charged from January, 1965.

DEPARTMENTS OF AGRICULTURE AND COMMUNITY DEVELOPMENT
AND IRRIGATION AND WATERWAYS

112. *Other irregularities* : Certain irregularities which persist for want of adequate action on the part of the departments are stated below :

(a) Outstanding hire charges :

Dues from Calcutta Corporation on account of hire charges amounting to Rs. 1.24 lakhs for the use of two bulldozers for the period from January, 1963 to July, 1964 and Rs. 0.82 lakh due from other parties for hire charges of tractors and bulldozers remain outstanding since 1964.

(b) Outstanding rent :

Arrear rent of land aggregating Rs. 0.39 lakh in two divisions remains outstanding since 1963 and 1964.

(c) Outstanding toll charges :

Dues on account of toll charges from casual pliers amounting to Rs. 7,635 from 1959-60 remain unrealised in a division.

CHAPTER VIII

Loans and Advances Suspense and Other Transactions

113. *Large unadjusted balances under "Suspense" and "Remittance" heads:* Mention was made in successive Audit Reports since the Audit Report, 1962, regarding large unadjusted balances under "Suspense" and "Remittance" heads in the Public Works Accounts. But the position continues to be unsatisfactory, as indicated below :—

Head	Amounts standing at the end of			
	March, 1962	March, 1963	March, 1964	March, 1965
	<i>(In lakhs of rupees)</i>			
(1) Miscellaneous Public Works Advances (Debit)*	2,76.95	4,20.86	2,14.03	4,65.37
(2) Purchases (Credit)* ..	5,72.56	8,08.52	11,55.54	12,94.98
(3) Remittance into Treasuries (Debit)	16.70	58.74	1,23.86	98.60
(4) Public Works Cheques (Credit)	92.32	7,11.32	9,39.33	12,26.47
(5) Transfers between Public Works Officers (Net Debit)	4,01.00	6,20.00	7,75.00	9,07.00
(6) Items adjustable by Public Works Department (Net Debit)	7,89.00	9,10.00	12,30.00	15,99.00

The department-wise/year-wise analysis of the balances in respect of items (1) to (4) as at the end of March, 1965 is given in Appendix XIV.

(1) Miscellaneous Public Works Advances: The balances under this head represent amounts due to Government for stores sold on credit, deficiencies or losses of cash or stores, expenditure on deposit works executed in excess of the deposits received, expenditure awaiting adjustment to proper heads of account, etc.

* The amounts shown as outstanding relate to three departments [Public Works, Public Work (Roads) and Irrigation and Waterways].

It is desirable that these debits should be adjusted early by making recoveries/ adjustments, as the accumulation of old items may ultimately entail loss to Government. The divisions with heavy outstanding balances at the end of March, 1965 are indicated below :

		Amount	
		(In lakhs of rupees)	
(a) City Division—			
Public Works Department	58.29
(b) Mayurakshi Head quarter Division—			
Irrigation and Waterways Department	30.63
(c) Barasat Division—			
Public Works Department	28.40
(d) North Bengal Construction Division—			
Public Works Department	19.24

Category-wise details of the outstandings at the end of March, 1965 are given below :—

(i) Sales on credit	..	..	..	4.23
(ii) Expenditure incurred on deposit works in excess of deposits.				53.75
(iii) Losses, retrenchments, errors, etc.	..	..	..	7.99
(iv) Expenditure debited to "Suspense" pending transfer to the appropriate heads of account.				3,93.18*
(v) Other items	..	..	..	6.22

(2) Purchases : This "suspense" head is credited with the value of stores received from suppliers or other divisions, etc., for which payments have not been made.

This includes an expenditure of Rs. 1,09.97 lakhs incurred in connection with the construction of a Road Bridge over the river Teesta near Jalpaiguri (up to March, 1965) pending determination of the allocation of charges to be borne by the various financing agencies.

It is necessary that the liabilities which these balances indicate, should be liquidated quickly to avoid complication in their settlement with the passage of time. The divisions with heavy balances at the end of March, 1965 are indicated below :—

		Amount
		<i>(In lakhs of rupees)</i>
(a) Kangsabati Mechanical Division—		
Irrigation and Waterways Department ..		20·07
(b) 24-Parganas Division—		
Public Works (Construction Board) Department		13·18
(c) Kangsabati Canals Division—		
Irrigation and Waterways Department ..		10·82
(d) Suburban Division—		
Public Works Department ..		6·61

(3) Remittances into Treasuries : The debit balances under this head represent amounts shown by the divisions as remittances of cash into Treasuries but not accounted for by the Treasuries.

According to rules, each division is required every month to reconcile with the Treasury the amounts remitted so that there may not be any irreconcilable difference at the close of the year. So long as the difference remains unsettled, the possibility of fraud or misappropriation remaining undetected, cannot be ruled out. The following are some of the divisions against which large amounts have remained unreconciled for more than 3 years. :

		Amount
		<i>(In lakhs of rupees)</i>
(a) West Dinajpur Division—		
Public Works Department		3·62
(b) Midnapore Canal Revenue Division—		
Land and Land Revenue Department ..		3·36
(c) Canals Division—		
Irrigation and Waterways Department ..		3·19

(4) Public Works Cheques : The credit balances under this head represent amounts for which cheques have been issued by the divisions but not encashed.

The validity of cheques being for 3 months only, there should normally be no amount under this head except in respect of cheques issued during the last 3 months of the year. Unless the drawals are reconciled with the Treasuries the possibility of fraudulent withdrawals cannot be ruled out.

The table below would indicate that large amounts have remained unreconciled in some divisions for long periods :—

Name of the division	Year from which the amounts are outstanding			Total
	1962-63	1963-64	1964-65	
<i>(In lakhs of rupees)</i>				
(a) Alipur Division— Public Works Department	32.65	..	32.82	65.47
(b) Mechanical Division— Public Works (Roads) Department	17.15	..	16.60	33.75
(c) City Division— Public Works Department	16.65	12.56	75.70	1,04.91
(d) Civil Irrigation (Eastern)— Agriculture Department ..	2.62	39.22	56.25	98.09
(e) Torsa Bridge Construction Division— Public Works Department	..	23.68	36.93	60.61
(f) West Dinajpore Division— Public Works Department	..	5.69	52.00	57.69
(g) Public Health Engineering, East Circle— Department of Health ..	..	13.32	39.86	53.18
Total ..	69.07	94.47	3,10.16	4,73.70

(5) Transfers between Public Works Officers—

When a Public Works division renders supplies and services to other Public Works divisions or receives cash or stores on behalf of other divisions, this account head is debited or credited as the case may be. The debits and credits are settled when the transactions are finally adjusted in the accounts of other divisions concerned.

A net debit of Rs. 9·07 crores (debit Rs. 12·27 crores and credit Rs. 3·20 crores) remained unadjusted as at the end of March, 1965 mainly because the divisions did not forward the necessary supporting documents to the divisions to which services were rendered/supplies made or because the latter did not acknowledge the services/stores. Until the balances are adjusted, it cannot be said that the materials transferred from one division to another have actually reached the destination and have been accounted for or that the services said to have been rendered to other divisions have been duly acknowledged and brought to account.

(6) Items adjustable by Public Works Department—

When stores are received in a division from other departments/Government or when services are rendered to a division by other departments/Government, the value of the stores received or work done is adjusted initially by debit to this head. The debits are cleared when the amounts are adjusted to the accounts of the works, etc., concerned in the respective division. The outstanding balance as at the end of March, 1965 was Rs. 15·99 crores. Until the balances are adjusted, it cannot be said that the stores supplied by other Governments/departments have actually reached the destination and have been accounted for or that the services said to have been rendered have been duly acknowledged and brought to account.

DEPARTMENT OF COTTAGE AND SMALL SCALE INDUSTRIES

114. *Irregularities in the payment of loans under the Bengal State Aid to Industries Act, 1931* : Certain irregularities in regard to the loans disbursed up to March, 1960 under the Bengal State Aid to Industries Act, 1931 were mentioned in paragraph 46 of the Audit Report, 1962.

(a) Section 22 (c) of the Act lays down that the owner of an industry shall submit during the continuance of State aid to such an industry the accounts relating to the industry for such audit as may be prescribed. It was stated by Government in March, 1963 that the question of arrangement for audit of the aided institutions was under their consideration. No arrangement in this regard has so far been made (January, 1966).

(b) The total amount due for recovery on account of principal upto March, 1965 was Rs.23.03 lakhs out of which a sum of Rs.4.77 lakhs as detailed below was outstanding in May, 1965 :

Year in which the amount fell due for recovery					Amount
					(In lakhs of rupees)
1957-60	..	..	..	..	2.02
1960-61	..	..	..	..	0.16
1961-62	..	..	..	..	0.45
1962-63	..	..	..	..	0.69
1963-64	..	..	..	..	0.65
1964-65	..	..	..	..	0.80
Total					4.77

(c) Certificate cases were instituted only in 276 cases although such action was due in respect of 89 other cases also (involving recovery of Rs.1.73 lakhs). Certificate proceedings were awaiting finalisation (July, 1965) in 127 cases (amount due Rs.11.61 lakhs).

(d) In 4 cases loans amounting to Rs.0.34 lakh were written off in 1963-64 as irrecoverable. It has been stated (July, 1965) that the whereabouts of the loanees could not be traced in 7 other cases (loan Rs. 9,600).

(e) Particulars of certain cases indicating defaults in repayment and other irregularities are given below :

(i) A loan of Rs. 0.49 lakh was paid to a firm in March, 1963 for use as working capital for development of its industry. The firm had previously obtained machinery costing Rs. 46,000 from the National Small Industries Corporation on hire-purchase system but had defaulted in repayment of instalments. Out of the loan paid by Government, a sum of Rs. 20,000 was spent unauthorisedly by the firm on repayment of instalments for hire-purchase of machines. The loanee has defaulted in payment of 3 half-yearly instalments of Rs. 4,900 each due from March, 1964. Certificate proceedings have not been instituted against the loanee (July, 1965).

(ii) A loan of Rs. 0.25 lakh was sanctioned by Government to an individual in September, 1961 to be paid in 2 instalments of Rs.16,000 and Rs.9,000, the second instalment being payable after the first one was utilised for purchase of machinery, implements and land and construction of a shed. The District Industrial Officer had recommended a loan of Rs.7,500 only in this case. No papers could be made available to Audit to show why a larger amount was sanctioned. The first instalment of Rs. 16,000 was paid in May, 1962. The department noticed in February, 1964 that the loanee had utilised the amount as working capital and not for the purpose for which it was granted; the second instalment was not paid. The loanee has not paid any of the 5 half-yearly instalments of Rs.1,000 each which fell due from him (July, 1965).

(iii) A loan of Rs. 0.40 lakh was sanctioned to a firm in June, 1962 to be paid in 2 instalments of Rs.24,000 and Rs. 16,000, the second instalment being payable after machinery to be purchased with the first one has been acquired and installed. The first instalment of Rs. 24,000 was paid in September, 1962. A subsequent report (December, 1962) showed that the factory was not running properly due to shortage of raw material. 2 instalments of Rs. 1,500 each due from the loanee have not been received (July, 1965).

(iv) A loan of Rs. 0.25 lakh was paid to a firm in June, 1960 although according to the latest available balance-sheet of the firm as on the 31st March, 1958 the liabilities exceeded the assets by Rs. 10,000. The firm paid only the first instalment and part of the second one. Five more instalments of Rs. 1,560 each have become due by July, 1965. Certificate proceedings have not been started against the firm so far (October, 1965).

(v) A loan of Rs. 0.25 lakh was sanctioned to a dairy firm in February, 1962 for the construction of cowsheds and purchase of land, cattle and a delivery van. The first instalment of Rs. 20,000 was paid in August, 1962.

The firm, however, purchased land valued at Rs. 3,056 only. The firm did not utilise the rest of the loan money for the purposes for which it was granted. The firm has not paid any amount. Certificate proceedings have not been started (October, 1965).

(vi) A loan of Rs. 0.13 lakh was paid to an individual in November, 1961 for use as working capital for a hosiery factory on the security of machinery valued at Rs. 19,000. It came to notice subsequently that the loanee was in debt for about Rs. 14,000; the department was not informed of this by the loanee at the time of obtaining the loan, nor was this noticed during departmental investigation before the grant of the loan. The loanee has failed to repay all the three instalments of Rs. 850 each which have fallen due (July, 1965).

(vii) A loan of Rs. 5,000 was paid to an individual in July, 1962 against security of land and buildings valued at Rs. 8,430. But the loanee did not inform the department that he was in debt for Rs. 3,100 to private parties and this reduced the value of his assets to Rs. 5,330 only. The fact about the private loan was also not noticed during departmental investigation. Additional security has not been obtained from him. No instalment after the first one has been paid by the loanee (July, 1965).

(f) The following irregularities were also noticed during test-audit :

- (i) In 3 cases (total loan of Rs. 0.25 lakh) loans were sanctioned but verification of the title of the sureties to the property offered as security was not done either before or after the sanctions.
- (ii) In 5 cases (Rs. 0.54 lakh) loans were granted without ensuring that the insurance policies had been taken and/or renewed by the loanees in respect of the assets offered as security.
- (iii) Seven cases (total loan Rs. 1.45 lakhs) were noticed in May, 1965 in which the loans were not utilised for the purpose for which they were granted.

Under the rules the utilization of the loans for the purpose for which these are granted is to be watched by the sanctioning authority. It has been seen that no register was maintained to watch the utilization of loans. A test check of the records indicated that in 29 cases of loans amounting to Rs. 1.74 lakhs paid during 1960-61 to 1963-64 the certificates of utilization were wanting (July, 1965).

(iv) There was nothing on record to show that the loan ledgers were ever reviewed.

(g) In regard to these loans, the Estimates Committee, in its fifth report, dated the 3rd March, 1965, has observed as follows :

“The Committee could not find any arrangement at present to watch the proper utilisation of the loan issued from the department. The loan is issued in lump sum without first being satisfied that the whole amount is immediately required for the purpose for which it has been obtained. As a result there are chances of the loan not being utilised for the purpose for which it has been granted. The Committee recommends that the Government should constitute an efficient agency to undertake the watching of utilisation of loans.”

DEPARTMENT OF AGRICULTURE AND COMMUNITY DEVELOPMENT

115. *Default in repayment of loans* : Loans aggregating Rs. 1.04 lakhs were paid to 15 co-operative societies during 1954-55 to 1957-58 for marketing, preservation and processing of agricultural produce. The loans bear interest at 5 per cent. per annum and are repayable within a period of ten years from the date of advance in 8 annual instalments of principal and interest, the first instalment falling due in the third year after drawal of the loans.

As against the total amount of Rs. 0.47 lakh (principal Rs. 0.40 lakh and interest Rs. 0.07 lakh) due for recovery upto the 31st March, 1964, a sum of Rs.0.36 lakh (principal Rs. 0.30 lakh and interest Rs. 0.06 lakh) was pending for recovery as in April-June, 1965. Of this, a sum of Rs. 0.18 lakh was due from 8 societies under liquidation or recommended for liquidation.

DEPARTMENT OF RELIEF AND SOCIAL WELFARE

116. *Infructuous loan* : An interest-free advance of Rs.8,000 and a grant of Rs.2,000 were paid to Palli Mangal Samity, Radhanagar, (District 24-Parganas) in September, 1962 for introducing a paddy-husking scheme, as a relief work for part-time employment of distressed women of village Radhanagar.

The work was started in January, 1963 with eleven *dhenkies* (wooden paddy husking appliance), instead of 32 *dhenkies* contemplated in the scheme; not more than 3 *dhenkies* were operated at a time. The Samity closed down the scheme in May, 1963. The loan was repayable by September, 1963 ; no amount has been repaid so far (June, 1965).

It was stated by Government (August, 1965) that a certificate case has been started by the Sub-divisional Officer, Basirhat in February, 1965 for realisation of the whole amount of Rs.10,000.

REFUGEE RELIEF AND REHABILITATION DEPARTMENT

117. *Loans to industrial concerns* : (a) A total loan of Rs. 1,29.54 lakhs was advanced to 16 industrial concerns during the period from 1956-57 to 1962-63 for setting up or expansion of their business according to given programmes. As against the amount of Rs. 92.33 lakhs being equated instalments of principal (Rs. 62.03 lakhs) and interest (Rs. 30.30 lakhs) due for recovery by the end of May, 1965, only a sum of Rs. 30.60 lakhs (principal Rs. 19.35 lakhs, interest Rs. 9.34 lakhs and Rs. 1.91 lakhs yet to be adjusted against either principal or interest) has been realised. The overdue amount of Rs. 61.73 lakhs includes Rs. 36.64 lakhs from 6 parties who have not paid even a single instalment.

In terms of the agreements, the industrial concerns were required to employ all unskilled and as many skilled and semi-skilled labourers as possible from amongst displaced persons; this number should not at any time be less than the agreed number mentioned in the agreements. On the 31st May, 1965 the total number of displaced persons employed in 12 of these concerns was only 1,931 as against the agreed number of 6,067.

(b) Government sanctioned in August, 1955 a loan of Rs. 30 lakhs to a company to enable it to set up a spinning mill at Suryanagore, Asansol (District—Burdwan). Out of this Rs. 7.24 lakhs was paid to the company in 4 instalments between April, 1956 and March, 1958.

According to the conditions of the loan, the scheme was to be implemented within 2 years from the date of sanction of the loan. Though nine years have elapsed since the payment of the first instalment of loan, the company has not yet (August, 1965) started functioning. The structures built and the machinery purchased out of Government loan are lying idle.

The conditions of the loan also stipulated that the company should provide employment to about 1,200 displaced persons in its mill. No displaced person has been employed nor can be employed until the scheme is implemented.

The main reason for the company not being able to implement the scheme is stated to be its inability to bring funds from its parent mill in a foreign country.

The loan is repayable in 13 equated annual instalments with simple interest at 4½ per cent. per annum. The first instalment fell due on the 7th April, 1959 and the total amount due as on the 31st May, 1965 was Rs. 4.54 lakhs (principal Rs. 3.93 lakhs and interest Rs. 0.61 lakh). No recovery has been made so far (January, 1966).

It was stated by the Refugee Relief Directorate in June, 1965 that no action regarding realisation of the loan was taken as a proposal for taking over the proposed mill by a co-operative society was under the consideration of the Co-operation Department.

The agreement with the company stipulated that the assets should be insured in the joint names of the company and Government. The insurance policies for Rs. 16.18 lakhs on buildings, stock and machinery expired in February, 1964; they have not been renewed by the company so far (January, 1966).

The matter was reported to Government in September, 1965; their reply is awaited (January, 1966).

DEPARTMENT OF RELIEF AND SOCIAL WELFARE

118. *Outstanding Takavi Loans* : Takavi loans are advanced under the Agriculturist Loans Act, 1884 to owners and occupiers of arable land for the relief of distress, purchase of seeds or cattle or any other purpose connected with the improvement of agriculture. The loans together with interest (6½ per cent. per annum) thereon are recoverable from the loanees or from their sureties in cases of default.

According to the information furnished by the department (which maintains detailed accounts of these loans) a sum of Rs. 3,86.65 lakhs was overdue for recovery as at the end of 1963-64. The amount of interest due and year-wise analysis of the arrears have not been intimated (December, 1965).

The loans outstanding as well as the amounts overdue as at the end of each of the preceding three years were as follows :—

Year	Outstanding at the end of the year	Overdue arrears
	(In lakhs of rupees)	
1960-61	5,65.47	4,32.71
1961-62	5,60.46	4,55.41
1962-63	4,91.39	4,05.45

It was stated by Government in August, 1965 that action was being taken to realise the overdue amounts.

DEPARTMENT OF IRRIGATION AND WATERWAYS

119. *Outstanding Takavi Works advance:* The department undertakes Takavi works, viz., works of construction or maintenance relating to water courses or any other works. Expenditure on such works is treated as an advance to the cultivator for whom the work is done and is recoverable in instalments.

In two districts, a sum of Rs. 46.46 lakhs was outstanding (July, 1965) for recovery in respect of 93 works as indicated below; some of the works were completed between 1953-54 and 1955-56 :—

Name of the division	No. of Takavi works	Actual cost	Date of completion
	(In lakhs of rupees)		
(i) 24-Parganas District			
(1) West Sundarban Division	85	41.31	Not furnished by the division.
(2) Calcutta Drainage Outfall Division (since merged with Hooghly Irrigation Division).	5	4.62	1954-55
(ii) Howrah District			
(3) Hooghly Irrigation Division	1	0.06	1953-54
(4) West Midnapur Division	2	0.47	1954-55 1955-56
Total :	93	46.46	

The recoveries are to be effected through Collectors, but these cases have not been accepted by them. Thus, no part of the expenditure incurred on these works has been recovered inspite of passage of about 10 years.

**REFUGEE RELIEF AND REHABILITATION DEPARTMENT AND
DEPARTMENT OF AGRICULTURE AND COMMUNITY DEVELOPMENT**

120. *Non- rendition of accounts:* (a) Out of Rs. 6.76 lakhs paid as permanent advance to the Refugee Rehabilitation Commissioner between April, 1948 and October, 1956 to enable him to meet expenses on transit camps, training-cum-work centres and production centres (including payment of cash doles, etc.) accounts have not been rendered for an amount of Rs. 1.39 lakhs. In addition, audit objections involving a sum of Rs. 0.96 lakh in respect of expenditure incurred out of the advances are awaiting settlement 'December, 1965'. The objections comprise mainly (i) want of allotment, (ii) want of details and (iii) want of Government sanction.

(b) In 1956-57 Government started a scheme to increase yield of sugarcane by introducing improved varieties of seed cane and improved methods of cultivation.

In connection with the expenditure on the scheme advances totalling Rs. 14.59 lakhs were drawn by the departmental officers during the period from 1957-58 to 1963-64. According to the orders of Government the departmental officers were to render detailed accounts of the advances as early as possible after the drawal of the amount in each case. However, the detailed accounts have not still (August, 1965) been rendered for advances totalling Rs. 9.07 lakhs, as indicated below :

Year	Advances drawn	Amount for which accounts have not been rendered
<i>(In lakhs of rupees)</i>		
Up to 1960-61	6.92	1.90
1961-62	1.89	1.60
1962-63	1.82	1.64
1963-64	3.96	3.93
Total ..	14.59	9.07

In the absence of the detailed accounts, the expenditure has remained unaudited.

**DEPARTMENT OF CO-OPERATION AND HOME (TRANSPORT)
DEPARTMENT**

121. *Review of Reserve Funds:* (I) West Bengal State Agricultural Credit (Relief and Guarantee) Fund : This Fund was created in 1960-61 with the following objectives :

(a) To give subventions to co-operative credit societies where irrecoverable arrears of debts due to the societies have assumed a magnitude which threatens their stability;

(b) To render financial assistance to co-operative societies affected by natural calamities, viz., flood, drought and famine; and

(c) To meet the liabilities arising out of Government guarantee given in connection with the implementation of approved schemes for co-operative development in the State.

The Fund is to be financed from the following sources :

- (i) Such annual contributions by Government as may be deemed necessary to meet its commitment in respect of—
 - (a) loans taken each year by the West Bengal Provincial Co-operative Bank Limited from the Reserve Bank of India against Government guarantee;
 - (b) debentures issued by the West Bengal Central Co-operative Land Mortgage Bank Limited against Government guarantee.
- (ii) Contribution from Government of a portion of dividend earned on Government shares in co-operative institutions.

A sum of Rs. 1 lakh was credited into the Fund in 1961-62 and another sum of Rs. 0.50 lakh in 1964-65. No expenditure was incurred from the Fund. The Registrar of Co-operative Societies stated that no occasion arose for utilisation of the Fund.

The balance at the credit of the Fund has not been invested; the amount is merged in general cash balance of Government.

(II) Depreciation Reserve Fund—Government Buses: The Fund was created in 1948-49 to meet the cost of replacement of buses, plant and machinery.

The Fund is fed by annual contribution from State revenues. The amount of contributions during the 4 years ending with March, 1965 was Rs. 3 lakhs. No expenditure has been incurred from the Fund so far (September, 1965).

The balance at the credit of the Fund as on the 31st March, 1965 was Rs. 5.10 lakhs. Of this, an amount of Rs. 3 lakhs relates to State Transport, Durgapur and the balance Rs. 2.10 lakhs to State Transport, Cooch Behar which has since been transferred to the North Bengal State Transport Corporation.

No portion of the balance (Rs. 3 lakhs) in the Fund has been invested; the amount is merged in the general cash balance of Government.

CHAPTER IX

Government Commercial and Trading Activities

SECTION I — GENERAL

122. This chapter deals with the audit of (i) Statutory Corporations/Board, (ii) Government Companies and (iii) Departmentally managed Government Undertakings.

SECTION II—STATUTORY CORPORATIONS/BOARD

123. There were four Statutory Corporations and one Board in the State on the 31st March, 1965, viz.—

1. Calcutta State Transport Corporation,
2. North Bengal State Transport Corporation,
3. West Bengal State Warehousing Corporation,
4. West Bengal Financial Corporation and
5. West Bengal State Electricity Board.

A synoptic statement showing the financial results on the working of these Corporations/Board for the latest year upto which accounts have been audited in each case is given in Annexure.

The accounts of the Calcutta State Transport Corporation for the year 1963-64 have not yet been received in Audit (December, 1965). The revised accounts of the North Bengal State Transport Corporation for the years 1960-61 and 1961-62 received in November, 1965 are under examination; the accounts from 1962-63 onwards have not yet been received in Audit (December, 1965). The accounts of the West Bengal State Warehousing Corporation for the year 1964-65 and those of the West Bengal State Electricity Board for the year 1964-65 are still awaited (December, 1965). The accounts of the latter for the years 1962-63 and 1963-64 were received in July and November, 1965 respectively. The reply of Government to the draft audit comments on the accounts for 1962-63 is still awaited and the accounts for 1963-64 are under scrutiny (December, 1965)

124. *Calcutta State Transport Corporation:* The Corporation which was established on the 15th June, 1960 inherited all the rights and obligations of the pre-Corporation period. It operated (March, 1965) 646 buses out of a fleet strength of 916 buses including 307 double-deck buses on 32 routes covering on an average 1,23,321 kilometers (gross) per day.

The accounts of the Corporation for the years 1963-64 and 1964-65 have not yet been submitted to Audit (December, 1965).

(2) Internal control: (a) Initial accounts and records have not been subjected to any regular scrutiny by the Internal Audit.

(b) There are nine ticket examiners in every route in addition to other supervisory staff. A test-check of the way bills of one depot (Howrah) for the month of June, 1964 revealed that only 8% of such bills had been checked by them.

(c) A scrutiny of the monthly ticket reconciliation accounts (reconciliation of the value of tickets sold with the sale-proceeds thereof as deposited by conductors) for the period from April, 1964 to March, 1965 revealed the following discrepancies:

Name of the depot	Collections		Net difference
	Short	Excess	Short(-)/ Excess(+)
	Rs.	Rs.	Rs.
Belghoria	2,033	951	(-)1,082
Lake	3,873	486	(-)3,387
Howrah	2,667	1,223	(-)1,444
Paikpara	2,986	Nil	(-)2,986
Central Traffic Office	3,435	42	(-)3,393
Total	14,904	2,702	(-)12,292

All discrepancies should be fully reconciled as otherwise serious irregularities may remain undetected. The rationalisation of the fare structure from February, 1965 should make the process of reconciliation easier.

(3) Idle buses: During 1964-65 the number of buses was 897 on an average out of which 646 buses were put to service. Though the average strength of fleet rose by 132 as compared to 1961-62, the average number of buses put on road rose by only 31. The reasons for buses remaining idle were attributed to (i) shortage of drivers and conductors, (ii) vehicles under repairs and (iii) repairs held up for want of spare parts to be imported.

A test-check of the position in a month, however, revealed that on an average 8 roadworthy vehicles per day could not be put on road during that month for dearth of drivers and conductors in three depots of the Corporation while at the same time there was surplus operational staff in another depot who were diverted to non-operational duties such as canteen duties, coin box duties, etc. Cases of minor repairs, breakdown and other defects were on many occasions not promptly attended to.

In respect of vehicles actually put on routes it was noticed that there was loss of large number of trips (equivalent to about 1,000 vehicles) and consequential loss of earnings (about Rs. 2.46 lakhs calculated on the basis of the average daily earnings of vehicles) due to the following factors:

- (a) irregular supply (457) of vehicles by depots in relation to time schedule,
- (b) scheduled time-over (85) i.e., non-completion of scheduled number of trips by route vehicles within the scheduled time limits and
- (c) breakdown (475).

(4) Outstanding dues : A sum of Rs. 26.80 lakhs (as per information supplied by the Corporation) remained outstanding at the end of 1964-65 on the following accounts:

Nature of outstandings	Amount (In lakhs of rupees)	From whom due	Remarks
Services rendered by the Central Workshop	12.92	Government departments and private parties.	Outstanding since 1955-56 onwards. Rs. 0.10 lakh due from private parties.
Chartered trips	1.73	Government departments and private parties.	Due from 1956-57 onwards.
Advertisement charges	1.46	Private parties	Rs. 50,000 pertain to the period prior to April, 1964.
Festival advance	8.91	Employees	It was decided provisionally not to recover 50 per cent. of the total festival advance. The substantial portion of the amount remains outstanding on account of this decision.
Special advances	1.03	Employees	Paid for six months from April to September, 1961 at the rate of Rs. 5 each to employees drawing up to Rs. 100 pending revision of pay; Rs. 8,247 are due from persons who died, resigned or were discharged.
Cash advances	0.40	Employees	Rs. 1,540 pertains to the period prior to the 15th June, 1960.
Short collections	0.35	Conductors	
Total ..	26.80		

As the *pro forma* accounts had not yet been furnished, the amount outstanding was not susceptible of verification.

(5) The Corporation have a workshop which undertake building of bus bodies and renovation/repairs, etc. During the year 1964-65 they, however, placed orders on outside firms for construction of 100 bus bodies valued Rs. 19.68 lakhs. In the absence of time-sheet indicating the number of hours spent by each worker on body building, repairs, etc., it has not been possible for Audit to verify whether any worker remained fully or partially idle. From the table given below it, however, appears that the a total output during 1964-65 with reference to the number of labour employed has gone down by 36% as compared to 1961-62 :

Year	Workmen employed	Bus bodies built	Renovation/ repair jobs done	Total out-put
1961-62	500	194	487	691
1962-63	500	162	436	598
1963-64	499	207	407	614
1964-65	480	140	296	436

(6) High rates of tyre-repairs done through private parties: The average cost of repair to tyres in the tyre shop of the Corporation was about one-half of the rates charged by private firms in respect of through cuts and about one-third in respect of surface or superficial cuts. Total number of tyres got repaired by different depots from private firms during 1963-64 and 1964-65 was 4,405 and the extra expenditure incurred therefor was about Rs. 3.15 lakhs.

There are only 19 tyre-repairing moulds installed at present in the tyre-retreading shop. Each mould (cost Rs. 1,700) requires one skilled worker. Increase in the number of moulds would have saved substantial sums on repairs of tyres which is a regular feature in a transport industry. It has been stated by the Corporation (January, 1966) that the matter is under investigation.

(7) Idle stores : Physical verification of stores conducted in 1964-65 revealed that the value of stores lying in stock and not issued for more than three years in respect of all the units of the Corporation was to the tune of Rs. 14.04 lakhs (approximately). The matter is stated (January, 1966) to be under the consideration of the Corporation.

(8) Miscellaneous irregularities : (a) One jeep (No. WBA-2516) allotted to Howrah Depot of the Corporation was taken away therefrom at night on the 25th April, 1964, by one impersonating himself as Driver No. 1772, on the strength of a *kutchra* gate pass issued by an assistant foreman. The theft came to light in the morning on the following day (26th April, 1964). The original and depreciated values of the jeep were Rs. 14,902 and Rs. 5,038 (approximately) respectively.

The jeep could not be traced out and the police report revealed gross negligence on the part of individual staff on duty at the time of occurrence. Loopholes in the system of issuing gate pass and faulty security measures in force at the depot facilitated the loss of property.

The Corporation discharged one armed guard from service and censured one shop assistant in this connection. The Corporation have stated (January, 1966) that necessary instructions have since been issued for proper gate control measure.

(b) Security deposit: Money realised from employees towards security deposits is required to be remitted forthwith to the Postal Savings Bank Account for credit. Security deposit money amounting to Rs. 90,337, however, remained unremitted upto the 31st March, 1965.

(c) Non-route vehicles : Out of a total number of 146 non-route vehicles, 22 vehicles have been allotted for exclusive use of officials of the Corporation. In the absence of milometers fixed to the vehicles and specific purposes of journeys not being recorded in many cases, the appropriateness of journeys made could not be verified in audit.

The Corporation have stated (January, 1966) that the officers using the vehicles have been instructed to record the approximate mileage in the log book.

125. *Avoidable payment of advertising commission.* : The Corporation invited open tenders in February, 1963 for the selection of an advertising agent on commission basis for 3 years from 1963-64. Only two tenderers (including the existing agent) satisfied the requirements regarding experience, market reputation, general performance, etc. and their rates were as follows :

	Existing party	Other party
Double-deck buses	25%	21%
Single-deck buses and other spaces ..	33½%	30%

The Corporation, however, re-appointed the existing agent for a further period of 3 years even though his rates of commission were higher. This has involved the payment of additional commission to the extent of about Rs. 31,000 during the two years 1963-64 and 1964-65. Government stated in October, 1964 that the existing agent was re-appointed because his procurement of business in the past substantially exceeded the guaranteed minimum.

The Committee on Public Accounts had observed in June, 1962 that the rates of commission paid by the Corporation to the existing advertising agent were high (25 and 33½ per cent. for double-deck and single-deck buses respectively) and that the Corporation should obtain proportionate reduction in the rates of such commission if the sale of advertisement exceeded a lakh of rupees a year. Though the sales of advertisement had amounted to Rs. 3.67 lakhs during 1962-63, no such reduction was obtained when the contract was renewed in April, 1963 for a further period of 3 years.

126. *North Bengal State Transport Corporation* : The Corporation was formed on the 15th April, 1960 with all the rights and obligations, etc., of the pre-Corporation period vested in it. Prior to that date bus services in North Bengal were controlled and organised by Government. The Corporation had a fleet strength of 149 buses in March, 1965, of which 119 buses were actually operated with an average annual run of 47,102 kilometers each.

(2) *Capital structure* : All expenditure incurred by Government in acquiring the properties and assets which passed on to the Corporation on its formation and to be declared as such within six months of the establishment of the Corporation, was to be treated as capital advanced to it and the terms and conditions thereof were to be determined by Government. The amount of such capital has not been declared (October, 1965). Advances of Rs.44 lakhs and Rs.15 lakhs have been made by Government and the North East Frontier Railways respectively up to the 31st March, 1965.

(3) *Internal Audit* : There is one Internal Audit section under the Chief Accounts Officer but all the initial accounts and records are not audited by them, their scrutiny being limited to pre-audit of pay and allowances, suppliers' bills, etc.

(4) Financial results : The books of accounts have neither been maintained properly nor have the principles of commercial accounting been strictly followed. The accounts for 1960-61 and 1961-62 which are under examination (December, 1965.) reveal net profits of Rs. 7.78 lakhs and Rs.4.03 lakhs respectively, out of which Rs. 10,925 and Rs.16,000 have been appropriated to the Price Equalisation Fund. The accounts for 1962-63 onwards are still (October, 1965) to be prepared.

(5) Stores : There being no maximum/minimum and ordering levels, stores and spares were often purchased from the local markets. In many cases particulars as to make, part no., specification and unit-price were not recorded in stores records.

(6) Workshops : The Corporation has two workshops which undertake engine overhauls, repairs, blacksmithy, carpentry, weldings, upholstery, bus body-buildings, etc. As no job-accounts or job-cards are maintained, it cannot be ensured if the human potential in the workshops is fully utilised, nor can the cost of jobs be ascertained for billing private parties.

(7) Non-route vehicles : Proper utilisation of the 19 non-route vehicles, authority thereof, fuel consumption and distance travelled, etc., could not be verified on account of improper maintenance of the log books.

(8) Financial irregularities and losses : (a) Loss of earnings : Out of the 5 roadworthy vehicles allotted to Chanchal sub-depot under the Raiganj Division 4 vehicles were off the road from January, 1964 to July, 1964 and 3 from August, 1964 to December, 1964. On the other hand, 285 scheduled trips had to be cancelled during 1964 by the Siliguri sub-depot under the same division for want of roadworthy vehicles. This had resulted in a loss of earnings of about Rs.0.44 lakh in the Siliguri sub-depot calculated on the basis of average income of Rs.154 per bus per trip a day. This was due to lack of coordination between the depots.

(b) Payments made but stores not received : A sum of over Rs.5,400 was paid for supply of holder nozzles valued at Rs.5,700 but the stores were returned in February, 1963 to the suppliers for reasons not recorded. Neither the stores have been replaced nor money refunded so far (October, 1965).

(c) Non-imposition of penalty : Order for the construction of bus bodies on nine Leyland chassis was placed with a firm of Calcutta on the 22nd August, 1964. As per terms of contract these were to be delivered back within a period of 3 months, in default of which penalty at the rate of Rs. 10 per vehicle per day was leviable. The vehicles were received in batches and the last instalment was received on the 23rd January, 1965 but the penalty (Rs.5,220) leviable was not imposed. This has also resulted in delay in the commissioning of the vehicles with consequential loss of earnings to the Corporation.

(d) Heavy bad debts : Accumulation of outstanding dues took place owing to non-preservation of account records showing the particulars of work done e.g., servicing, repairs, advertisements, chartered trips, etc., for Government departments and private parties. Out of Rs.1 lakh (upto the 31st December, 1963), a sum of

about Rs.30,000 relates to the period prior to 1961-62. The Corporation also sanctioned write off of the bad debts aggregating to about Rs.0.34 lakh, the year-wise break-up of which is given below :

Year to which the debts relate.	Amount Rs.
1957-58	4,123
1958-59	10,000
1959-60	10,000
1960-61	9,613
Total ..	33,736

(9) Miscellaneous : The following irregularities were also noticed :

(a) Payment of advances to employees: Advances have been paid frequently to the employees for purchase of stores, payment of freight, toll charges, etc., during January, 1963 to March, 1965 without adequate authority. A total sum of Rs.0.95 lakh remained outstanding and unadjusted on the 31st March, 1965, out of which a sum of Rs.1,200 was accountable by one individual only.

(b)(i) The history sheets of vehicles and tyre cards were not maintained in proper form. The performance record card which was used in place of history sheets, lacks in detailed information of the vehicle concerned.

(ii) The accounts of empty barrels, unserviceable stores and spare parts have not also been maintained at all in spite of audit objections.

(10) Audit Objections and Inspection Reports : 17 important paragraphs of the Inspection Reports relating to the pre-Corporation period from 1953-54 to the 14th April, 1960 were still (October, 1965) outstanding. The position afterwards is worse still in as much as 110 paragraphs were outstanding at the end of January, 1966 in respect of objections raised upto November, 1964. Excepting some *ad interim* replies to the paragraphs such as "under examination/investigation/verification, etc." no detailed replies were received on important points of objection.

(11) Non-appropriation of profit : After making provision for payment of interest, dividend, depreciation, reserve and other funds, the Corporation may utilise such percentage of its net annual profit as may be specified in that behalf by Government for the provision of amenities to passengers, labour welfare, etc. and out of the balance, the amount approved by Government may be utilised for financing the expansion programme of the Corporation and the remainder, if any, shall be made over to Government for the purpose of road transport development. But no amount appears to have been made over to Government for such purpose out of the profits for the years 1960-61 and 1961-62.

127. *West Bengal State Electricity Board* : The West Bengal State Electricity Board was formed on the 1st May, 1955 with a view to promoting the co-ordinated development of the generation, supply and distribution of electricity within the

State. At the end of 1963-64 about 66 per cent. of the power requirements of the Board were met by bulk purchase of power from the Damodar Valley Corporation, Durgapur Thermal Power Station and the Calcutta Electric Supply Corporation Limited.

(2) Capital structure : Capital expenditure of the Board is being financed out of the loans advanced by Government which amounted to Rs.50, 73 lakhs at the end of March, 1965. The Board has also floated market loans, guaranteed by Government, to the extent of Rs.4, 91.21 lakhs up to that period.

The terms and conditions of the loans given by Government have not yet been determined excepting the rate of interest of the loans (Rs.9,32.34 lakhs) sanctioned prior to the 31st March, 1961.

The capital expenditure incurred by Government during the pre-Board period which is to be treated as capital advances has not also yet been determined and declared (August, 1965).

(3) Internal control : The accounts of the Board so long maintained on cash basis are contemplated to be switched over to commercial system from 1966-67. The internal audit introduced by the Board is limited only to physical verification of stores and investigation of defalcation or misappropriation cases, initial records having remained unchecked by them. There is no cost accounting organisation though the Board is engaged in the generation of power.

(4) Financial results : The annual accounts for the years 1962-63 and 1963-64 were submitted to Audit in July and November, 1965 respectively. The reply of Government to the draft audit comments on the accounts of 1962-63 is still awaited (January, 1966); the accounts of 1963-64 are under scrutiny. The cumulative loss which was Rs.2,09 lakhs at the end of 1962-63; has risen to Rs.2,54 lakhs at the end of 1963-64; they work out to 8.41 per cent. and 5.55 per cent. of the capital invested up to the period (Rs.24,88 lakhs and Rs.45,76 lakhs respectively).

(5) Schemes : There are two major projects under the Board the details of which are given below :

Name of the project	Target of power production	Estimated cost	Actual cost	Remarks
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(In lakhs of rupees)

1. Jaldhaka Hydro Electric Project (Dist. Darjeeling)	18,000 K.W. (1st stage)	4,45 (1958)	8,25.38 (Up to June, 1965)	22% of the work scheduled to be completed by the 30th June, 1963 still remains incomplete, though 85.47% additional expenditure over and above the estimated cost has already been incurred. The
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Name of the project	Target of power production	Estimated cost	Actual cost	Remarks
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(In lakhs of rupees)

				Project is expected to be commissioned by the middle of 1966. A net revenue surplus of Rs. 3.36 lakhs was originally envisaged in the 5th year of operation when the total annual maintenance expenditure and revenue earnings were estimated to be Rs. 32.26 lakhs and Rs. 35.62 lakhs respectively. But because of increase in expenditure the interest on capital invested alone would be Rs. 38.48 lakhs at 4% per annum. The anticipated earnings would, therefore, not even cover the interest charges.
2. Bandel Thermal Power Project	330 M.W.	26,95 (April, 1962)	26,15.62 (Up to June, 1965,	The estimated cost has been increased to Rs. 32,27 lakhs which works out to 20% over the original estimate. The scheme scheduled to be completed by stages between September and December, 1964 has not been completed so far. This has resulted in a loss of revenue of about Rs. 3,61.71 lakhs up to August, 1965 calculated at the selling rate of 5.3 pper, unit based on 25% and 50% load factor during 1964-65 and 1965-66.

(6) Short realisation/under assessment and non-assessment : (i) A test-check of the accounts conducted between the period from June, 1963 and June, 1965 revealed the following :

	Rs.
(a) under assessment and short realisation of revenues . .	7.30 lakhs
(b) under assessment and non-assessment of electricity duty	0.16 lakh
Total . .	7.46 lakhs

Short realisation of about Rs. 17.98 lakhs were also mentioned in the previous Audit Reports. The Board have not so far taken steps even to assess the actual short-realisation, etc. (November, 1965).

(ii) Mistake in taking reading of a meter installed at the premises of an industrial consumer resulted in a short realisation of revenue of about Rs. 49,000 for the period from the 30th March, 1959 to the 31st October, 1963. The consumer has refused to pay. Action taken to realise the amount is not known to Audit (August, 1965).

(7) Purchase policy The Board purchases stores worth more than Rs. 2 crores annually in the open market instead of through the Director-General, Supplies and Disposals as is done by Boards of some other States (as for example Madras) on the ground that procurement of stores through that agency is delayed. A test-check of the purchases revealed that the Board incurred an extra expenditure of Rs. 61,000 by purchasing some stores in the open market instead of through the Director-General, Supplies and Disposals.

(8) Idle and surplus stores : It was noticed that stores worth more than Rs. 51 lakhs were idle for a year or more. The Assisted Wiring Scheme introduced in 1958-59 was discontinued in 1961 which rendered stores worth Rs. 2.99 lakhs surplus, out of which stores valued Rs. 77,000 are still awaiting disposal (August, 1965).

(9) Financial irregularities and losses : (a) Bandel Thermal Power Project : (i) The project was scheduled to be commissioned by stages between September, 1964 and December, 1964; but it has not, however, been commissioned yet. Liquidated damages for delay in commissioning the plant has not been imposed on any of the contractors entrusted with the work (August, 1965).

(ii) Orders for construction of a jetty by July, 1963 for speedy and convenient landing of plants and machinery imported from abroad were placed with a contractor in February, 1963 at a cost of Rs. 3.09 lakhs. Most of the machinery arrived at the plant-site even before the construction of the jetty which could not be put to any use till August, 1965. This resulted in blocking up of capital to the extent of Rs. 3.09 lakhs.

(b) Jaldhaka Hydro Electric Project : (i) A test-check of the rocks by the engineering experts during and after the excavation work in connection with the construction of the power house revealed 96% as soft and compact soft rock and 4% as hard rock. This was not, however, accepted by the contractor who maintained that the entire excavation was done in hard rock. The Board, however, paid the contractor taking the rocks as 50% soft and 50% hard without consulting any committee of experts. This has resulted in an overpayment of about Rs. 1.05 lakhs, being the difference in rates for hard and soft rocks (at the rate of Rs. 750 and Rs. 300 per thousand cft. respectively).

(ii) The lining of the tunnels was not done according to specifications as reported by the Central Water and Power Commission in July, 1963. In order to strengthen the lining work the contractor used 22 to 25 bags of cement supplied by the Board per 100 cft. of concrete instead of 18 bags as determined by the project authorities. This has caused an excess expenditure of about Rs. 2 lakhs which was not

recovered from the contractor who ignored the approved specification. As per condition of the contract the contractor was liable to rectify all defective work done by him at his own cost.

(c) Packaged Thermal Plant : In order to meet temporary power shortage in certain areas till the end of 1963 the Board decided in September, 1961 to instal six 1.5 M.W. packaged thermal plant and placed orders in December, 1961 without invitation of open tenders, with an agent of a foreign manufacturing concern in India for supply of the plants by August, 1962, at a cost of Rs. 1,14.32 lakhs. The plants were due to be commissioned by December, 1962; but they arrived at the site between April and July, 1963 and were commissioned between April, 1964 and October, 1965. In the meantime power became available from other sources (Damodar Valley Corporation and Durgapur Thermal Power Plant) at a cheaper rate. As the purpose for which the scheme was undertaken could not be fulfilled in time the total capital expenditure (about Rs. 1,89 lakhs) has largely become infructuous.

(d) Purchase of Thermal Power Station : The Board purchased a private undertaking engaged in the generation and distribution of power in September, 1961 for a total sum of Rs. 1,22.88 lakhs on the ground that (a) the plants and machinery, though old, were efficient and (b) revenue earnings of the undertaking would be more than the expenditure incurred.

As against the total rated capacity of 54 M.W. the station was able only to produce 22 to 23 M.W. Prior to taking over, the station was making bulk purchase of electric energy from outside at a rate lower than its own cost of generation. The purchases are also being made now. The plant had incurred a net loss of Rs. 12.29 lakhs up to 1964-65 on its own generation.

(e) Orders were placed on the 17th July, 1961 the 9th August, 1961 and the 4th January, 1962 for the supply of 6,000, 19,000 and 19,000 items of 33 KV pin insulators three tenderers at the rate of Rs. 18.50, Rs. 18.75 and Rs. 37.70 for each item respectively against the requirement of only 19,000 items as mentioned in the tender notice. Only a few days before the placement of order on the third tenderer on the 4th January, 1962 the Board had already purchased to meet urgent requirement for the year 1962, additional 20,000 items from another supplier at Rs. 37.50 each. As the stock position so created was found to be sufficient to meet the requirements even upto the year 1964-65, the placement of orders on the third tenderer at much higher rate resulted in an avoidable expenditure of Rs. 3.60 lakhs (approximately).

(f) Within the due date of delivery which expired on the 6th April, 1962 only 863 steel tubular poles could not be delivered by a supplier who was required to supply 7,000 poles as per purchase order dated the 6th April, 1961. The basic price of steel blooms was raised and new central excise duty was levied with effect from the 7th April, 1962 and the 24th April, 1962 respectively. No penalty clause was inserted in the purchase order for non-observance of delivery schedule. Acceptance of the extra claim preferred by the party for the abovementioned increase in the cost of raw material after the due date of delivery involved a total extra avoidable expenditure of Rs. 70,298 (Rs. 18,365 for rise in basic price of steel and Rs. 51,933 for imposition of new central stexcise duty).

(g) The instalments for the repayment of a sum of Rs. 1,50,000 which was due from a party on account of service connection charges since Government period and

was payable within the 25th January, 1957 were liberalised twice by the Board thereby extending the period of credit by 27 years up to May, 1984 without imposing any interest.

As the amount is required to be deemed as a loan from Government carrying interest, granting of such unusually long period of credit without any interest would result in a loss of about Rs. 60,000 at the rate of 4% interest per annum.

(h) The Board was purchasing power for sale through certain grid. Though the purchase rate was raised with effect from the 29th May, 1963 the sale tariff was increased by the Board only from the 1st April, 1964. The delay in revising the sale tariff simultaneously with the increase of purchase price resulted in a loss of Rs. 85,780 for the period from the 1st June, 1963 to the 31st March, 1964.

(10) Other irregularities : (a) Under Rural Electrification Scheme in the Second Five-Year Plan the Board sanctioned electrification of certain areas in July, 1960 in the North Circle. Subsequently the scheme was abandoned after incurring an expenditure of Rs. 61,000 on survey, transportation of materials to site and partial execution of work (at one place only). A further amount of Rs. 11,000 (approximately) was spent after suspension of work up to December, 1964 for guarding the incomplete works as well as surplus stores at site. The entire expenditure of Rs. 72,000 has become infructuous.

(b) The Board is charging an ex-ruler for electricity consumed on the basis of his stay in his residence instead of at Rs. 400 per month as per agreement. This has resulted in an undercharge of about Rs. 38,000 upto October, 1964. It has been stated by the Board that meters are being installed in the palace.

(c) For accommodating its field offices the Board constructed three buildings at different places. But offices were not shifted to those buildings soon after their completion. A sum of about Rs. 5,000 has been paid as rental charges of the hired houses upto February, 1965. One of the buildings completed in December, 1959 is still lying vacant (May, 1965).

(d) 326 Inspection Reports on the accounts of the Board issued during the period from 1959-60 to 1964-65 and 2,258 paragraphs thereof remained unsettled upto August, 1965.

ANNEXURE

(Referred to in paragraph 123)

Government Commercial and Trading Activities—Statutory Corporations/Board

The financial results of the Statutory Corporations/Board under the Government of West Bengal :

	Calcutta State Transport Corpora- tion	North Bengal State Transport Corpora- tion	West Bengal State Electricity Board	West Bengal Financial Corpora- tion	West Bengal State Ware- housing Corpora- tion
<i>(In lakhs of rupees except against item 13)</i>					
Period of accounts	1962-63	1959-60	1961-62	1964-65	1963-64
1. Date of incorporation	15th June, 1960	15th April, 1960	1st May, 1955	1st March, 1954	31st March, 1958
2. Paid up capital—					
(i) Government share	6,04.46	14.64	..	31.77	24.00
(ii) Other sources ..	..	..	..	68.23	24.00
3. Loans received from—					
(i) Government ..	1,19.90(A)	..	15,68.05	..	..
(ii) Other sources ..	..	..	2,00.48	4,06.24	..
4. Free reserve ..	(—)7.48	0.06	(—)91.66(B)	13.30	(—)3.72(D)
5. Total capital invested	7,16.88	14.70	16,76.87	5,19.54	44.28
6. Trade dues and other current liabilities.	1,17.40	2.46	2,76.15	16.71	3.32
7. Block assets (net) ..	4,67.32	17.32	8,90.62	0.25	18.04
8. Depreciation ..	57.92	3.46	63.78(C)	0.03	1.11
9. Intangible assets (to be written off out of future profits)	..	..	47.86	..	..
10. Total excess of income over expenditure	(—)17.65	(+)7.17	(—)23.58	(+)11.79	(—)0.40
11. Interest—					
(i) Government loans	4.80	..	8.40	2.81	..
(ii) Other loans ..	..	..	1.83	15.18	..
12. Total return (10+11)	(—)12.85	7.17	(—)13.35	29.78	(—)0.40
13. Percentage of return on capital employed	..	48.77	..	5.73	..
14. Dividend declared and paid;	..	..	..	3.50	..

(A) Unsecured loan.

(B) Includes Rs.1,31.17 lakhs as accumulated loss upto the 31st March, 1962.

(C) Represents total amount of depreciation upto the 31st March, 1962 credited to the Depreciation Reserve Fund.

(D) Represents accumulated balance of loss.

SECTION III—GOVERNMENT COMPANIES

128. There were five Government Companies in the State as on the 31st March, 1965

- (1) Durgapur Projects Limited,
- (2) Kalyani Spinning Mills Limited,
- (3) West Bengal Small Industries Corporation Limited,
- (4) Electro-Medical and Allied Industries Limited and
- (5) Durgapur Chemicals Limited.

The financial results of these Companies as shown in their accounts received so far are summarised below :

	Durgapur Projects Limited	Kalyani Spinning Mills Limited	West Bengal Small Industries Corpora- tion Limited	Electro- Medical and Allied Industries Limited	Durgapur Chemicals Limited	Remarks
<i>(In lakhs of rupees except against item 13)</i>						
Period of accounts	1964-65	1964-65	1964-65	1964-65	1964-65	
				*		
1. Date of incorporation	6th September, 1961	13th January, 1960	29th March, 1961	29th June, 1961	31st July, 1963	
2. Paid up capital—						
(i) Government share	15,00.00	158.21 (c)	28.00	3.35	5.00	
(ii) Other sources ..	..	..	..	..	..
3. Loans received from—						
(i) Government ..	32,90.56(a)	89.58(a)	27.69(a)	..	1,56.00(g)	
(ii) Other sources ..	..	..	25.87(e)	..	..
4. Free reserve	(—)1,08.81(b)	47.22	(—)3.77(b)	(—)0.25(f)	..	
5. Total capital invested	46,81.75	2,95.01	77.79	3.10	1,61.00	
6. Trade dues and other current liabilities	4,30.12	11.07	21.14	0.17	2,06.57	
7. Block assets (net) ..	33,41.36	1,25.93	0.84	1.18	2,21.18	
8. Depreciation ..	1,51.93	25.32	0.12	..	0.67(h)	
9. Intangible assets (to be written off out of fu- ture profits)	..	..	0.25	0.06	..	The Company is still in the construc- tion stage and no working results are available.
10. Total excess of income over expenditure	(—)41.11	14.27(d)	(—)3.84	(—)0.08	..	
11. Interest on loan ..	1,22.56	2.33	1.45	..	..
12. Total return (10 + 11)	81.45	16.60	(—)2.39	(—)0.08	..	
13. Percentage of return on capital employed	1.74	5.63	..	..	..
14. Dividend declared and paid	..	..	..	..	..

* 1st July, 1964 to the 30th June, 1965.

(a) Unsecured loan.

(b) Balance of Profit and Loss Account.

(c) Includes share application money of Rs 18.21 lakhs towards Habra Unit.

(d) Excluding adjustment of arrear depreciation of Rs.4.99 lakhs.

(e) Secured loan.

(f) Balance of Profit and Loss Account Rs.24,630.62 only.

(g) Remittance from the Government of West Bengal awaiting adjustment.

(h) Progressive figure on account of depreciation is Rs.0.86 lakh.

DURGAPUR PROJECTS LIMITED

129. *Compensation for damages* : The Railways have preferred claims against the Durgapur Projects Limited for Rs. 2.93 lakhs on account of damages to wagons by alleged mishandling and "wilful removal" of sundry parts for convenience of shunting operation in the Company's exchange yard which is a protected place having a watch and ward arrangement. A sum of Rs. 0.59 lakh has been paid up to June, 1965 and the balance is under scrutiny.

It has been stated by the Management in November, 1965 that the siding along with the exchange yard has been functioning as a private siding like other industrial sidings and the payment of compensation towards the damage and deficiency of the Railway's rolling stock is arranged like other private siding holders according to the standard practice of the Railways, even though there is no specific agreement executed between the Railways and the Durgapur Projects Limited for payment of such damage and deficiency which occurred in course of handling railway wagons in the private siding yard. The departmental committee set up to investigate into the causes of loss observed (August, 1965) that due to shunting of huge number of wagons daily some loose parts might have been detached from the wagons and left on the way. There is no joint technical check with the Railways while receiving wagons in the factory yard to indicate the missing parts; as against this there was thorough check by the Railways before taking away the wagons from the factory end. The recommendation of the committee for appointment of certain staff with a view to conducting joint supervision with the Railways was stated (August, 1965) to be under consideration of the Management.

130. *Irregularities pointed out by Company Auditors* : (A) The following points have been brought out by the Company Auditors in their supplementary report on the accounts of the Durgapur Projects Limited for the year 1963-64;

- (i) The inventories of assets and liabilities taken over from Government having not been prepared there was no accounting control over the assets, particularly fixed movable assets. The need for disposal/write-off of the old, unusable and discarded assets, if any, could not also be assessed fully.

Rough assets register for furniture, fittings, buildings, etc., have since been prepared by the Company (January, 1966).

- (ii) The works registers maintained at the Construction Divisions were not linked/reconciled (except additions to Township and Water Works) with the balances appearing in financial accounts which constitutes a major limitation of the accounting procedure followed.
- (iii) Records in respect of production and closing stocks of finished products and consumption of raw materials of the Spun Pipe Factory for the period ended the 31st March, 1964 remained incomplete which constitutes a serious lack of accounting control over the activities of the factory.
- (iv) Gas supplied to the Oriental Gas Company's Undertaking has been accounted for at provisional rates pending finalisation of the same.
- (v) Detailed lists of sundry creditors for Rs. 17.29 lakhs could not be produced for audit.
- (vi) The balance in the Control Accounts of sundry debtors and sundry creditors differed with the totals of the balances of individual parties.

- (vii) Average daily bank balances during the year were Rs. 11.81 lakhs and Rs. 89.27 lakhs in Calcutta and Durgapur respectively. There was, therefore, scope to regulate the drawal of loans from Government and save interest on idle balances.
- (viii) There has been heavy accumulation of coke breeze (Rs. 2.65 lakhs) and some of the products of Tar Distillation Plant (Rs. 2.32 lakhs) equivalent to about 22 months' and 8 to 9 months' production respectively.
- (ix) Most of the stocks (Rs. 95.48 lakhs) were not subjected to physical verification by the Stock Verification Team during the year. This is a serious limitation of the existing system of internal check and control.

The Management have stated in January, 1966 that about 48 per cent. item-wise and 58 per cent. value-wise of the stock were physically verified subsequently by an independent team.

- (x) Internal audit reports, for the units in which such audit was carried out, were not prepared. As a result the effectiveness or otherwise of the internal audit system cannot be commented upon.
- (xi) Confirmation by Government in respect of unsecured loan and accrued interest thereon amounting to Rs. 29,34 lakhs could not be made available for verification in audit.
- (xii) The percentage of shortages of coal in the Coke Oven Plant in relation to quantity of coal received there amounted to 6%, 9% and 9.8% for the three years 1962-63, 1963-64 and 1964-65 respectively. The reasons for such large shortages are still under examination by a committee. The shortages have, however, been written off as approved by the Board of Directors pending investigation by the said committee.

The above irregularities were stated by the auditors to have continued during the subsequent year also.

(B) In addition, the following further irregularities were reported on the accounts of the Company for the year 1964-65 :—

- (i) The undertaking of the Durgapur Projects of Government was taken over by the Company on the 15th September, 1961 at a provisional purchase consideration of Rs. 21,17 lakhs. The purchase consideration need be finalised.
- (ii) Registers in respect of fixed assets valued at Rs. 25,39.83 lakhs were not maintained by the Company for which the balances appearing in the schedule of fixed assets could not be checked.

Assets registers for furniture, fittings, library and buildings are stated (January, 1966) to have since been prepared.

- (iii) In the absence of inventories, physical verification report and custody certificate, the financial book balance of Rs. 11.41 lakhs of small tools as on the 31st March, 1965 could not be verified.
- (iv) Confirmatory letters in respect of book debts of Rs. 1,89.57 lakhs as on the 31st March, 1965 could not be made available for audit check. Only a sum of Rs. 3 lakhs has been disclosed as doubtful and bad debts whereas

disputed debts amounting to Rs. 15.43 lakhs (brought forward over a long time) should have been considered doubtful of recovery.

It has been stated by the Management (January, 1966) that out of Rs. 15.43 lakhs, Rs. 11.32 lakhs is neither bad nor doubtful of recovery.

(v) Charges for demurrage aggregating Rs. 6.79 lakhs and damages and deficiencies of Rs. 2.34 lakhs have been accounted for as certified by the Traffic Officer. These charges could not be vouched for want of bills, claims registers, etc.

(vi) Though the amount of Rs. 4.55 lakhs pertaining to maintenance of Water Works has been treated as capital expenditure, the income earned therefrom has been accounted for as revenue income.

The Management have stated in January, 1966 that before the completion of the construction work, income from sale of water started flowing in and hence it was treated as revenue income.

131. *Unnecessary installation of a plant:* A plant was installed in May, 1962 at a cost of Rs. 12.96 lakhs at Durgapur under the Durgapur Projects Limited for the purpose of production of resin from sodium phenolate, a by-product of tar-distillation, with a view to making chip-boards for which a factory was decided to be set up by Government. The chip-board factory was not, however, established. Since there was not much demand for the product, the Resin Plant remained completely idle during 1962-63 and worked at less than optimum capacity during 1963-64 and was ultimately closed down from June, 1964.

It was stated by the local office in July, 1965 that the plant would be utilised when pure phenol would be obtained from the Durgapur Chemicals Limited. The plant has remained idle so far (October, 1965).

132. *Financial aid to a contractor:* Orders for supply and installation of the 3rd and 4th batteries in the Coke Oven Plant at Durgapur were placed on negotiation by the Durgapur Projects Limited in February, 1962 with a foreign firm. According to the letter of intent of February, 1962 (no formal contract was executed) the contract value (Rs. 2,24.95 lakhs-Indian Section) was payable as follows:—

- (a) 20 per cent. on placement of orders,
- (b) 70 per cent. in 10 equal instalments payable every quarter and
- (c) 10 per cent. after satisfactory guarantee test.

A sum of Rs. 44.99 lakhs was paid in March, 1962 in terms of clause (a) above. An additional sum of Rs. 30 lakhs was also paid to the firm in December, 1962 against their bill submitted in June, 1962 in terms of clause (b), without linking up the same with the actual progress of work. The flaw in this clause was detected by the Board in November, 1962 when it decided that payment, excepting that of the bill submitted in June, 1962 would be made only if the value of the work exceeded the amount billed for. It was also agreed to by the foreign firm in April, 1964 that the advance payment of Rs.30 lakhs would bear interest at the rate of 6 per cent. per annum from the date of submission of progress payment bill till the amount was adjusted.

The first progress payment bill for Rs. 33.49 lakhs was, however, submitted by the contractor in February, 1964; but no deduction therefrom on account of the advance payment was made and it was decided to charge interest on this amount from February, 1964. The advance was, however, recovered in January, 1965

from the supplier's bill. The agreement to pay 70 per cent. of the contract amount after the payment of 20 per cent. (as initial payment) without reference to the progress of work was unusual and the decision to charge interest only from February, 1964 on the advance payment resulted in a loss of interest of about Rs. 2.10 lakhs calculated from the date of payment (December, 1962) to February 1964.

133. *Brick and Tile Board:*(a)Nugatory expenditure : In connection with the operation of a mechanised plant at Palta for manufacture of bricks, the Brick and Tile Board engaged the surplus staff of the Construction Board from December, 1962. The plant has not yet been commissioned (December, 1965); it is expected to be put into operation in January, 1966, the delay having been attributed to non-receipt of machinery from abroad in scheduled time. An expenditure of Rs. 80,000 (approximately) has been incurred on the pay and allowances of the staff upto March, 1965.

(b) *Loss:* (i) In Ramnagar brick field (district Midnapur) 20.51 lakh pieces of bricks were manufactured during 1961-62 and 1962-63 at an average cost of Rs. 49.50 per thousand. As against the estimated production of 90 per cent. standard bricks the actual manufacture of such bricks was 65 per cent. (approximately). Out of the total manufacture, 11.77 lakh bricks were sold as standard bricks at Rs. 51 per thousand and 7.23 lakh other types of bricks (including red bats) were sold at Rs. 10 per thousand to the highest bidder. The latter deal has resulted in a loss of about Rs. 29,000. [The residual stock of 1.51 lakh pieces of bricks are yet to be disposed of (September, 1965).

(ii) With the abandonment of the scheme of manufacturing bricks in Ramnagar in 1963-64 due to unsuitability of land, poor quality of bricks and lack of proper supervision, 728.829 tons of coal valued at Rs. 39,000 (approximately) rondered surplus was disposed of in auction (January, 1963) to a single party for an amount of Rs. 10,000 (approximately). This resulted in a loss of about Rs. 29,000. It was stated by the Board (December, 1965) that the coal was sold for prevention of further loss due to decrease in calorific value of coal and also for avoiding storing expenses.

WEST BENGAL SMALL INDUSTRIES CORPORATION LIMITED

134. *Unsecured and indefinite loans :* The West Bengal Small Industries Corporation Limited advanced to the Malda Mango Processing Co-operative Society Limited 4 loans aggregating Rs. 1.75 lakhs between the period June, 1961 and July, 1964 for purposes of marketing its products, securing raw materials and execution of orders. Neither any security was obtained from the society for any of the loans nor any formal agreement entered into excepting in respect of one loan (Rs. 30,000).

The terms and conditions of two loans aggregating Rs. 1.25 lakhs stipulated the rate of interest but did not indicate the period of repayment.

It was decided by the Corporation in November, 1963 and June, 1964 that the remaining loans of Rs. 0.50 lakh would be repaid by crediting the amounts realised by the Society from the parties for supplies made. A sum of Rs. 5,438 had been repaid up to the end of December, 1965. The rate of interest to be charged has not, however, been decided.

No principal as well as interest due has been repaid; a sum of Rs. 23,405 due on account of interest against the loan of Rs. 1.25 lakhs (for which the rate of interest has been fixed) was outstanding at the end of November, 1965.

Government have stated (February, 1966) that the Co-operation Department has been moved to liquidate/reconstitute the Society because of its poor performance and to appoint the West Bengal Small Industries Corporation Limited as the executor.

135. *Irregular sale* : The West Bengal Small Industries Corporation Limited invited tenders in October, 1964 for sale of 86 tonnes of polystyrene and at the same time carried on negotiation with a plastic industry firm. Offers in response to tenders being low, 47 tonnes of the material was sold in November, 1964 to the latter at Rs. 4,400 per tonne which was lower than the sale price, viz., Rs.4,920 per tonne as fixed by the Price Fixation Committee of the Corporation. The sale was effected by an officer who was not authorised to sell at reduced rates. In February, 1965 the Board of Directors, disavouring the proposed transaction, directed to withhold the supply till the middle of March, 1965. This, however, could not be done in view of the legal opinion.

As the balance stock of 39 tonnes could be sold between January, 1965 and September, 1965 in the open market at Rs. 4,800 per tonne, the unauthorised action of the officer deprived the Corporation of earning a profit of Rs. 18,800 on the sale of 47 tonnes of polystyrene.

136. *Nugatory expenditure* : The West Bengal Small Industries Corporation Limited took on rent a shop-room in New Delhi in January, 1962 for the purpose of starting a sales emporium. The Corporation requested the Central Public Works Department in February, 1962 to carry out certain minor additions/alterations (cost about Rs. 1,000) to the room but ultimately carried them out (August, 1965) by themselves. The emporium was thereafter opened in September, 1965.

A sum of about Rs 18,000 incurred up to August, 1965 on the maintenance of establishment and rent since January, 1962 was apparently infructuous.

137. *Loss* : There are eight sales emporia, one wholesale depot and two yarn distribution centres under the West Bengal Small Industries Corporation Limited. All the centres are running at a loss which amounted to about Rs 1.31 lakhs during 1963-64 and 1964-65. The losses are due to (i) purchases by the Head Office without considering local demands adequately and (ii) low sales, so much so that in seven emporia the sale price did not even cover the direct expenditure.

The accumulated stock (as a result of excessive purchases and poor sales) were disposed of at reduced prices, ranging from 45 to 80 per cent. of the normal selling price.

Government have stated (December, 1965) that several measures have since been taken to improve sales and quality of supply.

KALYANI SPINNING MILLS LIMITED.

138. *Loss* : The hard waste formed at the last stage of spinning varied from 2.32 to 3.14 per cent. of spun yarn in the Kalyani Spinning Mills Limited during the period April, 1962 to December, 1964. The permissible limit was, however, fixed by the Company only in January, 1965 at 1.5 per cent. The percentage of waste recorded subsequently was, however, 2.9 on an average. The hard waste formed beyond

the prescribed limit during April, 1962 to December, 1964 was 32,438 Kgs. This was sold at Rs. 1.25 per Kg. against production cost of Rs. 12.25 per Kg. resulting in a loss of about Rs. 3.57 lakhs.

The Management stated in January, 1965 that the excess formation of hard waste was due to the employment of unskilled substitutes in the vacancies of regular workers (on leave).

SECTION IV

STATE GOVERNMENT COMMERCIAL AND QUASI-COMMERCIAL DEPARTMENTS

139. *Non-submission of pro forma accounts*: On the 31st March, 1965 there were twenty-four Government undertakings of a commercial or quasi-commercial nature run departmentally. The financial results of the working of these undertakings are ascertained annually by preparing statements of accounts on a *pro forma* basis outside the general accounts of Government. The non-preparation, non-submission of *pro forma* accounts was mentioned in successive Audit Reports since 1953 and though Government issued instructions in May, 1960 (on the recommendation of the Public Accounts Committee on the Appropriation Accounts for the year 1954-55) for immediate preparation of arrear accounts and their timely submission the position has not improved at all. During the year, out of these 24 undertakings, 14 undertakings have not prepared *pro forma* accounts since inception; the accounts of 9 undertakings have not been prepared and submitted to Audit for periods ranging between 5 years and 1 year.

Cases where *pro forma* accounts are still awaited are indicated in Appendix XV.

(2) The financial results of a few schemes of which *pro forma* accounts have been received are summarised below:

Year of account	Government Saw Mills, Siliguri	Brooklyn Ice Plant and Cold Storage	Scheme for State Trading on Wheat and Wheat Products	Scheme for State Trading on Rice and Paddy
	1964-65	1963-64	1961-62	1961-62
1. Government capital ..	20.56	13.37	11,17.20	18,06.38
2. Loans ..	Nil	Nil	Nil	Nil
3. Free reserves ..	Nil	Nil	Nil	Nil
4. Total capital invested	20.56	13.37	11,17.20	18,06.38
5. Block assets(Net) ..	7.28	1.60	(a)—	(a) —
6. Depreciation ..	0.61	0.09	..	..
7. Net profit (+)/Net loss (-)	(-)(-)0.53	(-)0.28	(-)1,27.68	(-)33.86
8. Percentage of return on capital invested	..	..	..	..

Pro forma accounts for the latest year in respect of these concerns are given in Appendix XVI.

(a) Not ascertainable from the *pro forma* accounts.

**DEPARTMENT OF AGRICULTURE AND COMMUNITY
DEVELOPMENT**

140. *Brooklyn Ice Plant and Cold Storage* : Plants and machinery (the value could not be furnished by the local office) were bought in 1946 for the Brooklyn Ice Plant and Cold Storage Scheme for the production of ice and preservation of perishable goods in cold storage. Out of this, machinery worth about Rs. 3.34 lakhs were sold in auction during 1955-56 for Rs. 0.68 lakhs (approximately) as this was either surplus or could not be put into operation due to non-availability of electricity from the Calcutta Electric Supply Corporation. Another ice plant (500 tons) was purchased in 1949 at Rs. 0.35 lakh for extension of cold storage plant, though the scheme for production of ice proved unremunerative. The ice plant bought in 1946 for Rs. 0.85 lakh was sold in February, 1965 together with that bought in 1949 (which remained in packed condition since purchase) for Rs. 1.25 lakhs. The scheme was, therefore, limited to preservation of perishable commodities in cold storage. No other commodities except seed potatoes were preserved.

2. The following further points were noticed in audit :—

(a) *Working results* : The financial results of the scheme for the three years ending 1963-64 are re-produced below :

Year	Government Turn over capital	Profit (+) loss (-)
(In lakhs of rupees)		
1961-62	8.91	4.81 (-) Rs. 692
1962-63	9.79	4.70 (+) Rs. 24,000
1963-64	13.09	4.47 (-) Rs. 28,000

The accounts for the year 1964-65 have not yet (August, 1965) been submitted to Audit. The accounts for the year 1963-64 have revealed that though Government capital had increased yet the turnover has decreased resulting in a consequential loss of Rs. 28,000 against a profit of Rs. 24,000 in the previous year when the Government capital employed was less by about Rs. 3.30 lakhs.

(b) *Cost of storage* : The following table brings out the comparative position of storage charges in the scheme *vis-a-vis* private sector as furnished by the local office :

Particulars	Years		
	1962-63	1963-64	1964-65
Total expenditure	Rs. 1.68 lakhs	Rs. 2.00 lakhs	Rs. 2.21 lakhs
Quantity stored	7.27 lakh Kgs.	6.15 lakh Kgs.	6.29 lakh Kgs.
Approximate storage cost per Kg. ..	23 paise	32 paise	35 paise
Rate of storage charge per Kg. in the private sector	13 paise	15 paise	15 paise

Unless the cost of storage is brought down the scheme may not be in a competitive position with the private sector.

(c) Storage loss : Against the storage loss of about 5% in the private sector the percentage of such loss in the scheme varies between 6.7 to 10.8% as indicated below :

Year of procurement			Seeds stored	Storage loss suffered	Percentage of loss
(In lakhs of Kgs)					
1961-62	..	..	6.82	0.46	6.7
1962-63	..	..	7.27	0.79	10.8
1963-64	..	..	6.15	0.46	7.5

(d) Outstanding loans : The outstanding balance of loans under the Potato Multiplication Scheme granted to agriculturists are increasing from year to year as may be observed from the position summarised below :

1962-63	..	..	..	Rs. 3.20 lakhs
1963-64	..	..	..	Rs. 4.14 lakhs
1964-65	..	..	..	Rs. 4.52 lakhs

Year-wise break-up of the outstandings was not, however, available. It was also seen that in respect of the outstandings of Rs. 2.47 lakhs (approximately) on the 31st March, 1965, certificate cases were started for Rs. 69,414 only. As per loan bonds the amounts of loans are, however, recoverable within the 30th April of the year following that in which loans are granted. Action taken towards recovery of loans, therefore, appears to be inadequate.

(e) Defference of figures in the books of the department and the Accountant-General

The figures of withdrawals from and remittances into the Reserve Bank of India do not tally with the figures in the books of the Accountant-General as shown below:

Year	Particulars of draws and remittances	Departmental figures	A.G.'s figures	Difference (+) Excess (-) Shortage
(In lakhs of rupees)				
1961-62	Withdrawals ..	4.12	4.16	(-) 0.04
	Remittances (receipts)	3.94	2.94	(+) 1.00
1962-63	Withdrawals ..	4.08	4.14	(-) 0.06
	Remittances ..	3.96	3.59	(+) 0.37
1963-64	Withdrawals ..	5.56	5.84	(-) 0.28
	Remittances ..	2.64	3.32	(-) 0.68

Unless the figures are reconciled it cannot be stated that the amount of capital shown in the *proforma* accounts is correct.

DEPARTMENT OF ANIMAL HUSBANDRY AND VETERINARY SERVICES

141. *Greater Calcutta Milk Supply Scheme* : The following are some of the important irregularities noticed during local audit of the accounts of the scheme for the period from August, 1962 to July, 1963 :

(a) The scheme for retail sale of skim milk powder was suspended from July, 1962; but the services of the staff employed on the scheme, excepting those of Depot Assistants and Sales Assistants were not terminated immediately after the permissible period of notice. A sum of Rs. 28,000 (approximately) was spent on their pay and allowances from July, 1962 to April, 1963 when the remaining posts were abolished. The staff were stated to have been retained on the expectation that the scheme would be reintroduced which, however, did not materialise.

(b) A sum of Rs. 3.39 lakhs, as shown below, representing dues on account of credit sale of milk and milk products is outstanding from various parties (July, 1965).

(In lakhs of rupees)

Departments of Government	..	3.15
Railways	.. ..	0.06
Autonomous body	.. ..	0.18

The dues relate to the period from 1951-52 to 1961-62.

COMMERCE AND INDUSTRIES DEPARTMENT

142. *Scheme for production of ergot on commercial basis* : On successful completion of experiment with cultivation of ergot started in 1954, Government sanctioned in November, 1962 the scheme for the production of ergot on commercial basis in the plantation areas of Darjeeling at a total cost of Rs. 40.68 lakhs spread over seven years with effect from 1961-62. The scheme envisaged a gross earning of Rs.10.18 lakhs with effect from 1964-65 after investment of Rs.15.22 lakhs. Because of the reduced demand due to the abandonment of the scheme of Phyto-Chemical Unit and also the increasing demand of quinine the cultivation of ergot was restricted to 123 acres of land against 1,000 acres of land originally envisaged. About 12 kgs. of ergot (value Rs. 430 only) has been produced up to 1964-65 against the target of about 40,000 kgs. at a total outlay of about Rs. 1.82 lakhs.

143. *Industrial centres* : Government sanctioned in April, 1948 a scheme of Industrial centres under the Directorate of Industries with a view to developing cottage industries through a centralised administration responsible for planning, production, supply of raw materials and marketing of finished handloom products. Under the scheme there were seven weaving centres, one carpentry centre and one handloom accessories manufacturing centre.

The centres functioned upto March, 1965 and thereafter merged (April, 1965) with a new scheme for re-organisation of the handloom section. The carpentry centre was transferred (January, 1964) to the Wood Industries Scheme.

(2) *Accounts* : Government decided in January, 1960 that *pro forma* accounts on commercial lines should be maintained in respect of the scheme with effect from the year 1951-52. Subsequently (February, 1960) it was decided that *pro forma* accounts be kept from 1956-57.

Accounts for the period from 1956-57 to 1964-65 were not also submitted to Audit. In the absence of the *pro forma* accounts the financial position of the scheme could not be assessed.

(3) Production : During the four years from 1960-61 to 1963-64 the estimates of production were of the value of Rs. 20 lakhs at Rs. 5 lakhs for each year while the actual production was of the order of Rs. 15.75 lakhs (approximately) only.

(4) Stock in hand : At the time of closure of the centres on the 31st March, 1965 there was accumulated stock of finished products valued at Rs. 6.64 lakhs (approximately) besides raw materials and accessories the value of which was not stated by the local office. Government issued orders (September, 1965) for reduction sale (at the rate of 25% to 80% below cost prices) of handloom products valued at Rs. 2.89 lakhs lying at headquarters office. The reduction sales are still continuing (October, 1965). No orders for disposal of the other stock of finished products, raw materials and handloom accessories have, however, been issued (October, 1965).

(5) Unrealised dues : Goods worth Rs. 1.10 lakhs (approximately) were sold on consignment account to different sales emporia and Government departments and the amount remained unrealised up to the 31st March, 1963. The up-to-date position of realisation could not be ascertained in view of the incompleteness of records.

Debit for Rs. 2.42 lakhs (approximately) on account of goods supplied to the various departments of Government up to 1962-63 also remained unadjusted (March, 1963). Further supplies worth Rs. 2.38 lakhs (approximately) were made to them during 1963-64. Sales figures for the subsequent period were not made available to Audit.

(6) Stock verification : Physical verification of finished products, raw material, dead stock and other accessories lying at different centres as on the 31st March, 1965 was not conducted. Verification report for 1963-64 was not also made available to Audit. Physical verification revealed a shortage of goods valued Rs. 3,614 in 1961-62 and so also the verification report disclosed damaged and shop-soiled goods worth Rs. 5,884 in 1962-63. Action taken in this regard is not known (October, 1965).

(7) Outstanding adjustments : Sums of Rs. 64,850 and Rs. 25,305 drawn through abstract contingent bills between December, 1961 and March, 1965 are lying unadjusted for want of detailed contingent bills and payees' stamped receipts.

(8) Miscellaneous : (a) Goods worth Rs. 971 were found lost on account of theft at the Nabadwip Industrial Centre on the 23rd November, 1963. Though the matter is still under departmental investigation (October, 1965) the value of the stolen goods was written off without obtaining orders from the competent authority.

(b) In one centre the undernoted articles were removed from the stock balance on the ground of being 'completely wasted' without any write-off orders:

Duster	..	101 pieces.
Shirtings	..	75 yards
Mosquito curtain	..	25½ ..

Value of the goods was not recorded in the stock register.

(c) Shop-soiled, damaged and sub-standard goods valued at Rs. 1.16 lakhs (approximately) were lying at Fulia, Nabadwip, Bankura and Mugberia Centres.

The reasons for such huge damage and spoilage were mainly attributable to defective storing arrangement.

DEPARTMENT OF COTTAGE AND SMALL SCALE INDUSTRIES

144. *Sales emporia* : Government set up a sales emporium in Calcutta in June, 1951 and four branches thereunder including one at Howrah between August, 1955 and December, 1956, with the object of

- (i) popularising and marketing of handloom, silk goods and other handicrafts ;
- (ii) eliminating the middlemen by purchasing direct from the producers ;
- (iii) propaganda and display of cottage industries products for promotion in the internal and export markets.

The main emporium and its Grand Hotel branch were closed down in 1962; but another emporium was set up at Lindsay Street (Calcutta) in December, 1960.

A review of the working of these sales emporia during 1963-64 and 1964-65 has brought out the following important points :

(a) Purchases : During June, 1963 to March, 1964 and 1964-65 purchases made from producers' co-operatives worked out to 27% and 29% respectively while purchases from middlemen accounted for 43% and 57% respectively which ran contrary to one of the objects of setting up of emporia.

(b) Promotion of exports : The promotion of marketing and development of cottage industries in the internal as well as export markets was originally contemplated.

No steps have, however, been taken for export of cottage industries products as originally envisaged.

(c) Fixation of selling prices : Sales prices are fixed after levying the following overhead charges on the purchase price:—

Handicrafts	25%
Silk goods	25%
Textile goods	15% on co-operative goods 10% on non-co-operative goods

These percentages were fixed ad-hoc in July, 1963; but no subsequent review has been made. In some cases the levy of overhead charges fell short of these prescribed percentages as indicated below :

Handicrafts 10% (in respect of Bengal Ceramic goods).

Textile goods 10% (in respect of Apex Co-operative goods).

Textile goods 6½% (in respect of Industrial Centre goods).

(d) Accounts : The *pro forma* accounts of the main sales emporium and its branches for the years 1958-59 to 1961-62 were submitted (August, 1962) to Audit but were not accepted in the absence of Government orders regarding non-preparation of *pro forma* accounts for the periods prior to April, 1958.

There is also no effective internal audit arrangement.

(e) Financial results : The books of accounts have not been maintained on commercial basis. The working results of the main emporium and its branches as worked out in audit from different account records indicate recurring deficits as shown below :

Unit	Surplus (+)/deficit (-)		
	Up to 1962-63	1963-64	1964-65
	Rs.	Rs.	Rs.
Main emporium	(-)3,63,788	..	..
Shambazar branch	(-)18,065	(-)20,895	(-)3,138
Howrah branch	(-)41,151	(-)16,821	(-)5,997
Ballygunge branch	(-)11,801	(-)19,483	(+)625
State sales emporium (Lindsay Street) ..	(-)14,153	(+)115	(-)33,915

These figures do not include *prorata* charges on account of the expenditure incurred by the Superintendent of Sales Emporia and the Director of Industries.

(f) Irregularities, losses, etc. : (i) Physical verification of stock (conducted annually) at the main and different branches of the emporia indicated a total shortage of Rs. 2.10 lakhs as shown below :—

	Period	Amount
		Rs.
Main emporium	Up to 1962-63	1,61,990
Branch emporia	Up to 1963-64	47,555
	Total	2,09,545

Neither any responsibility for the huge shortage was fixed nor the same regularised under orders of the competent authority (June, 1965). The results of physical verification for 1964-65 though completed were not made available to Audit (November, 1965).

(ii) A portion of the premises of the sales emporium, Ballygunge, has been occupied by two parties (Co-operative bodies) since July, 1955. But no rent and electricity charges have ever been recovered from them which amounted to Rs. 13,000 (approximately) upto December, 1964.

(iii) Sale-proceeds are utilised by the different sales emporia for meeting day-to-day contingent expenditure without any authority therefor. This expenditure remains unaccounted for in the cash book till a later date. Thus the cash book balance at the end of the day does not tally with the physical cash balance.

Sale-proceeds are allowed to be accumulated instead of being remitted quickly.

(g) Outstanding dues : No authority for credit sale of goods by the sales emporia to private parties appears to exist. Dues receivable from private parties including Government Undertakings and Corporations upto the year 1964-65, however, amounted to Rs. 48,887 in respect of the Lindsay Street branch only as shown below :—

	Upto— 1962-63	1963-64	1964-65
	Rs.	Rs.	Rs.
Private parties .. .. .	..	13,053	3,390
Government Undertakings and Corporations ..	13,995	9,111	9,338

Dues from other departments of Government amount to Rs. 53,737.

(h) Unsettled audit objections : 38 paragraphs of Inspection Reports for the period 1953-54 to 1959-60 relating to the main sales emporium (now defunct) are yet to be settled.

Replies to Inspection Reports pertaining to the period from May, 1961 to March, 1964 are awaited from the Directorate of Industries (June, 1965).

145. *Building lying vacant* : A canteen building (having a covered area of 16,300 sq. ft.) constructed at a cost of Rs. 1.85 lakhs in the Industrial Estate, Kalyani, was advertised in November, 1962 for being 'let out'. The department took over the building in March, 1963, in condition ready for occupation. They gave up their initial idea of running the canteen on a co-operative basis due to poor response from the industrial workers and finally decided (February, 1964) to allot the building to a private party or a co-operative body. The two eligible parties out of 27 applicants were allotted the building in February, 1964 and April, 1964; but none of them (from whom no earnest money was obtained) turned out to occupy it. Consequently the building remained vacant for about 2 years 3 months up to May, 1965 when it was occupied by the Government of India for purposes other than catering. Calculated at the prevailing fair rent of Rs. 1,000 per month there has been a loss of about Rs. 27,000 as rent up to that period.

All these centres are running at a loss which is stated to be Rs. 16.96 lakhs, upto the end of the year 1964-65. The figures could not, however, be verified in audit in the absence of *pro forma* accounts outstanding since inception *viz.* 1956-57.

DEVELOPMENT AND PLANNING DEPARTMENT

148. *Machines lying unused:* The Oriental Gas Company's Undertaking imported in June, 1962 a big booster at a cost of about Rs.40,000 for the purpose of boosting up the storage capacity of the Sealdah Gas Works. When the Company started getting supply of gas from the Durgapur Gas Grid (August, 1963) it was decided to use the booster as a stand-by arrangement in case of temporary cessation of gas supply from the Grid in addition to the three boosters already kept by the Company in working condition. One 220 H. P. motor was also purchased in November, 1963 at a cost of Rs.29,000 for the purpose. The booster could not, however, be installed as the gas-holder of the Sealdah Gas Works was found worn out. The machine as well as the motor is still lying idle (December, 1965).

FOOD AND SUPPLIES DEPARTMENT

149. *Schemes for State Trading on rice and paddy and wheat and wheat products:* In paragraph 93 of the Audit Report, 1965, mention was made of non-submission of *pro forma* accounts on the Schemes for State Trading on rice and paddy and wheat and wheat products for the years from 1961-62 to 1963-64. The accounts for 1961-62 were received in October, 1965 and those for the subsequent 3 years upto 1964-65 are still awaited (January, 1966). In the absence of these accounts no accurate assessment of financial results could be made. The receipts and expenditure position during 1963-64 as per records of the Account Office is as follows :

	Expenditure	Receipt
	(In lakhs of rupees)	
Purchase, transport and storage of rice and paddy ..	12,00.47	12,34.25
Wheat and wheat products	13,37.95	11,53.03
Establishment charges	1,40.56	..
Total ..	26,78.98	23,87.28

The excess of expenditure over receipts during the year thus amounted to Rs.2,91.70 lakhs.

A test-check of the transactions during 1963-64 has revealed the following irregularities :

(A) Purchases and movement of stocks: (i) Total purchases of rice and wheat (Rs. 16,22.90 lakhs) during the year were not reconciled with the stock held by the stock holding officers. Similarly purchases during 1962-63 valued Rs.12,45.59 lakhs also remained unreconciled.

(ii) 0.96 lakh tonnes of rice were transferred from headquarters to stock holding offices in the districts but there was no record to watch centrally the receipt of stocks by consignees. A test-check revealed that in one month 7.04 lakh Kgs. of

rice valued Rs.4.32 lakhs and 0.28 lakh Kgs. of wheat valued Rs. 11,000 did not reach the concerned stock holding offices. There was also no acknowledgment from the stock holding offices for 1,44.76 lakh Kgs. of rice valued Rs.95.34 lakhs and 20.74 lakh Kgs. of wheat valued Rs.7.79 lakhs.

(iii) 22 lorry loads of rice were received by certain stock holding offices, but in the absence of invoices of despatch the actual quantity despatched could not be verified. Similarly the receipt of 16,580 quintals of rice valued Rs.10.94 lakhs direct from the Central Government godowns in a month could not also be linked up with the despatches in the absence of despatch statements.

(B) Sales : (i) Rice and wheat sold during the year amounted to Rs.14,77.25 lakhs. But in the absence of records showing the quantity of rice and wheat actually issued for sale, the sale-proceeds could not be verified to see how far the sales were made in the most economical manner and whether there was any loss in transit.

(ii) It was, however, noticed that the movement of foodgrains was not planned properly to ensure utmost economy though the movement of foodgrains to the districts is controlled by a central authority. Some of the instances are cited below :

- (a) Out of 3,159 wagon loads of rice only 725 wagons were sent direct to the districts from the Central Government godowns. The remaining wagon loads of rice was brought from the Central Government godowns to the Government godowns at Calcutta and thereafter sent to the districts. An avoidable expenditure of Rs.0.62 lakh was incurred on labour and transport charges on this account.
- (b) During June-July, 1963 about 28,180 quintals of wheat and 11,205 quintals of rice and paddy were despatched by Railway from Government food depots in Calcutta to different districts. On the dates of such despatch the concerned depots in Calcutta also received similar quantities of foodgrains from the docks/rail heads. Had the districts been served with the stocks direct from the rail sidings at the docks (as had been done on several other occasions)/rail heads instead of from the depots, there would have been a saving of about Rs.0.50 lakh in transport and labour charges for carrying the stocks from the docks/rail heads to the depots and again from the depots to the railway station for despatch to the districts.
- (c) Stocks were not lifted from the depot nearest to the rail heads wherein requisite stocks were available. In a month this resulted in an extra transport cost of about Rs.13,000.

(C) Godown and transit shortages : (i) No consolidated records are maintained to indicate (a) total godown and transit shortages during the year, (b) amounts recoverable from contractors for such shortages, (c) amounts written-off and (d) shortages for which Government officials were responsible.

(ii) During the year transit losses beyond permissible limits amounting to Rs.24,882 occurred in 56 cases of transfer of stock from one Calcutta depot to another and in 142 cases of transfer from Calcutta to districts involving 2.39 lakh Kgs. of rice valued Rs.1.57 lakhs. In addition 0.84 lakh Kgs. of wheat valued Rs. 31,495 were also lost in transit in 47 cases of transfer from Calcutta to districts.

(iii) Shortages were also noticed in cases of despatches in seals-in-tact wagons. A test-check revealed that in 60 wagons of foodgrains received from outside the State about 0.85 lakh Kgs. of rice valued Rs.0.56 lakh (approximately) were lost in transit.

(iv) In one Calcutta godown 1.41 lakh Kgs. of rice valued Rs. 0.92 lakh was found short. Reports from the districts indicated godown shortages of 1.96 lakh Kgs. of rice valued Rs. 1.29 lakhs.

(v) 0.72 lakh Kgs. of rice lying in different godowns have become unfit for human consumption. The matter has not yet been investigated and responsibility fixed.

(D) Other irregularities : (i) The department failed to utilise the railway wagons placed at their disposal within the prescribed time and a sum of Rs.17,255 had to be forfeited on this score. The expenditure was apparently fruitless.

(2) Railway freight was paid both at the despatch and receiving ends due to non-receipt of the railway receipts at the destination station in time. The excess amount paid (Rs.25,096) has not yet been recovered from the Railway (November, 1965).

(3) Certain concession in freight charges is available to the department if 22,000 Kgs. of food-stock is despatched in one wagon. This benefit was lost due to failure to book the required quantity of stock per wagon in a few cases as the contractors did not lift the stock in time. Neither any responsibility in the matter has been fixed nor any recovery made.

(4) Rent and incidental charges are imposed by the Government of India for non-lifting of stock from their godowns in time. A sum of about Rs.13,000 had to be paid on this account in thirteen cases noticed by Audit. Neither any responsibility has been fixed in this connection nor any recovery made from the contractors concerned.

150. *Irregularities in the grant of refraction allowance to rice mills* : The department used to procure paddy from growers and agents on full payment and supply them to rice mills against advance payment, for conversion into rice. It was pointed out in paragraphs 2 (b) below Grant No. 36 of the Appropriation Accounts, 1947-48 (post-partition) and 54 of the Audit Report, 1953 that the outstanding dues from the rice-millers in Calcutta on account of non-payment for paddy were not susceptible of verification as the ledger accounts maintained for the period from the 15th August, 1947 to the 11th June, 1948 by the department were not dependable. In reply the department stated in November, 1956 that it had been decided to reconstruct the accounts of the parties. The accounts of only 64 mills out of 76 mills were finalised by the department by September, 1961. The accounts of the remaining 12 mills are still awaiting finalisation (October, 1965)—9 years after their assurance to the Public Accounts Committee.

The accounts so far finalised have revealed that refraction allowance upto 35 per cent, of the paddy supplied had been allowed to these mills on account of existence of foreign elements in the paddy. A sum of Rs. 3.32 lakhs had been allowed on this account. But there was nothing on record to indicate that corresponding reduction in the price of paddy procured from growers and agents had been obtained.

The following points were also noticed :—

- (a) As per orders the mills could claim refraction allowance only if the foreign materials were more than 3 per cent. in which case the excesses over 3 per cent. were to be allowed. It was, however, noticed that the allowance was granted for the total foreign materials. This resulted in excess payments of about Rs. 2.39 lakhs.
- (b) Allowance upto 10 per cent. was granted on refractions determined by an officer who was neither technically qualified nor specifically empowered by Government to do so. Total allowance granted by this officer amounted to Rs. 0.72 lakh.
- (c) Allowance above 10 per cent. amounted to Rs. 0.21 lakh for which the reports of the technical branch fixing the percentage could not be produced to Audit.

151. *Outstanding godown rent* : Out of the 263 godowns owned by the department in Calcutta and Siliguri, 89 godowns were let out to other departments and to the Government of India. A sum of Rs. 45.27 lakhs, as shown below, is stated to be recoverable from the parties concerned on account of the rents and taxes for the period up to August, 1964 :—

Name of the parties	Amount due
	(In lakhs of rupees)
Government of India	21.27
Other departments of Government ..	24.00
Total ..	45.27

No debit for the amount has yet been raised (December, 1965) though some of them relate to very old period, as far back as February, 1956. The rent of a godown let out (April, 1959) to the Tribal Welfare Department has not also been assessed as yet (December, 1965).

In the absence of a consolidated register showing the particulars of the godowns prior to 1962-63, the basis on which the rents still to be realised has been calculated is not known to Audit.

152. *Uneconomic maintenance of the Calcutta Transport Fleet* : During the period from December, 1963 to September, 1964 the Calcutta Transport Fleet of the department of Food and Supplies consisted of 80 vehicles (excluding motor cycles) and the total expenditure on the maintenance of the fleet came to about Rs. 7.35 lakhs as detailed below :—

	(In lakhs of rupees)
Establishment ..	5.35
Spare parts ..	0.27
Petrol and oil ..	1.06
Contingencies ..	0.67
Total	7.35

Out of 3.17 lakh miles estimated to have been run by the vehicles for departmental purposes during the period 1.04 lakh miles (about 33 per cent.) were empty mileage run between garage and places of duty. Out of the effective 2.13 lakh miles run, 0.23 lakh miles were for carrying 44,471 bags of foodgrains and the remaining (1.90 lakh miles) were for carrying officers of the department.

Evaluating the cost of carriage of foodgrains at the rate payable to contractors and of carrying officers at the rate of taxi hire, the cost of services rendered by the Fleet came to Rs. 0.64 lakh and Rs. 1.84 lakhs respectively. The Fleet also earned hire charges of Rs. 0.90 lakh for vehicles let out to other departments and Rs. 0.26 lakh as charges for services rendered by its workshop. Thus the total value of services rendered came to Rs. 3.64 lakhs against a total expenditure of Rs. 7.35 lakhs.

The following points were also noticed in audit :—

- (a) 1.74 lakh litres of petrol (Rs. 1.33 lakhs) were issued during the period, but proper check on its consumption was not maintained, as may be seen from the following :—
 - (i) Most of the vehicles (numbering 66) had no milometers in working condition to check the distance travelled.
 - (ii) Consumption of petrol (Rs. 0.40 lakh) in excess of the approved average rate was not investigated and responsibility fixed for the loss.
- (b) There was no systematic cost control in the repair workshop as would be seen from the following :—
 - (i) No cost estimates were prepared even for major repairs. For minor repairs even job cards were not maintained.
 - (ii) No certificates of satisfactory completion of jobs were issued and major repair works were being undertaken frequently for the same vehicles (18 cases).
- (c) The rates for hire charges for departmental vehicles fixed in March, 1949, have not been revised although since then there has been much increase in the running cost of vehicles; the increase in current cost of petrol alone over that prevalent in March, 1949, consumed in the vehicles hired out during the period amounted to Rs. 0.26 lakh. After this was pointed out in audit, the rates were revised in November, 1965 to almost double the rates prevalent previously.
- (d) Hire charges and other dues were not recovered promptly. The outstanding dues relating to the period upto October, 1965 were Rs. 3.75 lakhs out of which Rs. 2.73 lakhs related to periods from 1953-54 to November, 1963.
- (e) Purchase orders for spare parts were split up apparently to avoid sanction of higher authorities. An assistant and a majdoor were employed wholly everyday in a departmental jeep for day to day purchase of spare parts costing Rs. 0.54 lakh during the period. An expenditure of Rs. 6,116 was incurred in 10 months on their pay and allowances and cost of petrol besides the wholetime use of a jeep.

153. *Loss due to delay in imposition of revised selling rates of rice* : The selling rate of a certain variety of rice was enhanced from 66 paise to 68 paise per kilogram with effect from the 22nd February, 1965. The order enhancing the price was issued on the same date, but in two (Hooghly and Barrackpore) out of the three statutory rationing areas the increased price could be charged only from the 26th and the 27th February, 1965. This has resulted in a loss of Rs. 7,300 which awaits regularisation (December, 1965).

Government have stated (December, 1965) that the enhanced rate could not be enforced from the due date owing to belated receipt of the orders in the respective offices.

CHAPTER X

Grants-in-aid

EDUCATION DEPARTMENT

154. *Non-recovery of grants found inadmissible* : Out of the total grant of Rs. 59,696, paid during 1963-64 to the Jodhpur Park Girls' School by the Director of Public Instruction for meeting the deficit in the expenditure on pay and allowances of teachers and contingencies, a sum of Rs.33,951 has become recoverable, as shown below; no amount has been recovered so far (January, 1966).

Section of school	Remarks
Secondary and Higher Secondary	The amount paid was Rs. 54,889. The actual deficit during the year was Rs. 37,598. On this basis and after adjusting the excess grant of Rs. 11,853 paid during 1962-63, the amount admissible works out to Rs. 25,745 only.
Nursery	A grant of Rs. 4,807 was paid. There was actually no deficit during 1963-64. Hence, the entire amount is recoverable.

155. *Non-utilisation of grants* : (a) Grants amounting to Rs. 28,500 were paid to the Asiatic Society, Calcutta, during 1963-64 for different purposes such as publication of manuscripts of historical interest, publication of catalogue, research, etc. The amount has neither been spent nor refunded so far (September, 1965).

The Society had large unspent balance amounting to Rs. 1.51 lakhs out of grants received during the past years (1942 to 1964) for the same purposes. Out of this amount sums aggregating Rs. 0.55 lakh had been invested by the Society in various securities while the balance of Rs. 0.96 lakh was diverted to the General Fund of the Society to meet deficits thereof without authorisation from Government. A sum of Rs. 0.28 lakh was received as interest on these balances.

(b) A grant of Rs. 12,500 was paid to the Institute of English during 1962-63 for purchase of certain equipment. All the equipment except a film projector has been purchased for Rs. 3,831. Government stated in January, 1966 that the balance amount of Rs. 8,669 would be spent during 1965-66 for the purchase of the film projector.

156. *Non-recovery of overpayment, delay in utilisation of grants, etc* : The Don Bosco Polytechnic was paid non-recurring grants-in-aid amounting to Rs.10 lakhs during the period from March, 1960 to March, 1963 for construction of buildings, purchase of furniture, equipment, etc. The amount remained unutilised for a long period (no expenditure was incurred upto April, 1962 and Rs. 7.01 lakhs was spent in 1962-63); on an average, about Rs. 2 lakhs remained invested in short-term deposits in a private bank. Interest received thereon amounting to Rs. 22,358 was not taken into account by the department while sanctioning the deficit maintenance grant for 1963-64; this resulted in an overpayment of about Rs. 20,000 to the institution and this has not been recovered.

LOCAL SELF-GOVERNMENT DEPARTMENT

157. *Overdrawal of subventions* : A sum of Rs. 11.31 lakhs is outstanding (December, 1965) for recovery from municipalities and the Chandernagar Municipal Corporation on account of overdrawals of Government subventions for raising the emoluments of the municipal/corporation employees (Rs. 11.15 lakhs against 33 municipalities and one corporation) and for payment of dearness and extra dearness allowance to them (Rs. 0.16 lakh against 15 municipalities). A year-wise analysis of the outstanding amount is given below :

Year of drawal	Amount (In lakhs of rupees)
1959-60 ..	1.92
1960-61 ..	1.55
1961-62 ..	3.22
1962-63 ..	3.62
1963-64 ..	1.00

The subvention for raising the emoluments is paid monthly by Collectors on presentation of detailed bills by the municipalities/corporation. The payment is restricted to 90% of the amount claimed so as to guard against any overpayment. The final payments are determined on the basis of accounts audited by the Examiner of Local Accounts. The subvention for dearness allowance is paid on the basis of actual strength of the full-time staff during each month or the sanctioned strength of such staff as on the 31st March, whichever is less and that for extra dearness allowance is paid on the basis of actual strength of the full-time staff during each month subject to the condition that such subvention for each employee should not exceed two-thirds of the sum not exceeding Rs. 5 by which his emoluments (pay, dearness allowance and other allowances of the nature of pay) fall short of Rs. 100 per month.

It has been noticed by the Examiner that the overdrawal of subvention in respect of ineligible persons or on the basis of ineligible portion of the emoluments of the employees has become a recurring feature and that there are delays in the recovery of the amounts. The position has been mentioned in successive Audit Reports since the Audit Report, 1962. Only a sum of Rs. 3,000 has so far been recovered (December, 1965).

EDUCATION AND COTTAGE AND SMALL SCALE INDUSTRIES DEPARTMENTS

158. *Unutilised grants* : In the following cases non-recurring grants-in-aid paid to certain institutions were not utilised for long periods, nor have the unutilised grants amounting to Rs. 2.57 lakhs been refunded to Government.

Sl. No.	Name of institution, amount of grant paid (and year of payment)	Purpose of grant	Amount remaining unutilised (and month and year) Rs.	Remarks
EDUCATION DEPARTMENT				
1.	Jodhpur Park Girls' Multipurpose School— Rs. 51,777 (1962-63)	Purchase of furniture and equipment.	51,586 (March, 1964)	The amount is stated (February, 1966) to have been spent during 1964-65 and 1965-66.
2.	Ramkrishna Sarada Mandir, Sarisa (District 24-Parganas) Rs. 7,500 (January, 1960 to March, 1964)	Purchase of equipment.	4,788 (January, 1966)	
3.	Maharaja Nripendra Narayan Higher Secondary and Multipurpose School, Cooch Behar (i) Rs. 21,875 (1962-63) (ii) Rs. 99,062 (1962-63)	(i) Purchase of equipment (ii) Construction of building	(i) 21,873 (March, 1965) (ii) 52,467 (March, 1965)	
4.	Rural libraries in Birbhum District Rs. 56,000 (April, 1959 to May, 1962)	Construction of buildings and purchase of furniture, etc.	5,000 (January, 1966)	The amounts were drawn by the District Social Education Officer as sanctioned and kept in Postal Savings Bank Account in the name of the Advisory Council for payment to the libraries as and when required.
5.	Junior Technical School, Hooghly Rs. 5.10 lakhs (July, 1960 to March, 1962)	Construction of buildings and purchase of equipment.	73,040 (March, 1965)	
6.	Junior Technical School, Jalpaiuri Rs. 2 lakhs (1963-64)	Purchase of equipment.	1 lakh (March, 1965)	

Sl. No.	Name of institution, amount of grant paid (and year of payment)	Purpose of grant	Amount remaining unutilised (and month and year) Rs.	Remarks
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DEPARTMENT OF COTTAGE AND SMALL SCALE INDUSTRIES

7.	West Bengal State Handloom Weavers' Co-operative Society Limited— Rs. 2.20 lakhs (March, 1963)	Establishment of a dyeing, bleaching and finishing plant	2.20 lakhs (July, 1965)	In addition to the grant a loan of Rs. 4.40 lakhs was also paid to the Society in June, 1963, of which Rs. 3.22 lakhs remained unutilised (July, 1965). The unutilised amounts were kept by the Society in fixed deposit account with a bank.
----	--	--	----------------------------	---

It has been stated by Government that the above loan and grant of Rs. 6.60 lakhs has since been fully spent (January, 1966).

CHAPTER XI

Outstanding Objections and Inspection Reports

159. *Outstanding audit objections* : The irregularities and defects noticed in Central Audit are reported to the departmental authorities. Half-yearly reports of outstanding audit objections are also forwarded to the Heads of Departments for taking necessary steps to expedite their settlement. According to the standing orders of Government issued in August, 1957, each department is required (i) to take effective steps for prompt settlement of audit objections and communicate the progress of clearance to Audit within 3 months of receipt of the objection statements and (ii) to maintain a register of outstanding items for watching their clearance. The register is to be subjected to inspection by an officer (not below the rank of Deputy Secretary) nominated for the purpose. But no such report of the progress of clearance has ever been furnished by the Heads of Departments to Audit nor was any register for watching clearance of objections made available during local audit.

The amount covered by audit objections relating to the period up to the 31st March, 1965, remaining outstanding up to the 30th September, 1965, was Rs.34.91 crores involving 12,003 items. The objections (Rs.19.02 crores involving 2,631 items) on account of (i) want of sanctioned estimates, (ii) excess over sanctioned estimates and (iii) unvouched outlay on works have been dealt with in paragraph 67 of Chapter V.

The table given below indicates that the number of outstanding objections has been on the increase from year to year :

	Number of items and amounts shown as outstanding in the—		
	Audit Report, 1964	Audit Report, 1965	Present Report, 1966
Number of items outstanding	9,865	11,758	12,003
Amount involved	28.11	33.96	34.91
<i>(In crores of rupees)</i>			

The nature of objections and the departments with heavy outstandings have been shown in Appendix XVII.

2,718 objections involving Rs. 3.55 crores pertain to 1961-62 and earlier years, the oldest item dating back to 1948-49.

Of the total amount of objections, an amount of Rs.71.73 lakhs pertains to objections on account of non-submission of detailed contingent bills to Audit. In respect of amounts drawn as advances by disbursing officers on "abstract" bills for contingent expenditure detailed accounts countersigned by the controlling authority have to be furnished to Audit in the month following the month of drawal of the

advance. A year-wise analysis of the objections on this account is given below:

Year			Number of outstanding items	Amount (In lakhs of rupees)
1961-62 and earlier years	--	--	248	11.40
1962-63	--	--	103	4.92
1963-64	--	--	149	5.08
1964-65	--	--	814	50.33
		Total	1,314	71.73

An advance of Rs. 49,327 was drawn by the Director of Publicity, West Bengal in March, 1960 in connection with Government's participation in the World Agriculture Fair held in New Delhi. No detailed bills and vouchers have yet been furnished (November, 1965) against this advance inspite of reminders.

In the absence of the detailed bills, Audit has been handicapped in fulfilling its responsibilities since the authority for the expenditure, evidence of payments having been actually made and the nature of the expenditure have not been made available to it. Non-submission of the bills in time would allow scope for fraud, defalcation and other serious irregularities.

Objections amounting to Rs.1,94.18 lakhs are outstanding due to non-submission of vouchers and stamped receipts of payees ; some of the objections date back to 1955-56. A year-wise analysis of these objections is given below :

Year			Number of outstanding items	Amount (In lakhs of rupees)
1961-62 and earlier years	..	..	184	10.28
1962-63	..	..	163	27.28
1963-64	..	..	350	29.58
1964-65	..	..	1,108	1,27.04
		Total	1,805	1,94.18

160. *Outstanding Inspection Reports* : (a) Important irregularities and defects in the accounts noticed during local audit and inspection are included in the Inspection Reports which are sent to departmental officers and also to the Heads of Departments. It is necessary that the points raised in the reports should be settled as expeditiously as possible if the object of the inspections is to be fully achieved. Unless such reports receive prompt attention, there is likelihood of the irregularities persisting.

There has, however, been considerable delay in the settlement of outstanding Inspection Reports. As many as 5,993 Inspection Reports (containing 24,966 paragraphs) issued up to the end of March, 1965 remained unsettled as on the 30th

September, 1965. The number of Inspection Reports and paragraphs which have remained unsettled for considerably long periods are indicated below :

	No. of Reports outstanding in these Reports-	No. of paragraphs outstanding in these Reports-
Issued up to the 31st March, 1960 (more than 5 years back)	1,503	4,273
Issued between the 1st April, 1960 and the 31st March, 1963 (more than 2 years but less than 5 years back).	2,329	9,720

The matter has been reported to Government from time to time. The number of outstanding Inspection Reports has, however, been on the increase as shown below:

	No. of Inspection Reports shown as outstanding in the					
	Audit Report, 1961	Audit Report, 1962	Audit Report, 1963	Audit Report, 1964	Audit Report, 1965	Present Report, 1966
No. of Inspection Reports outstanding.	3,085	3,562	3,741	4,251	5,108	5,993
No. of paragraphs in these Reports.	12,910	15,180	16,573	17,657	23,278	24,966

(b) The departments with comparatively heavy outstandings for more than 5 years/2 years as at the end of September, 1965 are shown below :

Name of the department	No. of Reports and paragraphs therein outstanding for more than 5 years		No. of Reports and paragraphs therein outstanding more than 2 years	
	Reports	Paragraphs	Reports	Paragraphs
(1) Agriculture	94	204	265	672
(2) Commerce and Industries ..	58	453	164	1,256
(3) Cottage and Small Scale Industries	70	255	90	459
(4) Education	56	179	199	526
(5) Famine Relief	74	178	99	365
(6) Food	106	225	89	360
(7) Health*	103	265	179	869
(8) Refugee Relief and Rehabilitation.	447	930	288	974
*(Position as at the end of December, 1965.	68	149	148	547

(c) 27 departments have not furnished (November, 1965) even the first replies to 6,740 paragraphs included in 995 Inspection Reports issued up to the end of March, 1965.

(d) The important types of irregularities noticed in local audit and inspection during 1964-65 are mentioned in Appendix XVIII.

Calcutta:

S. C. BHATTACHARYA,

The.....1966

Accountant-General, West Bengal.

Countersigned

New Delhi :

A. K. ROY,

The.....1966

*Comptroller and Auditor-General of
India.*

*List of Appendices**Page*

APPENDIX—I	Statement of outstanding utilisation certificates awaited at the end of February, 1966 in respect of loans paid by Government up to the 31st March, 1965.	128-129
APPENDIX—II	Statement showing analysis of utilisation certificates awaited as in October, 1965 in respect of grants-in-aid paid by Government up to the 31st March, 1964.	130-131
APPENDIX—III	Particulars of projects costing more than Rs. 1 crore in respect of which financial stock-taking reports have not been received.	132
APPENDIX—IV	Statement showing particulars of grants/appropriations in which supplementary provision was obtained and the extent to which it was utilised.	133-137
APPENDIX—V	Statement showing savings under voted grants.	138-141
APPENDIX—VI	Statement showing some major schemes, items, etc., where the provision remained wholly or substantially unutilised.	142-145
APPENDIX—VII	Third Five-Year Plan Schemes of the Department of Animal Husbandry and Veterinary Services.	146-150
APPENDIX—VIII	Statement showing the particulars of grants/appropriations where the unsurrendered savings were in excess of 10 per cent. of the provision and Rs. 1 lakh in each case.	151
APPENDIX—IX	Statement showing cases of losses, etc., written off during 1964-65.	152-155
APPENDIX—X	Statement showing cases awaiting investigation and write-off/recovery.	156-157
APPENDIX—XI	Statement of miscellaneous irregularities, losses, etc.	158-159
APPENDIX—XII	Statement showing details of misappropriation cases pending finalisation as on the 31st March, 1965.	160
APPENDIX—XIII	Statement showing particulars of works each costing more than Rs.10 lakhs executed without sanctioned estimates and those costing more than Rs.5 lakhs each, expenditure on which exceeded the sanctioned estimates by more than 10 per cent.	161-162
APPENDIX—XIV	Department-wise/year-wise analysis of unadjusted balances under "Suspense" and "Remittance" heads.	163

List of Appendices—Conold.

	<i>Page</i>
APPENDIX—XV List of wanting <i>proforma</i> accounts	164-168
APPENDIX—XVI <i>Proforma</i> accounts of certain Government commercial undertakings.	169-185
APPENDIX—XVII Statement showing the nature of audit objections outstanding as on the 30th September, 1965 and the departments with heavy outstandings.	186-187
APPENDIX—XVIII Important types of irregularities noticed in local audit and inspection during 1964-65.	188

(Referred to in

Statement of outstanding utilisation certificates awaited at the end of February, 1966,

Names of department	1950-51 to 1960-61		1961-62	
	No. of items	Amount	No. of items	Amount (In lakhs)
Local Self-Government	39	20.89	1	0.10
Health (Public Health)	10	13.46	5	12.67
Housing	17	17.02	8	2.31
Panchayat	10	1.46	—	—
Co-operation	32	46.36	5	5.72
Relief	7	0.78	—	—
Agriculture and Community Development	8	1.51	—	—
Cottage and Small Scale Industries	54	6.43	13	5.44
Development and Planning				
(Durgapur Industries)	—	—	—	—
Education	68	34.90	6	4.03
Home (Transport)	1	24.23	2	44.34
Refugee Relief and Rehabilitation ..	12	34.68	3	19.25
Fishery	—	—	—	—
Commerce and Industries	—	—	—	—
Total	258	2,01.72	43	93.86

*Besides, amounts of Rs. 36.67 lakhs (13 cases) and Rs. 14,59.90 lakhs (14 cases) Commerce and Industries Department

DIX I

paragraph 6)

in respect of loans paid by Government up to the 31st March, 1965

1962-63		1963-64		1964-65		Total	
No. of items	Amount	No. of items	Amount	No. of items	Amount	No. of items	Amount
<i>of rupees)</i>							
1	0.12	3	1.86	3	2.96	47	25.93
1	4.94	2	4.87	2	7.85	20	43.79
17	12.09	3	16.42	13	4.24	58	52.08
—	—	1	0.25	2	0.77	13	2.48
10	17.18	2	0.60	14	33.05	63	1,02.91
—	—	—	—	12	0.63	19	1.41
—	—	29	6.25	521	37.24	558	45.00
22	11.97	13	3.64	208	18.88	310	46.36
—	—	—	—	2	0.40	2	0.40
17	9.63	19	8.38	3	3.00	113	59.94
1	18.76	1	16.35	3	1,08.95	8	2,12.63
5	3.68	3	3.14	—	—	23	60.75
—	—	—	—	17	3.06	17	3.06
—	—	—	—	6	8,00.85	6	8,00.85
74	78.37	76	61.76	806	10,21.88	1,257	14,57.59*

pertaining to Department of Agriculture and Community Development and respectively are also outstanding.

APPEN

(Referred to in

Statement showing analysis of utilisation certificates awaited as in October, 1965,

Years of disbursement

Name of department	1956-57 to 1959-60		1960-61	
	No. of items	Amount	No. of items	Amount
				<i>(In lakhs)</i>
Education	—	—	197	39.11
Co-operation.. ..	34	19.56	9	5.17
Public Health	—	—	—	—
Relief and Social Welfare	—	—	—	—
Tribal Welfare	—	—	185	10.89
Total ..	34	19.56	391	55.17

DIK II

paragraph 14)

In respect of grants-in-aid paid by Government up to the 31st March, 1964

of the grants

1961-62		1962-63		1963-64		Total	
No. of items	Amount	No. of items	Amount	No. of items	Amount	No. of items	Amount
<i>of rupees)</i>							
389	92.42	65	137.82	792	344.27	2,029	613.62
12	15.69	28	18.43	54	24.55	137	83.40
—	—	—	—	36	11.45	36	11.45
—	—	—	—	26	5.13	26	5.13
147	9.72	175	8.73	279	11.83	786	41.17
543	117.83	854	164.98	1,187	397.23	3,014	754.77

APPENDIX III

(Referred to in paragraph 16)

Particulars of projects costing more than Rs. 1 crore in respect of which financial stock-taking reports have not been received

Name of the Project	Year of commencement	Estimated cost	Expenditure to the end of 1964-65
<i>(In lakhs of rupees)</i>			
1. Construction of a permanent bridge over the Teesta near Jalpaiguri	1963-64	1,52.00	1,09.97
2. Kangsabati Reservoir Project	1956-57	25,25.00	12,74.74
3. Improvement of Traffic condition near Howrah Railway Station Area	1964-65	1,15.00	2.00
4. Reclamation of Northern Salt Lake City Extension Scheme	1961-62	9,67.35	4,89.47
5. Kalyani Township Scheme ..	1952-53	6,00.00	1,38.01
6. Emergency Water Supply Scheme for the Calcutta Metropolitan district	1963-64	7,54.00	1,09.71
7. Calcutta Dum Dum Super Highway	1961-62	1,55.00	1,07.34

APPENDIX IV

APPEN

(Referred

Statement showing particulars of grants/appropriations in which supplementary pro-

Particulars of grant/appropriation.

Voted or
charged

(i) Grants/appropriations in which the supplementary provision proved entirely unnecessary.

18—Scientific Departments	..	..	..	..	Voted ..
21—Public Health	..	..	..	..	Charged
25—Co-operation	..	..	..	..	} Voted ..
33—Irrigation	..	..	..	..
35—Ports and Pilotage	..	..	..	..
40—Stationery and Printing	..	..	..	..	} Charged
42—Miscellaneous Contributions	..	..	..	..
43—Miscellaneous—Other Miscellaneous Expenditure	..	..	..	..	..
44—Miscellaneous—Expenditure on displaced persons	..	..	..	..	Voted ..
49—Capital Outlay on Public Works	..	..	..	..	Charged

DIX IV

to in paragraph 18)

vision was obtained and the extent to which it was utilised

Amount of grant/ appropriation		Total	Actual expenditure	Saving— Excess+	Percentage of saving/excess to the total grant/ appropria- tion.
Original	Supplement- ary				
<i>(In lakhs of rupees)</i>					
0.77	0.01	0.78	0.61	—0.17	21.8
..	0.02	0.02	..	—0.02	100.0
86.52	6.15	92.67	85.05	—7.62	8.2
0,54.96	1,96.23	11,51.19	0,35.71	—2,15.48	18.7
15.52	5.11	20.63	11.18	—9.45	45.8
96.41	2.48	98.89	88.52	—10.37	10.5
7.72	0.26	7.98	7.11	—0.87	10.9
4.08	3.24	7.32	2.79	—4.53	61.9
4,83.88	1,20.68	6,04.56	4,64.43	—1,40.13	23.2
0.50	2.90	3.40	0.12	—3.28	96.5

Particulars of grant/appropriation.	Voted or charged
(ii) Grants/appropriations in which the supplementary provision proved excessive and there was final saving of more than 5 per cent.	
2—Land Revenue	} Charged
11—Parliament, State and Union Territory Legislatures	
17—Miscellaneous Departments—Excluding Fire Services .. .. .	.. Voted ..
Do	} Charged
26—Industries—Industries	
31—Miscellaneous Social and Developmental Organisations—Welfare of Scheduled Tribes and Castes and other Backward Classes.	<i>Charged. .</i>
32—Miscellaneous Social and Developmental Organisations—Excluding Welfare of Scheduled Tribes and Castes and other Backward Classes.	} Voted ..
34A—Greater Calcutta Development Scheme	
50—Capital Outlay on Schemes of Government Trading	

(iii) Cases where supplementary grants/appropriations proved inadequate.

7—Stamps .. .. .	.. Voted ..
13—Administration of Justice .. .. .	.. <i>Charged</i>
19—Education .. .. .	.. Voted ..
34—Public Works .. .. .	.. { Voted .. } <i>Charged</i>

DLX IV (Concl'd.)

Amount of grant/ appropriation		Total	Actual expenditure	Saving— Excess+	Percentage of saving/ex- cess to the total grant/ appropria- tion
Original	Supplement- ary				
<i>(In lakhs of rupees)</i>					
0.25	0.66	0.91	0.79	-0.12	13.2
0.74	0.36	1.10	0.83	-0.27	24.5
1,80.21	92.57	2,72.78	2,38.84	-33.94	12.4
0.01	0.02	0.03	0.02	-0.01	33.3
0.02	0.94	0.96	0.64	-0.32	33.3
..	0.08	0.08	0.02	-0.06	75.0
1,38.18	18.90	1,57.08	1,40.06	-17.02	10.8
..	1,46.12	1,46.12	61.66	-84.46	57.8
25,63.34	18,41.05	44,04.39	36,84.77	-7,19.62	16.3
15.36	1.73	17.09	18.32	+1.23	7.2
38.19	2.95	41.14	41.56	+0.42	1.0
23,90.72	4,20.46	28,11.18	29,31.82	+1,20.64	4.3
12,61.57	2,29.84	14,91.41	19,28.72	+4,37.31	29.3
15.71	0.01	15.72	16.07	+0.35	2.2

(Referred to in

Statement showing savings

Serial No.	Number and name of the grant				
I. Cases where the savings amounted to 20 per cent. or more of the total grant.					
1	I—Interest on Debt and Other Obligations	..	..	..	..
2	18—Scientific Departments	..	..	..	..
3	23—Agriculture—Fisheries	..	..	..	..
4	24—Animal Husbandry	..	..	..	..
5	26—Industires—Industries	..	..	..	..
6	27—Industries—Cottage Industries	..	..	..	..
7	29—Community Development Projects, etc.	..	..	..	..
8	34A—Greater Calcutta Development Scheme	..	..	..	..
9	35—Ports and Pilotage	..	..	..	..
10	36—Road and Water Transport Schemes	..	..	..	..
11	41—Forest	..	..	..	..
12	43—Miscellaneous—Other Miscellaneous Expenditure	..	..	..	..
13	44—Miscellaneous—Expenditure on displaced persons	..	..	..	..
14	47—Expenditure connected with the National Emergency, 1962	..	..	..	..
15	48—Capital Outlay on Multipurpose River Schemes—Damodar Valley Project				

DIX V

paragraph 21)

under voted grants.

Total grant	Expenditure	Saving	Percentage of saving
<i>(In lakhs of rupees)</i>			
55.00	29.54	25.46	46.3
0.78	0.61	0.17	21.7
88.10	26.89	61.21	69.5
6,40.64	4,03.33	2,37.31	37.0
3,75.94	2,62.84	1,13.10	30.1
2,69.48	1,84.86	84.62	31.4
5,45.84	4,28.83	1,17.01	21.4
1,46.12	61.66	84.46	57.8
20.63	11.18	9.45	45.8
99.45	54.74	44.71	45.0
2,28.24	1,71.84	56.40	24.7
13,63.94	10,25.61	3,38.33	24.8
6,04.56	4,64.43	1,40.13	23.2
3,11.64	1,37.48	1,74.16	55.9
19,08.50	8,97.58	10,10.92	52.9

DIX V—(Concl.)

Total grant	Expenditure	Saving	Percentage of saving
<i>(In lakhs of rupees)</i>			
8,58.65	6,96.28	1,62.37	18.7
2,72.78	2,38.84	33.94	12.4
4,36.64	3,60.81	75.83	17.4
1,76.15	1,58.34	17.81	10.1
1,57.08	1,40.06	17.02	10.8
11,51.19	9,35.71	2,15.48	18.7
2,01.04	1,75.65	25.39	12.6
98.89	88.52	10.37	10.5
12,63.41	11,22.17	1,41.24	11.2
44,04.39	36,84.77	7,19.62	16.3

APPEN

(Referred to in

Statement showing some major schemes, items, etc., where

Number and name of grant	Description of schemes, items, etc.	Provision
<i>(In lakh)</i>		
2—Land Revenue	.. <i>Ad interim</i> compensation in lieu of acquired lands.	1,30.00
19—Education..	Grants to the Board of Secondary Education, West Bengal.	50.18
24—Animal Husbandry	.. Slaughter House	21.00
26—Industries—Industries	Establishment of undertaking for a 25,000 spindle cotton mill for spinning yarn (Establishment of a Second Unit of Kalyani Spinning Mills Ltd. at Habra).	42.21
27—Industries—Cottage Industries.	Rehabilitation of displaced goldsmiths ..	44.29
29—Community Development Projects, etc.	Training-cum-production centre ..	25.00
	Housing Schemes	22.18
30—Labour and Employment.	Employees' State Insurance Scheme ..	1,58.50
33—Irrigation ..	.. Land Development—Northern Salt Lake Polder Scheme.	20.00
41—Forest ..	.. Particle Board Plant at Siliguri ..	21.34

DIX VI

paragraph 23)

the provision remained wholly or substantially unutilised

Amount of saving	Percent- age of saving	Remarks.
<i>of rupees)</i>		
33.00	25.4	Less payment of compensation as many ex-intermediaries did not turn up in time to receive payment.
49.45	98.5	Reasons not furnished by the department.
21.00	100.0	Non-finalisation of land acquisition proceedings as a result of an injunction issued by the High Court.
24.00	56.9	Economy in expenditure ordered by Government.
35.35	79.8	Release of less assistance to goldsmiths due to paucity of staff to investigate the eligibility for assistance.
13.66	54.6	Late starting of a large number of Blocks owing to non-availability of qualified personnel.
17.37	78.3	Non-implementation of new works of construction of staff quarters owing to delay in obtaining expert technical advice.
44.78	28.3	Non-completion of construction of hospitals and non-payment of chemists' bills for want of adequate staff and late submission of bills.
20.00	100.0	Reasons not furnished by the department.
20.54	96.3	Non-finalisation of the proposal for want of foreign exchange.

Number and name of grant	Description of schemes, items, etc.	Provision
<i>(In lakhs</i>		
43—Miscellaneous—Other Miscellaneous Ex- penditure.	Slum Clearance	41.63
	Construction of houses under Rental Housing Scheme for State Government Employees	58.00
	Land Acquisition and Development Schemes	59.12
	Subsidised Industrial Housing ..	74.61
	Water Supply and Sanitation (Urban and Corporation).	29.00
44—Miscellaneous—Expen- diture on displaced persons.	Schemes for Colonisation	1,10.00
52—Loans and Advances by State and Union Terri- tory Government.	Loans under the National Water Supply and Sanitation.	14.75
	Loans to Durgapur Projects Ltd. ..	7,40.03

DIX VI (Concl'd.)

Amount of saving	Percent- age of saving	Remarks
<i>of rupees)</i>		
16.37	39.3	Non-allocation of proportionate charges from another group-head for want of sanction (Rs. 5.59 lakhs); reasons for the balance (Rs. 10.78 lakhs) not furnished by the department.
15.64	27.0	} Reasons not furnished by the department.
51.63	87.3	
19.17	25.7	Mainly late finalisation of land acquisition proceedings.
29.00	100.0	Non-purchase of pumps for the "Drainage Scheme" and non-transfer of scheme for silt clearances, etc., to Irrigation and Waterways Department by Calcutta Corporation.
44.24	40.2	Non-acquisition of land for certain schemes as also non-execution of certain development schemes for want of loans from the Government of India.
14.75	100.0	Non-drawal of loans by the municipalities.
1,47.38	19.9	Non-drawal of loan by the Durgapur Projects Ltd. for payment of interest to Government on borrowed capital due to its subsequent contemplation to meet such charges from the surplus revenues instead of by fresh borrowings.

APPENDIX—VII

(Referred to in paragraph 24)

Third Five-Year Plan Schemes of the Department of Animal Husbandry and Veterinary Services.

Sl. No. Name of the scheme, budget provision for 1961-65, expenditure incurred upto March, 1965 and object of the scheme	Remarks
a) Schemes the provisions for which remained wholly unutilised as the schemes were not implemented during 1961-65 :	
1. Establishment of a slaughter house in the district of Hooghly.	Proceedings for acquisition of land selected for the purpose have been suspended as applications have been filed by the land-owners in the High Court against the acquisition.
Budget provision . . . Rs. 75·39 lakhs. Object : To establish a slaughter house with arrangements for recovery of by-products and processing of meat.	
2. Improvement of hide flaying and carcass utilisation.	Sanctions for implementing the schemes have not been accorded as yet (February, 1966) and there are difficulties in acquisition of land.
Budget provision . . . Rs. 0·50 lakh.	
Object : Establishment of a large urban centre for flaying, curing and carcass utilisation in Calcutta to make best use of hide and carcass.	
3. Strengthening the staff of the Veterinary Directorate.	
Budget provision . . . Rs. 2·30 lakhs.	
Object : To strengthen the staff of the Directorate and establishment of regional offices for proper supervision of field staff.	

APPENDIX—VII (Contd.)

No. Name of the scheme, budget provision for 1961-65, expenditure incurred upto March, 1965 and object of the scheme	Remarks
<p>4. Strengthening of supervisory organisation in mufasil and headquarters (spill-over).</p> <p>Budget provision . . . Rs. 2·14 lakhs.</p> <p>Object : To open two more Range Offices for better supervision of field work.</p> <p>5. Construction of offices at range and district headquarters.</p> <p>Budget provision . . . Rs. 1·60 lakhs.</p> <p>Object : Construction of buildings at district headquarters for accommodation of regional offices.</p>	<p>Sanctions for implementing the schemes have not been accorded as yet (February, 1966) and there are difficulties in acquisition of land.</p>
<p>6. Expansion of Biological Product Station—Production of vaccine for B.Q.H.S., etc. and increase in the output of biological products.</p> <p>Budget provision . . . Rs. 5·78 lakhs.</p> <p>Object : Establishment of an organisation for manufacture of various biological products.</p>	<p>Serial Nos. 6 and 7 were amalgamated for reasons of economy and better co-ordination. The schemes were sanctioned by Government during 1964-65 and necessary staff recruited only in August, 1965.</p>
<p>7. Development of Veterinary Research Organisation (spill-over).</p> <p>Budget provision . . . Rs. 8·27 lakhs.</p> <p>Object : Establishment of a Central Research Organisation.</p>	

(b) Schemes the provision for which was utilised only partly :

1. Disease control—Rinderpest eradication—
- Establishment of twelve new check posts.
- Budget provision .. Rs. 2·74 lakhs
- Expenditure .. Rs. 0·83 lakh.
- Object : Establishment of twelve check posts on the inter-State borders of the State for prevention of entry of unprotected cattle from neighbouring States.
- The target was lowered to five check posts on the recommendations of the Central Rinderpest Control Committee in June, 1962. The five check posts have been established and started functioning from 1963-64.

APPENDIX—VII (Contd.)

Sl. No. Name of the scheme, budget provision for 1961-65, expenditure incurred up to March, 1965 and object of the scheme	Remarks
<p>2. Disease control—Rinderpest eradication— Field campaign and extension of field campaign.</p> <p>Budget provision .. Rs. 6·51 lakhs. Expenditure .. Rs. 5·71 lakhs.</p> <p>Object : 6 small units to be set up for follow-up work in the districts not away from State border for the protection and immunisation of left-over and new-born cattle.</p>	<p>The scheme has started functioning from 1964-65 in 6 units set up. Delay in implementing the sche- me was due to late sanction of the scheme by Government.</p>
<p>3. Central Medical Stores (spill-over).</p> <p>Budget provision .. Rs. 2·66 lakhs. Expenditure .. Rs. 1·20 lakhs.</p> <p>Object : To set up a central medical store under the Directorate for central- ised storage and distribution of medi- cines and allied products.</p>	<p>The store was set up and started functioning from 1961-62. Rs. 1 lakh provided for in the budget for construction of store build- ings could not be utilised for want of Government sanction. Provision for additional staff for the store also could not be utilised for the same reason.</p>
<p>4. Establishment of New Veterinary Aid Centres.</p> <p>Budget provision .. Rs. 12·09 lakhs. Expenditure .. Rs. 1·79 lakhs.</p> <p>Object : Establishment of 245 veteri- nary aid centres in development blocks.</p>	<p>113 centres sanctioned between April, 1963 and June, 1964 have been established upto August, 1965. The slow progress is due to delayed sanction of Government.</p>
<p>5. Establishment of Ambulatory Clinics.</p> <p>Budget provision .. Rs. 9·07 lakhs. Expenditure .. Rs. 3·07 lakhs.</p> <p>Object : To provide facilities of treat- ment to sick animals in rural areas, the scheme provides for establishment of 15 clinics.</p>	<p>6 clinics have been set up upto August, 1965. Non-release re qui- site number of chassis stands in the way of full implementation.</p>

APPENDIX—VII (Contd.)

Sl. No. Name of the scheme, budget provision for 1961-65, expenditure incurred upto March, 1965 and object of the scheme	Remarks
<p>6. Establishment of a Statistical Section of the Veterinary Directorate.</p> <p>Budget provision .. Rs. 0·63 lakh. Expenditure .. Rs. 0·12 lakh.</p> <p>Object : Establishment of a statistical section of the Veterinary Directorate for compilation of various statistics.</p>	<p>The section was sanctioned in 1962-63 and started functioning from June, 1962 with one qualified officer. After a few months the post became vacant and was filled up again only in February, 1965.</p>
<p>7. Veterinary Research Scheme.</p> <p>Budget provision .. Rs. 10·92 lakhs. Expenditure .. Rs. 5·57 lakhs.</p> <p>Object : Implementation of several research schemes relating to the leading veterinary problems of the State.</p>	<p>4 schemes await approval of the Indian Council of Agricultural Research. The scheme for investigation of humaturia disease in cattle in Darjeeling district has started functioning from 1963-64.</p>
<p>8. Immunisation against horse disease.</p> <p>Budget provision .. Rs. 0·79 lakh. Expenditure .. Rs. 0·12 lakh.</p> <p>Object : Establishment of a special unit for control of African horse disease as terrible and virulent epidemic.</p>	<p>The unit has been established. About 25,000 horses have been vaccinated upto August, 1965. As the scheme was sanctioned only in May, 1963 budget provisions made for 1962-63 and part of 1963-64 could not be utilised.</p>
<p>9. Construction of "A" class hospitals.</p> <p>Budget provision .. Rs. 9·03 lakhs. Expenditure .. Rs. 2·02 lakhs.</p> <p>Object : Improvement and construction of 9 "A" class veterinary hospitals.</p>	<p>One "A" class hospital has been established in 1963-64. Construction of two others has been mostly completed and of three others is in progress. The construction of three hospitals has not been started (August, 1965).</p>
<p>10. Construction of "B" class hospitals.</p> <p>Budget provision .. Rs. 11·88 lakhs. Expenditure .. Rs. 2·93 lakhs.</p> <p>Object : Improvement and construction of 14 "B" class hospitals.</p>	<p>7 hospital buildings have been constructed and construction of another is in progress. Six other hospitals have been established in hired accommodation.</p>
<p>11. Construction of Dispensaries in National Extension Service Blocks (spill-over).</p> <p>Budget provision .. Rs. 11·36 lakhs. Expenditure .. Rs. 4·42 lakhs.</p> <p>Object : Construction of 74 veterinary dispensaries in equal number of development blocks.</p>	<p>Construction of 12 buildings has been completed and the work on 61 buildings sanctioned is in progress.</p>

APPENDIX—VII (Concl'd.)

Sl. No. Name of the scheme, budget provision for 1961-65, expenditure incurred upto March, 1965 and object of the scheme.	Remarks'
12. Increase of grants for medicines, etc , for Veterinary Aid Centres outside Development Blocks Budget provision .. Rs. 0·17 lakh Expenditure .. Rs. 0·05 lakh	Additional medicines are being supplied to the Veterinary aid centres outside development blocks. Saving under the scheme was attributed mainly to decrease in the number of centres outside development blocks consequent upon the opening of new blocks in the State.
13. Establishment of an Immune Belt on the border districts. Budget provision .. Rs. 4·28 lakhs. Expenditure .. Rs. 1·71 lakhs. Object : Establishment of an immune belt at the international border of the State for the protection and immunisation of the new-born and left-over cattle.	The belt has been set up for rinderpest follow-up work. It was stated (February, 1966) that the scheme could not be implemented in full due to dearth of technical personnel.
(c) Schemes on which the expenditure exceeded the budget provisions :	
1. Shifting of Bengal Veterinary College. Budget provision .. Rs. 5·10 lakhs. Expenditure .. Rs. 13·24 lakhs. Object : Shifting of the college to Kalyani.	The reasons for the excess expenditure have not been intimated. The scheme was dropped after incurring considerable works expenditure. The reasons for abandoning the scheme have not been furnished.
2. Mass production of Rinderpest vaccine. Budget provision .. Rs. 1·00 lakh. Expenditure .. Rs. 5·27 lakhs. Object : To meet the demand of freeze-dried G.T. vaccine of this and other States, the vaccine production centre at Calcutta was to be continued during the third five-year plan period.	2,16·44 lakhs unit doses of vaccine have been produced by the centre. Reasons for the excess expenditure were not furnished.
3. Continuation of second quarantine station. Budget provision .. Rs. 0·28 lakh. Expenditure .. Rs. 0·53 lakh. Object : Establishment of two new quarantine stations at Pulbazar and Teesta Bridge in Darjeeling district and the continuance of the station at Naxalbari (Darjeeling district).	The stations have been established to check the animal traffic at international border with Nepal. Reasons for the excess expenditure have not been furnished.

APPENDIX—VIII

(Referred to in paragraph 25).

Statement showing the particulars of grants/appropriations where the unsurrendered savings were in excess of 10 per cent. of the provision and Rs. 1 lakh in each case.

Sl. No.	Number and name of grant/ appropriation.	Provision	Saving	Amount surrendered	Amount not surrendered	Percentage of the un- surrendered amount to the provi- sion
<i>(In lakhs of rupees)</i>						
1.	9—Interest on Debt and Other Obligations (<i>Charged</i>)	14,27.70	2,57.84	..	2,57.84	18.1
2.	34A—Greater Calcutta Development Scheme (Voted)	1,46.12	84.46	61.30	23.16	15.8
3.	35—Ports and Pilotage (Voted)	20.63	9.45	1.75	7.70	37.3
4.	43—Miscellaneous—Other Miscellaneous Expenditure (<i>Charged</i>)	7.32	4.53	3.47	1.06	14.5
5.	44—Miscellaneous—Expenditure on displaced persons (Voted)	6,04.56	1,40.13	50.95	89.18	14.7
6.	49—Capital Outlay on Public Works (<i>Charged</i>)	3.40	3.28	0.46	2.82	82.9
7.	50—Capital Outlay on Schemes of Government Trading (Voted)	44,04.39	7,19.62	22.48	6,97.14	15.8

APPEN

(Referred to in

Statement showing cases of

(a) Cases where

Serial No.	Department	Losses due to thefts, accidents and natural calamities	
		Number of cases.	Amount Rs.
1. Agriculture	128	62,854
2. Animal Husbandry and Veterinary Services	14	6,477
3. Commerce and Industries	48	20,132
4. Cottage and Small Scale Industries	3	751
5. Education
6. Food and Supplies
7. Forest	13	6,290
8. Home (Defence)
9. Home (General Administration)	11	12,127
10. Home (Police)	2	1,281
11. Home (Jails)
12. Health	6	1,567
13. Labour and Employment	1	138
14. Land Revenue
15. Relief and Social Welfare	2	1,934
16. Home (Transport)	6	4,318
17. Public Works	4	1,606
18. Public Works (Roads)	5	11,358
19. Public Works (Construction Board)	1	3,352
20. Irrigation and Waterways	6	135
21. Refugee Relief and Rehabilitation	10	4,937
22. Tribal Welfare	5	2,499
23. West Bengal Fire Service	1	510
	Total	266	1,42,266

DIx IX

paragraph 60)

losses, etc., written off during 1964-65.

the loss did not exceed Rs. 5,000

Irrecoverable expenditure or recoveries waived or written off		Other losses, shortages, etc.		Total	
Number of cases	Amount Rs.	Number of cases	Amount Rs.	Number of cases	Amount Rs.
21	7,369	68	29,314	217	99,537
..	..	150	67,108	164	73,585
10	6,009	13	3,587	71	29,728
..	..	..	..	3	751
..	..	2	237	2	237
..	..	2	491	2	491
1	14	43	18,860	57	25,164
13	192	..	..	13	192
10	1,491	2	102	23	13,720
..	..	2	914	4	2,195
41	5,654	..	..	41	5,564
9	3,454	161	10,888	173	15,909
..	..	..	..	1	138
3	380	22	4,079	25	4,459
..	..	..	..	2	1,934
11	7,488	..	..	17	11,806
..	..	..	..	4	1,606
..	..	..	..	5	11,358
..	..	..	..	1	3,352
..	..	2	1,669	8	1,804
15	6,127	19	2,361	44	13,425
..	..	..	..	5	2,499
..	..	..	..	1	510
131	38,178	486	1,39,610	883	3,20,954

APPEN

(b) Cases where the

Serial No.	Department				Losses due to thefts, accidents and natural calamities	
					Number of cases	Amount Rs.
1.	Agriculture	..	..	..	1	64,217(a)
2.	Animal Husbandry and Veterinary Services	..	..	..	1	66,200(b)
3.	Home (Defence)	..	..	..	..	..
4.	Home (General Administration)	..	..	..	3	52,575
5.	Health	..	..	..	..	..
6.	Commerce and Industries	..	..	..	2	24,491
7.	Land Revenue	..	..	..	1	9,856
8.	Refugee Relief and Rehabilitation	..	..	..	..	..
9.	Home (Transport)	..	..	..	4	74,199
					Total	12
						2,91,538

Notes on

	Department				Amount Rs.	
Home (Transport)	}	21,585
						24,235
Home (Defence)	2,84,027

DIX IX (Concl'd).

loss exceed Rs. 5,000

Irrecoverable expenditure or recoveries waived or written off		Other losses, shortages, etc.		Total		Remarks.
Number of cases	Amount Rs.	Number of cases	Amount Rs.	Number of cases	Amount Rs.	
..	..	1	16,613	2	80,830	(a) Represents the net loss after disposal by auction of stores acquired for the Deep Sea Fishing Scheme (now defunct).
..	..	..	..	1	66,200
4	2,84,027	..	..	4	2,84,027
..	..	..	..	3	52,575
..	..	2	36,604	2	36,604	
2	20,417	2	14,396	6	59,304	
..	1	9,856	(b) Represents loss of 7,999 quintals of paddy straw due to outbreak of fire on the 6th August, 1962.
..	..	9	4,23,319	9	4,23,319	
..	..	..	..	4	74,199
6	3,04,444	14	4,90,932	32	10,86,914	

important cases of loss :

Particulars.

One Leyland double deck bus purchased by the Calcutta State Transport Corporation in March, 1951 met with a major accident in June, 1956. The loss of Rs. 21,585 was written off.

The loss of Rs. 24,235 suffered during the period from 1955-56 to 1959-60 by the Calcutta State Transport Corporation due to evaporation, handling, etc., of diesel oil, was written off.

Represents the net loss of old and condemned stores lying in stock from July, 1959 to August, 1963; a sum of Rs. 14,614 was received by disposing of them in auction.

APPEN

(Referred to in

Statement showing cases awaiting

Sl. No.	Department	1960-61		1961-62	
		No.	Amount	No.	Amount
(1)	Public Works	1	19,425	4	995
(2)	Public Works (Roads)	..	..	1	1,040
(3)	Public Works (Construction Board)	..	..	..	..
(4)	Housing	..	..	..	..
(5)	Development	..	..	..	..
(6)	Health	2	1,935	1	68
(7)	Agriculture	1	1,905	3	366
(8)	Education	..	..	..	..
(9)	Irrigation and Waterways	1	382	4	2,591
	Total	5	23,647	13	5,600

DIX X

paragraph 61)

investigation and write-off/recovery

1962-63		1963-64		1964-65		Total	
No.	Amount	No.	Amount	No.	Amount	No.	Amount
2	4,974	5	3,143	22	22,769	34	51,306
2	9,436	3	3,159	..	..	6	13,635
..	..	..	..	4	55,233	4	55,233
..	..	..	..	2	1,007	2	1,007
2	1,295	4	2,922	2	1,300	8	5,517
..	..	3	4,489	2	50,252	8	56,744
1	400	1	230	1	1,464	7	4,365
..	..	..	..	3	4,784	3	4,784
6	2,735	3	1,647	8	19,330	22	26,685
13	18,840	19	15,590	44	1,56,139	94	2,19,276

APPENDIX XI

(Referred to in paragraphs 62 and 91)

Statement of miscellaneous irregularities, losses, etc.

Serial No.	Particulars of irregularities, losses, etc.	Amount Rs.
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Part I

DEPARTMENT OF AGRICULTURE AND COMMUNITY DEVELOPMENT

1. *Non-recovery of cost of journeys by Government buses :*

The Birla College of Agriculture, which is a residential college, was moved from Tollygunge to Haringhata in August, 1958. Since the hostel buildings had not been constructed at Haringhata, the students were put up in hostels at Kalyani. 5 buses were purchased in 1958 and 1959 at a cost of Rs. 51,504, for transport of the students from Kalyani to Haringhata and back. The services of these buses were also availed of by the staff of the college during the period from August, 1958 to November, 1961 (after which month administration of the college was transferred from Government to the Kalyani University). Computed at the rate of 37 paise per mile as per the then existing orders, a sum of Rs. 5,728 stands recoverable from the staff for 15,480 miles used during the period. The question of recovery is still stated to be under examination of Government (July, 1965).	5,728
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DEPARTMENT OF CO-OPERATION

2. *Write-off of a loan and interest thereon :*

A sum of Rs. 2,341 representing the balance amount of a loan of Rs. 74,000 advanced to an auto-rickshaw co-operative society in 1956 and interest on the loan amounting to Rs. 9,250 were written-off by Government in December, 1963. The society had been placed in liquidation in April, 1958 owing to unsatisfactory working. A sum of Rs. 66,159 was realised from the sale of the assets of the society and an amount of Rs. 5,500 was realised from its members; these amounts were adjusted against the Government loan.	11,591
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Serial No.	Particulars of irregularities, losses, etc.	Amount Rs.
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Part II

PUBLIC WORKS DEPARTMENT

Loss :

<p>78 tons of Col-fix valued at about Rs. 19,000 received in a sub-division in 1943, was survey-reported in October, 1947 for being written-off as the material was considered totally unserviceable. No write-off order has been issued (June, 1965) even after the lapse of about 17 years.</p>	<p>19,000</p>
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No reason for the materials becoming unserviceable was also stated in the report.

APPENDIX XII

(Referred to in paragraph 63)

Statement showing details of misappropriation cases pending finalisation as on the 31st March, 1965

Sl. No.	Name of the department	Cases pertaining to 1958-59 and earlier years		Cases pertaining to 1959-60 to 1964-65		Total	
		No. of cases	Amount Rs.	No. of cases	Amount Rs.	No. of cases	Amount Rs.
1.	Agriculture and Community Development	6	16,164	11	21,340	17	37,504
2.	Commerce and Industries ..	2	673	11	62,001	13	62,674
		2	433	5	12,381	7	12,814
3.	Cottage and Small Scale Industries	—	—	1	1,272	1	1,272
4.	Education ..	2	1,731	1	1,000	3	2,731
5.	Excise	—	—	1	418	1	418
6.	Home (General Administration)	8	24,138	8	42,372	16	66,510
		—	—	5	620	5	620
7.	Home (Police)	7	46,310	4	21,997	11	68,307
8.	Home (Publicity) ..	1	131	—	—	1	131
9.	Home (Transport) ..	1	6	4	3,220	5	3,226
		—	—	2	367	2	367
10	Judicial	1	883	—	—	1	883
		—	—	1	3,718	1	3,718
11.	Food and Supplies ..	1	32	6	68,208	7	68,240
		2	11,631	1	737	3	12,368
12.	Land and Land Revenue ..	33	83,374	14	41,495	47	1,24,869
		12	23,520	114	1,79,858	126	2,03,378
13.	Health	4	15,891	5	6,128	9	22,019
14.	Irrigation and Waterways	—	—	2	2,065	2	2,065
15.	Public Works	—	—	1	120	1	120
16.	Public Works (Construction Board)	—	—	1	797	1	797
17.	Refugee Relief and Rehabilitation	4	19,830	—	—	4	19,830
Total ..		86	2,44,747	198	4,70,114	284	7,18,461

APPENDIX XIII

(Referred to in paragraph 67)

Statement showing particulars of works each costing more than Rs. 10 lakhs executed without sanctioned estimates and those costing more than Rs.5 lakhs each expenditure on which exceeded the sanctioned estimates by more than 10 per cent.

(a) Works costing over Rs. 10 lakhs each executed without sanctioned estimates :

Name of the department/work	Amount of expenditure up to March, 1965
Public Works Department <i>(In lakhs of rupees)</i>	
1. Construction of building for the City Civil and Session Court at 2 and 3 Hastings Street, Calcutta	40.79
2. Construction of science block, Units 2 and 3 in the compound of Presidency College	23.66
3. Construction of 131 bedded District Hospital at Krishnagar	17.83
4. Construction of 68 bedded Sub-divisional Hospital at Baraset	12.05
5. Improvement of Baraset-Basirhat Road	25.14
6. Shifting of Bengal Veterinary College from Belgachia and construction of new building for the institute for the Veterinary Science at Kalyani	26.79
Public Works (Roads) Department	
7. Construction of Andal Ukharia Road	10.01
8. Improvement of Chandrakona Goalpur Sarenga Simlaghat Road	12.14
Department of Irrigation and Waterways	
9. Protection of embankment of the left bank of river Teesta for protection work at Halapakri area	11.82
10. Filling up of new cut canal from its junction with Kristopur Canal to Dhapa lock	33.95
11. Reclamation of Northern Salt Lake City Extension	4,89.47
Public Works (Construction Boar) Department	
12. Construction of College of Humanities Building	10.98
13. Construction of road at Habra	20.65
Department of Agriculture and Community Development	
14. Water Transmission arrangement for 200 Deep Tubewells	22.48
15. Construction of Pump House and operators' quarters for 400 Deep Tubewells	12.16
16. Purchase of Turbine Pumps, etc., for 200 Deep Tubewells	12.01
17. Purchase of Turbine Pumps, etc., for 300 Deep Tubewells	22.50
18. Purchase of E.R.W. steel pipes from Hindusthan Steel Ltd.	57.85
19. Purchase of Tubular Structure for seed stores	14.75
20. Sinking of 100 Deep Tubewells by Messrs. Ingra in West Bengal	27.50

APPENDIX XIII (Concl.)

(b) Works costing more than Rs. 5 lakhs each expenditure on which exceeded the sanctioned estimates by more than 10 per cent.

Name of the department/work	Sanctioned estimates	Actual expenditure up to March, 1965	Percentage of excess	Year in which the excess first occurred
<i>(In lakhs of rupees)</i>				
Public Works Department				
1. Conversion of Asansol Sub-Jail into Special Jail ..	7.56	9.98	32.0	1961-62
Public Works (Roads) Department				
2. Saptagram-Guptipara-Kalna Dhatrigram-Samudragarh-Nabardwip-Purbasthali Road	70.30	80.27	14.2	1958-59
3. Construction of Kasmandi-Mahipal-Dighi Road ..	6.47	7.15	10.5	1961-62
4. Botanical Garden-Rajganj-Sankrail Road ..	5.07	5.87	15.8	1961-62
5. Shyampur-Sibganj Road ..	4.45	5.20	16.9	1962-63
6. Amta-Jhinkra Road ..	8.00	9.11	13.9	1964-65
7. Bagnan-Mankar Road ..	4.44	5.12	15.3	1964-65
8. Upgrading of Namkhana-Amara-boti Road ..	9.99	12.86	28.7	1964-65
9. Kachberia-Gangasagar Road ..	16.80	19.06	13.5	1964-65
10. Sararhat-Birlapur Road ..	8.64	10.06	16.4	1964-65
Department of Irrigation and Waterways				
11. Maintenance and repairs to Sundarban embankment during 1964-65 in Sagar (1) Sub-division ..	5.20	7.38	41.9	1964-65
12. Extension to the protection of the right bank of river Torsa above National Highways-31	4.00	6.52	63.0	1964-65

APPENDIX XIV

(Referred to in paragraph 113)

Department-wise/year-wise analysis of unadjusted balances under "Suspense" and 'Remittance' heads

(1) *Miscellaneous Public Works Advances :*

Department			Amounts out- standing on the 31st March, 1965	
			<i>(In lakhs of rupees)</i>	
Public Works	..	..	..	2,89.52
Public Works (Roads)	..	..	..	23.62
Public Works (Construction Board)	..	..	..	1,05.94
Public Works (Special Roads)	..	..	..	0.48
Irrigation and Waterways	..	..	..	45.81
			Total	4,65.37

(2) *Purchases :*

Public Works	..	..	.	7,50.01
Public Works (Roads)	..	..	..	2,89.47
Public Works (Construction Board,		..	..	99.84
Public Works (Special Roads)	.	..	..	5.07
Irrigation and Waterways	..	..	..	1,50.59
			Total	12,94.98

(3) *Remittances into Treasuries :*

Year				
1962-63	..	..	..	31.75
1963-64	..	..	..	9.11
1964-65	..	..	..	57.74
			Total	98.60

(4) *Public Works Cheques :*

Year				
1962-63	..	..	..	75.73
1963-64	..	..	..	1,39.64
1964-65	..	..	..	10,11.10
			Total	12,26.47

APPENDIX XV

(Referred to in paragraph 139)

List of wanting *pro forma* accounts

(a) In the following cases the *pro forma* accounts have not been prepared since inception :

Sl. No.	Description	Period	Remarks
1.	Schemes under the Director of Dairy Development and Animal Husbandry and ex-Officio Milk Commissioner, West Bengal :		
	(i) Scheme for distribution of toned and cow's milk.	1950-51 to 1964-65	The form of the <i>pro forma</i> accounts was prescribed by Government in consultation with Audit in November, 1956. It was stated in August, 1960 that steps would be taken to maintain the accounts in the prescribed form.
	(ii) Scheme for manufacture of butter and ghee.		
	(iii) Live-stock Research-cum-Breeding Station at Haringhata.		
	(iv) Greater Calcutta Milk Supply Scheme.	1955-56 to 1964-65	
2.	Durgapur Industries Board	1955-56 to 1961-62 (up to 14th September, 1961, i.e., pre-Company period)	The function of the Board has been taken over by the Durgapur Projects Limited with effect from the 15th September, 1961. Though no accounts prior to February, 1959 were submitted accounts from the 1st February, 1959 to the 14th September, 1961 have been submitted to Audit in October, 1965 which are under scrutiny (November, 1965).
3.	Brick and Tile Board	27th December, 1960 to the 31st March, 1961 and 1961-62 to 1964-65	

APPENDIX XV (Contd.)

Sl. No.	Description	Period	Remarks
4.	Scheme for production centres under the Refugee Relief and Rehabilitation Department :		
	(i) At Titagarh and Midnapur (with effect from the 1st April, 1963 under Home (Social Welfare) Department.	1954-55 to 1964-65	
	(ii) At Uttarpara, Dharampur and Habra.	1954-55 to 1964-65	
5.	Integrated Wood Industries Scheme under the Director of Industries (Durgapur, Kalyani and Siliguri centres)	1956-57 to 1964-65	It was stated in June, 1962 that the accounts would be furnished on receipt back of the same from the Commercial Accountant of the Finance Department.
6.	Oriental Gas Company's Undertaking.	16th November, 1960 to March, 1961 and 1961-62 to 1964-65.	Provisional <i>pro forma</i> profit and loss accounts for the period from the 16th November, 1960 to the 31st March, 1962 received in Audit in November, 1962 and returned in February, 1963 for correction and resubmission have not yet been received (January, 1966).
7. (a)	Government sales emporia at Howrah and Calcutta	1951-52 to 1964-65	It was stated in August, 1961 that books of accounts for 1954-55 to 1957-58 were not available. The accounts for earlier years submitted to Audit were returned for rectification but were not submitted again. Accounts for 1952-53 and 1953-54 and profit and loss accounts for the years 1954-55 to 1957-58 submitted and returned for rectification in May, 1961 have not yet been resubmitted to Audit (October, 1965). Instead, accounts for the years 1958-59 to 1961-62 were submitted in August, 1962 but these accounts have not been accepted in Audit in the absence of any Government orders in respect of skipping over the accounts for the periods prior to the 1st April, 1958.

APPENDIX XV (Contd.)

Sl. No.	Description	Period	Remarks
	(b) Government sales emporia (except those of Howrah and Calcutta)	1957-58 to 1961-62 (up to the 31st May, 1961)	The sales emporia were merged with the West Bengal Small Industries Corporation Limited with effect from the 1st June, 1961.
8.	Silk Reeler's Co-operative Organisation.	1955-56 to 1964-65	The scheme was started in 1948-49 but no <i>pro forma</i> accounts had ever been submitted to Audit though it was promised in December, 1958 that the accounts would be submitted early. In May, 1962 Department, however, intimated that the preparation of accounts for the earlier years up to 1954-55 might be condoned in view of the labour involved which would be disproportionate to the advantages likely to accrue. It was again stated in June, 1962 that the Finance Department had been requested to give proper direction for the preparation of <i>pro forma</i> accounts.
9.	Kanchrapara Area Development (Kalyani Township) Scheme.	1949-50 to 1964-65	
10.	Scheme for Deep Sea Fishing with the help of Danish trawlers and Japanese cutters (since abolished from the 1st July, 1964).	1949-50 to 1964-65	
11.	Dental Factory attached to the Calcutta Dental College and Hospital.	1952-53 to 1964-65	It was stated that the preparation of the accounts was delayed for want of a qualified Accountant. It was intimated in July, 1965 that such an Accountant has since been appointed.
12.	Fulia Township	1961-62 to 1964-65	The Government of India in consultation with the Government of West Bengal waived the necessity of preparing the accounts for the period up to 1960-61, in view of non-availability of records for the earlier periods.

APPENDIX XV (Contd.)

Sl. No.	Description	Period	Remarks
13.	Consolidated <i>pro forma</i> accounts of 'Hats' under the management of Government.	1960-61, 1963-64 and 1964-65	Accounts for 1961-62 and 1962-63 received. But arrangements have not yet been made for scrutiny of the accounts from initial records maintained by local officers.
14.	Scheme for Industrial Centres.	1956-57 to 1964-65	The scheme started in March, 1947 was abolished with effect from the 1st April, 1965. It was stated by Government in August, 1961 that the year 1956-57 would be treated as the base year. The accounts for 1956-57 and 1957-58 submitted to Audit in April, 1961 have been kept in abeyance as desired by Government in May, 1961 pending their check by the Commercial Accountant of the Finance Department.
(b) In the following cases <i>pro forma</i> accounts have not been received for the period noted against each :			
1.	Central Engineering Organisation, Howrah	1960-61 to 1964-65	
2.	Schemes under the Director of Dairy Development and Animal Husbandry and ex-Officio Milk Commissioner, West Bengal :		
	(i) Scheme for supply of fodders and concentrates to the licensees of milk colony.	1961-62 to 1963-64	
	(ii) Scheme for controlled sale of skim milk powder in West Bengal.	1961-62 to 1963-64	The scheme has since been abolished. Accounts submitted to Audit in February, 1963 could not be checked for non-production of basic records.
3.	Brooklyn Ice Plant and Cold Storage	1964-65	
4.	Government Cinchona Plantations.	1962-63 to 1964-65	

APPENDIX XV (Contd.)

Sl. No.	Description	Period	Remarks
5.	Government Quinine Factory at Mungpoo.	1962-63 to 1964-65	
6.	Quinine Sales Depot at Calcutta	1962-63 to 1964-65	
7.	Scheme for production of shark liver oil, fish-meal, etc.	1963-64 and 1964-65	
8.	Scheme for State Trading on rice and paddy	1962-63 to 1964-65	
9.	Scheme for State Trading on wheat and wheat products.	1962-63 to 1964-65	

APPENDIX XVI

APPEN

(Referred to in

GOVERNMENT SAW

Extraction, Manufacturing, Profit and Loss

<i>Dr.</i>			<i>1964-65</i>	
1963-64				
Rs.				Rs.
	To			
5,09,120	Opening stock of logs and sawn timber		13,84,910	
20,15,361	Royalty of logs and value of sawn timber		11,72,147	
5,76,652	Extraction charges		4,52,517	
5,160	Audit fees		6,630	
3,13,700	Milling expenses		2,61,441	
78,673	Administrative and office expenses		1,40,319	
27,142	Selling and distribution expenses		20,512	
66,964	Depreciation		60,904	
	Provision for bad and doubtful debts		10,656	
4,920	Miscellaneous adjustment		7,156	
2,58,266	Net profit		..	
38,55,958		Total	..	35,17,192

DIX XVI

paragraph 139)

MILLS, SILIGURI

Account for the year ended the 31st March, 1965

1963-64		<i>Cr.</i>
Rs.		1964-65
	By	Rs.
23,03,646	Sales	20,53,567
66,738	Miscellaneous receipts	19,162
15,427	Value of logs sold and used departmentally	8,346
25,237	Adjustment	4,010
13,84,910	Closing stock	13,79,046
	Net loss	53,061
38,55,958		Total .. 35,17,192

APPEN

GOVERNMENT SAW

Balance Sheet as on the 31st

1963-64	Capital and Liabilities	1964-65
Rs.		Rs.
21,00,313	Government Capital	20,55,778
15,480	Undischarged Liabilities	54,199
22,143	Advances payable	..
3,30,205	Sundry Creditors	3,19,837
1,150	Reserve for bad debts	11,806
24,69,291		Total .. 24,41,620

DIX XVI (Contd.)

MILLS, SILIGURI

March, 1965

1963-64	Assets and Properties	1964-65
Rs.		Rs.
7,89,015	Fixed Assets	7,28,442
14,24,634	Current Assets	14,46,040
2,55,642	Sundry Debtors, Loans and Advances	2,67,138
24,69,291	Total ..	24,41,620

APPEN

BROOKLYN ICE PLANT

Trading and Profit and Loss

<i>Dr.</i>	Particulars	<i>1963-64</i>
<i>1962-63</i>		<i>1963-64</i>
Rs.		Rs.
	To	
2,34,389	Opening stock	2,44,755
2,51,842	Purchases	3,28,524
73,469	Salaries and wages	71,541
14,539	Depreciation	8,850
..	Leave and pension contribution	9,260
..	Audit fee	4,450
38,430	Interest on capital	50,967
84,968	Other miscellaneous expenditure	88,749
23,413	Net profit	..
7,21,050	Total	.. 8,07,095

DIX XVI (Contd.)

AND COLD STORAGE

Account for the year ended the 31st March, 1964

	Particulars	Cr.
1962-63		1963-64
Rs.		Rs.
	By	
4,70,186	Sales	4,47,442
6,109	Miscellaneous receipts	2,238
2,44,755	Closing stock	3,29,488
..	Net loss	27,928

7,21,050

Total .. 8,07,096

APPEN
BROOKLYN ICE PLANT AND
Balance Sheet as on

1962-63	Capital and Liabilities	1963-64	
Rs.		Rs.	
9,55,620	Government capital as per last balance sheet.	9,79,033	
	Add withdrawals during the year	5,56,177	
		15,35,210	
	Less remittances during the year	2,63,687	
		12,71,523	
	Add adjustment (Miscellaneous Government payments).	65,882	
		13,37,405	
23,413	Deduct loss or add net profit during the year.	27,928	13,09,477
9,79,033			
15,011	Outstanding creditors		1,69,944
3,497	Undischarged liabilities		4,450
9,97,541	Total		14,83,871
	Withdrawals during the year	5,56,177	
	Add—Miscellaneous Government payments (excluding interest)	14,915	
		5,71,092	
	Less remittances	2,63,687	
	Net withdrawals ..	3,07,405	

DIX XVI (Contd.)

COLD STORAGE

the 31st March, 1964

1962-63	Assets and Properties	1963-64
Rs.		Rs.
62,711	Fixed Assets at cost	1,59,787
Nil.	Investment at cost/current assets :	Nil.
6,89,964	Sundry Debtors	8,75,958
19,372	Miscellaneous Stores	23,113
2,25,383	Stock in trade	3,06,375
53	Loans and Advances	53
58	Cash in hand	1,18,585
9,97,541	Total	14,83,871
Opening capital	9,79,033	
Add 50 per cent. of net withdrawals.	1,53,702	
Mean capital	11,32,735	

APPEN
SCHEME FOR STATE
Trading and Profit and Loss Account for

<i>Dr.</i>	Particulars	
1960-61		1961-62
Rs.		Rs.
	To	
3,11,70,768	Opening stock	1,88,40,493
7,78,138	Stock in transit	..
8,29,14,267	Purchases	74,95,902
29,47,222	Incidental charges	12,72,580
55,51,737	Railway freight charges	7,66,939
231	Sales tax	677
76,81,932	Overhead charges	28,57,538
1,11,497	Audit charges	44,911
13,11,55,792	Total	3,12,79,040

DIX XVI (Contd.)

TRADING ON RICE AND PADDY

the year ended the 31st March, 1962

1960-61	Particulars	Cr. 1961-62
Rs.		Rs.
	By	
10,44,30,409	Sales	1,94,93,791
6,59,057	Miscellaneous recoveries including Railway claims	1,56,428
1,88,40,493	Closing stock	82,43,154
72,25,833	Net loss	33,85,667
13,11,55,792	Total	3,12,79,040

SCHEME FOR STATE

Balance Sheet as on

Liabilities

<i>1960-61</i>				<i>1961-62</i>
Rs.				Rs.
17,77,80,901	Extraordinary charges	..	..	.. 18,06,38,439
24,39,721	Interest Account	..	..	.. 24,39,721
26,41,112	Audit charges	..	..	.. 26,86,023
3,17,772	Suspense Account	..	..	.. 3,17,772
Sundry Creditor's Account :				
2,38,22,914	Government of India and Other State Account	..	..	2,05,97,737
54,84,721	Miscellaneous and other purchases Account	..	..	52,04,460
87,85,310	Reserve for Procurement Bonus Account	..	..	87,85,310
22,21,614	Excess of assets over liabilities	..	..	22,21,614
10,24,647	Refund due to parties	..	..	11,50,319
3,112	Road Development Fund Account	..	..	3,112
2,663	Liabilities for Sales Tax	..	..	3,340
22,45,24,487	Total	..	..	.. 22,40,47,847

DIX XVI (Contd.)

TRADING ON RICE AND PADDY

the 31st March, 1962

		Assets	
<i>1960-61</i>			<i>1961-62</i>
Rs.			Rs.
6,09,38,083	Net outlay (Gross receipts minus expenditure) ..	..	6,85,96,710
64,862	Procurement Bonus Account .. ..	..	64,862
29,24,674	Suspense Account (Exchange Account) ..	..	29,24,674
4,66,626	Advance Account .. ..	..	63,669
12,63,482	Undivided Bengal Suspense Account ..	..	12,63,482
Sundry Debtor's Account			
41,62,449	Mills and Parties Account .. ..	..	41,61,062
27,85,082	Other Government Departments Account ..	..	22,65,831
41,00,658	Advance from Government of India Account ..	..	41,00,658
1,88,40,493	Stock-in-trade .. ..	..	82,43,154
Profit and Loss Account :			
12,89,78,078	Balance as per last year's Account ..	12,89,78,078	
	Add—this year's net loss ..	<u>33,85,667</u>	13,23,63,745
22,45,24,487	Total ..	..	22,40,47,847

APPEN

SCHEME FOR STATE TRADING ON
Trading and Profit and Loss Account

<i>Dr.</i>	Particulars			1961-62
1960-61				Rs.
Rs.	To			Rs.
1,14,40,029	Opening stock	..	..	40,70,906
8,41,66,680	Purchases	..	..	3,60,86,001
22,60,457	Incidental charges	..	..	7,97,451
77,97,959	Other indirect charges	..	..	1,37,56,218
9,84,627	Railway freight charges	..	..	5,55,525
1,13,181	Audit charges	..	..	2,16,204
10,67,62,933	Total			5,54,82,305

DIX XVI (Contd.)

WHEAT AND WHEAT PRODUCTS

for the year ended the 31st March, 1962

		Particulars				Cr.	
1960-61						1961-62	
Rs.						Rs.	
	By						
9,46,33,831	Sales .. .. .	..	..	..	..	3,70,81,999
15,763	Claims realised from Railways	..	..	..	..	33,929
4,49,055	Miscellaneous receipts and recoveries..	..	..	..	..	31,812
40,70,906	Closing stock .. .. .	..	..	..	..	55,66,893
75,93,378	Net loss .. .. .	..	..	..	..	1,27,67,672
10,67,62,933		Total				..	5,52,4,8305

APPEN
SCHEME FOR STATE TRADING
Balance Sheet as on the 31st

Liabilities					
<i>1960-61</i>					<i>1961-62</i>
Rs.					Rs.
1,18,63,791	Net outlay				
9,79,63,595	Extraordinary charges				11,17,19,813
13,66,811	Audit charges				15,83,015
13,77,031	Interest Account				13,77,031
	Sundry Creditors :				
1,94,29,777	Government of India (purchase and incidentals) and other miscellaneous liabilities.				1,76,64,899
23,723	Refund due to parties				3,018
50,000	Security deposit (flour mills)				50,000
1,48,35,821	Undivided Bengal Suspense				1,48,35,821
..	Stock of wheat on loan				5,048
14,69,10,549	Total				14,72,38,645

DIX XVI (Concl'd.)

ON WHEAT AND WHEAT PRODUCTS

March, 1962

		Assets			
<i>1960-61</i>				<i>1961-62</i>	
Rs.				Rs.	
2,99,20,970	Sundry Debtors .. .. .	..	..	..	1,56,10,233
246	Central Revenue's Suspense .. .. .	..	..	..	209
1,48,35,821	Undivided Bengal Suspense .. .. .	..	..	..	1,48,35,821
50,000	Investment, Deposit and Advances .. .. .	..	..	..	4,25,211
40,70,906	Stock-in-trade .. .. .	..	..	..	55,06,893
9,80,32,606	Profit and Loss Account			9,80,32,606	
	Add—current year's loss			1,27,67,672	
					11,08,00,278
14,69,10,549			Total		14,72,38,645

APPENDIX

(Referred to in

Statement showing the nature of Audit Objections (Outstanding as on the

Sl. No.	Name of the department	For want of payees' stamped receipts		For want of detailed contingent bills		Objection book advance	
		No. of items	Amount	No. of items	Amount	No. of items	Amount.
<i>(In lakhs of rupees)</i>							
1.	Agriculture and Community Development	290	14.49	205	8.01	172	0.27
2.	Commerce and Industries ..	101	26.72	27	3.13	6	0.01
3.	Cottage and Small Scale Industries ..	98	3.15	75	2.99	..	..
4.	Development	24	15.55	35	0.63	..	..
5.	Education	126	16.15	395	24.46	32	0.08
6.	Food and Supplies	23	20.03	15	10.18	7	0.01
7.	Home (Police)	38	11.78	11	0.84	894	1.98
8.	Housing	1	0.01	..	..	..	..
9.	Irrigation and Waterways ..	23	0.09	..	..	13	0.06
10.	Health	212	41.52	9	0.35	168	0.33
11.	Refugee Relief and Rehabilitation	66	6.17	..	..	8	0.01
12.	Relief and Social Welfare ..	16	3.56	8	0.94		

DIX XVII

paragraph 159)

30th September, 1965) and the Departments with heavy outstandings

Outstanding Advance of pay and T.A.		For want of sanctions		Overdrawal of pay and allowances		Other reasons		Total	
No. of items	Amount	No. of items	Amount	No. of items	Amount	No. of items	Amount	No. of items	Amount
<i>(In lakhs of rupees)</i>									
5	0.01	19	0.39	20	0.02	1,659	295.19	2,370	315.38
..	..	5	0.28	.	..	9	0.04	148	30.18
6	0.09	13	0.83	..	..	312	47.11	504	54.17
..	..	..	..	..	..	256	98.42	315	114.60
29	9.96	11	0.02	17	0.02	50	0.81	660	41.60
2	0.01	6	0.07	8	0.01	239	2,262.59	300	2,292.90
..	..	11	1.50	..	.	58	8.75	1,012	24.85
..	..	..	..	..	..	59	49.10	60	49.11
11	0.02	5	0.04	10	0.01	5	40.00	67	40.22
5	0.01	36	0.18	50	0.08	77	1.10	557	43.57
5	0.01	111	0.45	14	0.07	301	15.69	505	22.40
..	..	..	..	..	..	2 084	150 46	2,108	154.96

APPENDIX XVIII

(Referred to in paragraph 160)

Important types of irregularities noticed in local audit and inspection during 1964-65

Nature of irregularities	No of offices in which irregularities were noticed.
(i) Non-observance of the rules relating to custody and handling of cash, posting and maintenance of cash books	27
(ii) Security deposits not furnished (134 cases) ..	53
(iii) Defects in the maintenance of stock registers and physical verification of store not conducted.	17
(iv) Defective maintenance/non-maintenance of initial accounts relating to loans and arrears in recovery	9
(v) Defective maintenance of log books of vehicles	7
(vi) Unserviceable articles not disposed of	25
(vii) Delays in depositing Government monies ..	17
(viii) Shortages/losses (Rs 7.92 lakhs) not recovered/written off.	32
(ix) Irregularities in payment of loans, viz., payment in excess of prescribed rate or limit, loans granted in excess of amount applied for, loan paid or distributed where its requirement was over, improper maintenance of loan records regarding recovery of principal and interest, etc	6
(x) Non-recovery of rents, charges for electricity, etc (Rs 18.79 lakhs)	6