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GOVERNMENT OF GUJARAT

34

REPORT OF THE
COMPTROLLER AND
AUDITOR GENERAL OF INDIA
FOR THE YEAR 1972-73
(CIVIL)



GOVERNMENT OF INDIA

OFFICE OF THE

COMPTROLLER AND

CHIEF ACCOUNTANT - GENERAL

FOR THE NORTH WEST PROVINCES

(G.M.)

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<i>Page No.</i>	<i>Reference</i>	<i>For</i>	<i>Read</i>
(iii)	Line 6	liason	liaison
(iii)	Line 18	Stone ware	Stoneware
(vi)	Line 5	Gujarat-It	Gujarat. It
3	Line 3	5.01	8.35
3	Paragraph 3 (iii)	.94	0.94
5	Last line-Column 5	266	2.66
6	Line 4	eolumns	columns
6	Paragraph 5 (1) (C)- item 3 of table	Panchayatraj	Panchayatiraj
7	Line 7	Sixty one	sixty-one
13	Line 8	27.37	—27.37
13	Line 8	26.08	—26.08
15	Line 3 from bottom	whether	that
17	Paragraph 13 (a) (2)— Line 3	Rs. 353,76 lakhs	Rs. 353.76 lakh
19	Line 7	Rs. 35808 lakhs	Rs. 358.08 lakh
19	Line 18	Grants	grants
19	Line 28	Rs. 277 93 lakhs	Rs. 277.93 lakh
21	Line 13-Column 2	—11,80,000	11,80,000
21	Line 14-Column 2	—1,23,167	1,23,167
21	Line 18	lakh expenditure	lakh, expenditure
21	Line 20	savings,	savings
22	Line 13	accurred	occurred

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Line 7	Co-operation	Co-operative
Line 23	scarc ty	scarcity
Line 17	20 lakhs	Rs. 20 lakhs
Line 22-Last column of table	93.17	39.17
Para 18-line 2	6277	6227
Line 5	nonconstruction	non-construction
Heading of table-column 4	vertification	verification
Line 3	committment	commitment
Line 3	resulted	resulted
Para 23-Line 6	condition	conditions
para 27-line 3	postwar	post-war
Line 7	members.	members
Line 32	parellel	parallel
Last line	29.27	29.67
Para 30-line 14	2,84	2.84
Line 32	masonary	masonry
Item (vi) -line 3	meter	metre
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86	Serial No. 11-column 5	1,45 93	1,45.93
91	Line 15	PA delivery	delivery
96	Line 10	frim	firm
99	Paragraph 60-line 6	re-opened	re-opened
99	Paragraph 60-line 20	Audit	audit
99	Paragraph 60--line 23	Rs. 5623/-	Rs. 5623
99	Paragraph 60--line 26	Rs. 5513/-	Rs. 5513
99	Paragraph 60-line 29	Audit	audit
100	Paragraph 63-7th line from bottom	Audit	audit
101	Paragraph 65-line 11	Appeals	appeals
102	Paragraph 66-line 15	Abandonment of claims of revenue	abandonment of claims to revenue
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105	Paragraph 71-line 27	Land Revenue	land revenue
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106	Paragraph 73-line 23	Forest Department	forest department
106	Paragraph 73-line 32	Forest Department	forest department
106	Paragraph 73-line 37	Audit	audit
107	Paragraph 74-line 2 from bottom	disclosed on	disclosed an
114	Line 11	undertaking	Undertaking
114	Line 13	undertaking	undertakings
114	Line 14	undertaking	undertakings

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Line 6	ford istribution	for distribution
Paragraph 82 (3) Serial No. 2 of table- column 1 Second line	8th January 1971 to March 1971	8th January 1971 to 7th March 1971
Paragraph 88-line 2	Financial	Finance
Paragraph 90-line 2	Financial	Finance
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PREFATORY REMARKS

This Report has been prepared for submission to the Governor under Article 151 of the Constitution. It relates mainly to matters arising from the Appropriation Accounts for 1972-73 together with other points arising from audit of the financial transactions of the Government of Gujarat—It also includes :

- (i) certain points of interest arising from the Finance Accounts for the year 1972-73 and
- (ii) reviews on Integrated Subsidised Housing Scheme, Educated Unemployed Relief Scheme, Mechanical Workshop and University Book Production Board.

2. Audit reviews on expenditure incurred on (i) the Emergency Agricultural Production Programme and (ii) the Crash-scheme for Rural Employment by the Government of Gujarat have already been submitted in an Advance Report.

3. The observations of Audit on Statutory Corporations, Gujarat State Electricity Board and Government Companies are being presented in a separate volume with effect from this year.

4. The cases mentioned in the Report are among those which came to notice in the course of test audit during the year 1972-73 as well as those which had come to notice in earlier years but could not be dealt with in previous Reports; matters relating to the period subsequent to 1972-73 have also been included wherever considered necessary.

5. The points brought out in this Report are not intended to convey or to be understood as conveying any general reflection on the financial administration by the Departments/Bodies/Authorities concerned.

CHAPTER I

GENERAL

1. Budget and actuals

(a) *Revenue Receipts*.—The actuals of revenue receipts of Government for 1972-73 as compared with the (i) budget estimates and (ii) budget estimates plus additional taxation during the year alongwith corresponding figures for 1970-71 and 1971-72 are shown below:—

Year	Budget	Budget plus additional taxation levied	Actuals	Variation between columns (4) and (3)	
				Amount of increase	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
(in crores of rupees)					
1970-71	1,93.12	1,93.77	2,21.89	28.12	15
1971-72	2,33.17	2,33.88	2,60.21	26.33	11
1972-73	2,71.44	2,74.88	2,91.13	16.25	6

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

Year	Budget	Budget plus supplementary grants	Actuals	Variation between Columns (4) and (3)	
				Amount of decrease	percentage
(1)	(2)	(3)	(4)	(5)	(6)
(in crores of rupees)					
1970-71	1,88.94	2,26.96	2,19.32	7.64	3
1971-72	2,18.83	2,34.09	2,25.68	8.41	4
1972-73	2,51.07	3,10.17	2,92.42	17.75	6

2. Revenue receipts

(a) In 1972-73 the revenue receipts (Rs. 2,91.13 crores) increased by 12 per cent over those in 1971-72 (Rs. 2,60.21 crores). This increase is

analysed below:—

	1971-72	1972-73	+ / -	
			Increase / decrease	
	(in crores of rupees)		Amount	Percentage
(i) Receipts from Government of India				
(a) State's share of Union Taxes	47.19	53.05	+5.86	12
(b) Statutory grants	1.33	1.48	+0.15	11
(c) Other grants-in-aid, subventions, etc.	25.44	38.12	+12.68	50
(ii) Revenue raised by State Government				
(a) Taxes, duties and other principal heads of revenue	1,25.10	1,40.98	+15.88	13
(b) Revenue from irrigation, rent of buildings, interest on loans and advances and other miscellaneous receipts	61.15	57.50	-3.65	6
Total	2,60.21	2,91.13	+30.92	12

Receipts from Government of India during 1972-73 (Rs. 92.65 crores) were 32 per cent of the total revenue receipts. The increased receipts during 1972-73 were mainly due to increase in State's share of proceeds of income tax (Rs. 1.46 crores), and State's share of Union excise duties (Rs. 4.20 crores) and grants for different purposes and schemes (Rs. 12.68 crores).

The net increase of Rs. 12.23 crores in the revenue raised by the State Government during 1972-73 occurred mainly under:—

Head of account	1971-72	1972-73	Remarks
	(in crores of rupees)		
Sales Tax	73.62	87.42	Mainly due to increased turnover of commodities liable to Sales tax.
Other taxes and duties	24.21	29.86	Mainly due to increased collection of entertainment tax, more receipts on taxes on goods and passengers carried by road transport due to more inland transport and more receipts under electricity duty.
Industries	5.73	7.65	Mainly due to more receipts under industries, salt and fisheries.
Interest	20.13	22.98	Mainly due to more receipts under minor head, "interest recovered from Commercial Departments."

(b) *Arrears of revenue.*—According to the information furnished by some of the departments, arrears in collection of revenue at the end of 1972-73 were Rs. 5.01 crores. Full particulars are given in paragraph 76 of Chapter VI.

3. Expenditure on revenue account

Expenditure on revenue account during 1972-73 (Rs. 2,92.42 crores) increased by 30 per cent as compared with that in 1971-72 (Rs. 2,25.68 crores). The increase is analysed below:—

	Expenditure		Increase +
	1971-72	1972-73	Decrease —
	(in crores of rupees)		
(i) Collection of taxes, duties and other principal revenues	14.06	17.58	+3.52
	Mainly due to more transfer to the State Road Fund as a result of more receipts under Bombay Motor Vehicles (Taxation of Passengers) Act, 1958.		
(ii) Debt services	29.61	31.82	+2.21
	Mainly due to more interest payments on permanent loans, loans from Government of India, Loans from Life Insurance Corporation and on provident fund accounts (Rs. 1.30 crores) and more appropriation to sinking fund and other appropriations (Rs. 0.91 crore).		
(iii) Administrative Services	25.07	26.01	+ .94
(iv) Social and Developmental Services	98.81	1,17.76	+18.95
	Mainly due to more grants to local bodies for primary education, to non-Government secondary schools etc., and more expenditure on (i) "public health", (ii) soil conservation works in Ukai and Kadana, (iii) social and moral hygiene and (iv) crash scheme for rural employment.		
(v) Public Works, Irrigation etc.	31.16	39.58	+8.42
	Mainly due to more expenditure on communications (ordinary), grants-in-aid, tools and plants under "public works", more expenditure on "irrigation works" and more adjustment of interest charges under Multipurpose River Schemes.		
(vi) Transport and Communication	2.49	2.80	+0.31
(vii) Miscellaneous	22.94	55.89	+32.95
	Mainly due to more expenditure under "Famine Relief" owing to drought conditions in the State (Rs.29.24 crores) and more contribution to Government of India from levies for relief to refugees (Rs. 2.60 crores).		
(viii) Contributions and miscellaneous adjustments	1.54	0.98	—0.56
Total : Expenditure on revenue account	2,25.68	2,92.42	+66.74

4. Expenditure outside the revenue account

Expenditure outside the revenue account includes besides capital expenditure, amount disbursed by Government as loans and advances. Expenditure on capital account during the three years ending 1972-73 as compared with (i) budget estimates and (ii) budget estimates plus supplementary grants is shown below (loans and advances are dealt with in paragraph 5) :—

Year	Budget	Budget plus supplementary grants	Actuals	Variation between Columns (4) and (3)	
				Amount of decrease	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
(in crores of rupees)					
1970-71	42.84	51.19	40.27	10.92	21
1971-72	46.43	50.10	38.26	11.84	24
1972-73	54.78	88.76	67.98	20.78	23

Analysis of expenditure outside the revenue account during 1972-73 and to the end of 1972-73 is given below:—

	During 1972-73	Progressive total upto 1972-73
(in crores of rupees)		
I. Capital expenditure on—		
(i) Industrial and economic development	— 0.78(A)	49.26
(ii) Irrigation and multipurpose river schemes	37.52	2,57.62
(iii) Schemes of Government trading	— 1.29(B)	— 8.00 (C)
(iv) Public Works, Ports and other works	13.06	1,03.10
(v) Health, Forests, commuted value of pensions etc.	19.47	61.67
II. Net expenditure under loans and advances after taking into account recoveries of loans	23.34	2,34.55
Total	91.32	6,98.20

(A) Minus expenditure is mainly due to more refund of share capital.

(B) Minus expenditure is due to excess of receipts over expenditure during the year.

(C) Differs from the progressive expenditure to the end of 1971-72 due to *proforma* correction owing to allocation of balances as a result of reorganisation of States.

Sources from which the total expenditure outside the revenue account (including that on "loans and advances") during 1972-73 was met are shown below:—

		(In crores of rupees)			
I. Net addition to—					
(i)	Market loans	..	..	..	8.61
(ii)	Floating debt	..	..	..	11.26
(iii)	Loans from Government of India	..	..	..	29.18
(iv)	Loans from other sources and unfunded debt	..	..	..	5.26
II. Miscellaneous—					
(i)	Sinking Funds and Reserve Funds	..	..	..	-0.60
(ii)	Other items	..	..	..	14.84
(iii)	Contingency Fund	..	..	..	20.02
(iv)	Revenue Deficit	..	..	..	-1.29
(v)	Increase in cash balance and investment of cash balances	..	..	..	4.04
Net amount available for expenditure outside the revenue account					
		..	..	..	91.32

Further details of the expenditure and sources from which it was met are shown in statement numbers 2 and 15 of Finance Accounts 1972-73.

5. Loans and Advances by Government

(i) (a) The actuals of disbursement of loans and advances by Government for 1972-73 as compared with the (i) budget estimates and (ii) budget estimates plus supplementary grants alongwith the corresponding figures for 1970-71 and 1971-72 are shown below:—

Year	Budget	Budget plus supplementary grants	Actuals	Variation between columns (4) and (3)	
				Amount of decrease	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
(in crores of rupees)					
1970-71	14.85	47.61	41.91	5.70	12
1971-72	21.87	45.33	26.77	18.56	41
1972-73	22.60	44.40	41.74	2.66	6

(b) The budget and actuals of recoveries of loans and advances for the three years ending 1972-73 are given below:—

Year	Budget	Actuals	Variation between columns (3) and (2)	
			Amount of increase + decrease —	Percentage
(1)	(2)	(3)	(4)	(5)
(in crores of rupees)				
1970—71	5.38	12.28	+6.90	128
1971—72	17.31	16.50	—0.81	5
1972—73	15.22	18.40	+3.18	21

(c) The balance of loans and advances outstanding on 31st March 1972 was Rs. 2,11.21 crores. During 1972-73 a net sum of Rs. 23.34 crores (after taking into account recoveries made during the year) was advanced as loan and the balance outstanding as on 31st March 1973 was Rs. 2,34.55 crores. Details of different classes of loans and advances outstanding on 31st March 1973 are shown below:—

(in crores of rupees)

1. Loans to statutory corporations, boards, Port trusts, other port funds, municipalities, district and other local fund committees .. .. .	..	..	..	..	1,79.05
2. Advances to cultivators .. .. .	..	..	..	..	17.11
3. Loans to Panchayatraj institutions .. .. .	..	..	..	..	7.17
4. Loans and advances under community development programme .. .. .	..	..	..	..	0.33
5. Revenue advances, loans to land holders and other notabilities, loans to displaced persons, loans to co-operative institutions and banks, miscellaneous loans and advances .. .. .	..	..	..	..	27.94
6. Loans to Government servants etc. .. .. .	..	..	..	..	2.95
				Total	2,34.55

(ii) Recoveries in arrears : (a) Loans and Advances the detailed accounts of which are maintained by Audit Office (Rs. 1,99.92 crores).—These include loans granted by Government to municipalities and other local bodies, private institutions, companies, statutory boards etc. At the end of 1972-73 recovery of Rs. 18,74.44 lakhs (Principal: Rs. 2,66.64 lakhs and interest: Rs. 16,07.80 lakhs) was overdue.

(b) *Loans and advances the detailed accounts of which are maintained by departmental officers (Rs. 34.63 crores).*—According to the orders issued by Government in April 1966, the departmental officers who maintain detailed accounts of loans and advances are required to intimate to Audit by 31st May each year the overdue instalments of principal and interest at the end of previous March. Such information for the period ending 31st March 1973 has been received from sixty one (out of one hundred and sixty departmental officers) so far (January 1974). Principal offices in default are Collectors Baroda, Kaira, Kutch, Sabarkantha, Surendranagar, Bulsar, Amreli, Ahmedabad, Bhavnagar, Junagadh, Mehsana and Surat; District Development Officers Rajkot and Sabarkantha and Director of Social Welfare, Ahmedabad. Yearwise breakup of overdue instalments furnished by the 61 departmental officers is shown below:—

Year	Principal	Interest
	(in lakhs of rupees)	
1967—68 and earlier years	1,58.17	66.03
1968—69	20.96	10.33
1969—70	28.20	11.26
1970—71	26.49	12.57
1971—72	30.79	13.71
1972—73	31.67	21.29
Total	2,96.28	1,35.19

6. Debt Position

(a) *Public debt.*—At the end of 1972-73 the outstanding public debt of Government was Rs. 4,36.23 crores. Analysis of the debt with the corresponding amounts at the end of the two preceding years is given below:—

	Public Debt on 31st March		
	1971	1972	1973
	(in crores of rupees)		
(i) Market loans	91.65	1,04.26	1,12.87
(ii) Floating debt	0.69	..	11.26
(iii) Loans from Government of India	2,58.82	2,67.91	2,97.09
(iv) Other loans	11.23	13.40	15.01
Total	3,62.39	3,85.57	4,36.23

The details of transactions under Public Debt during 1972-73 are given below:—

	Receipts	Payments	Net increase
	(in crores of rupees)		
(i) Market Loans	13.90	5.29	8.61
(ii) Floating Debt	87.64	76.38	11.26
(iii) Loans from Government of India	53.86	24.68	29.18
(iv) Other loans	2.35	0.74	1.61
Total	1,57.75	1,07.09	50.66

(i) *Market loans.*—Market loans in the table above comprise (a) loans raised in 1972-73 in the open market (Rs. 13.80 crores) bearing 5½ per cent interest and redeemable at par in 1984 and (b) balance of compensation bonds issued to land holders under the Land Tenure Abolition Act (Rs. 0.10 crore). The balance does not include the share of Gujarat State in the loans raised by the composite Bombay State and outstanding on 30th April 1960. According to the Bombay Reorganisation Act, 1960 the liability for repayment of such loans is that of the Government of Maharashtra but Government of Gujarat is to pay to the former its share of the sums required from time to time for servicing and repayment of debt. For this purpose, the liability of Government of Gujarat has been provisionally estimated to be Rs. 23.40 crores; Rs. 22.15 crores have been paid to Government of Maharashtra towards this share upto the end of 1972-73. For repayment of this loan a debt redemption and avoidance fund has been created to which appropriations as decided by Government from time to time are made from revenue. During 1972-73 no amount was contributed to the Fund. The balance in the fund at the end of the year was Rs. 16.86 crores.

(ii) *Floating debt.*—This comprises borrowings of a purely temporary character such as treasury bills and ways and means advances from the Reserve Bank repayable within twelve months. No treasury bills were issued during 1972-73. Ways and means advances of Rs. 63.63 crores were obtained by Government in 1972-73 from the Reserve Bank of India and Rs. 52.52 crores were repaid in instalments to the Bank during the year. Interest paid to the Bank on the advances was Rs. 6.08 lakhs.

(iii) *Loans from Government of India.*—Loans from Government of India outstanding on 31st March 1973 (Rs. 297.09 crores) formed 68 per cent of the total debt of the State on that date.

(iv) *Other loans.*—Particulars of outstanding loans are given in statement number 17 of Finance Accounts 1972-73.

(b) *Other debt and obligations.*—In addition to public debt, the unfunded debt (comprising mainly the general provident fund balances of Government servants) and the balances at the credit of earmarked funds as also certain deposits to the extent to which they have not been separately invested but are merged with the general cash balance of Government, also constitute liability of Government. Such liability at the close of the three years ending 1972-73 was as follows:—

	Total debt on 31st March		
	1971	1972	1973
	(in crores of rupees)		
Unfunded debt	20.42	23.97	27.62
Other obligations such as deposits of local funds, Civil deposits, other earmarked funds etc.	82.21	69.79	80.11
Total	1,02.63	93.76	1,07.73

(c) *Service of debt.*—The table below shows the net burden of interest charges on debt and other obligations on revenue during three years ending 1972-73:—

1970—71 1971—72 1972—73
(in crores of rupees)

(i) Interest paid on debt and other obligations—			
(a) On public debt and unfunded debt	18.79	20.15	21.45
(b) Other obligations	(There are no interest bearing obligations)		
Total	18.79	20.15	21.45
(ii) <i>Deduct—</i>			
(a) Interest received on loans and advances by State Government	10.30	8.27	8.24
(b) Interest realised on investments of cash balances	1.51	1.37	1.64
(iii) Net burden of interest on revenue	6.98	10.51	11.57
(iv) Percentage of gross interest to total revenue receipts	8.47	7.74	7.37
(v) Percentage of net interest to total revenue receipts	3.15	4.04	3.97

There were in addition certain other receipts and adjustments (Rs. 13.10 crores) such as interest received from commercial departments, interest portion

on equated payments on account of commuted value of pensions etc. If these are also taken into account, there was surplus of interest receipt of Rs. 1.53 crores over the interest charges paid by Government.

Government also received during the year Rs. 293.70 lakhs as dividends on investments in commercial undertakings etc.

(d) *Amortisation arrangements.*—The following arrangements have been made by Government for amortisation of loans.

(i) *Open market loans.*—A sum equal to $1\frac{1}{2}$ per cent of the total nominal amount of loan is set apart every year to form a depreciation fund for purchasing securities of the loans for cancellation.

In addition, annual contribution, at such rates as Government may decide from time to time, is made to a sinking fund for amortisation of loans.

(ii) *Loans from Government of India.*—Sinking funds have been constituted for repayment of loans (balance outstanding on 31st March 1973 : Rs. 42.84 crores) which are repayable in lump on expiry of prescribed period.

During 1972-73, Rs. 3.16 crores were appropriated from revenue for credit to sinking funds for amortisation of loans. The balances in the funds at the end of 1972-73 are given below:—

	Balance on 1st April 1972	Additions during the year (in lakhs of rupees)	Withdrawal during the year	Balance on 31st March 1973
Depreciation funds	27.09	1.13	6.34	21.88
Sinking Funds	54,61.85	12,94.99	9,19.72	58,37.12
	54,88.94	12,96.12	9,26.06	58,59.00

Out of this balance Rs. 50.44 crores were invested in the following securities.

(in crores of rupees)

Government of India Securities	10.65
Securities of Government of Gujarat	17.70
Securities of Other State Governments	9.24
Debentures of statutory bodies	12.85
Total	50.44

(iii) *Other loans.*—Amortisation arrangements have been made for two loans of Rs. 60 lakhs each obtained by Government from Life

Insurance Corporation of India (and advanced to the Gujarat Housing Board) by creating a sinking fund which is fed by contributions from the Board. No contribution has been made during the year but accrued interest amounting to Rs. 0.91 lakh was credited to the Sinking Fund.

7. Investments

In 1972-73 Government invested Rs. 7.15 crores in statutory corporations (Rs. 2.17 crores), Government companies (Rs. 2.07 crores), joint stock companies (Rs. 0.07 crore), co-operative and local bodies etc. (Rs. 2.64 crores). Capital of Rs. 7.95 crores was repatriated during the year under co-operative and local bodies.

The total investments in the share capital and debentures of different concerns at the end of 1970-71, 1971-72 and 1972-73 were Rs. 43.37 crores, Rs. 48.79 crores and Rs. 47.80 crores respectively. The dividend and interest received therefrom were Rs. 2.63 crores (6.06 per cent), Rs. 2.68 crores (5.49 per cent) and Rs. 2.94 crores (6.15 per cent) respectively. Further details are given below:—

	(Amount in crores of rupees)								
	1970—71			1971—72			1972—73		
	Number of concerns	Investment to the end of 1970-71	Percentage of return on investments	Number of concerns	Investment to the end of 1971-72	percentage of return on investments	Number of concerns	Investment (to the end of 1972-73)	Percentage of return on investments
		Dividend/interest received (during 1970-71)			Dividend/interest received (during 1971-72)			Dividend/interest received (during 1972-73)	
Statutory Corporations	3	6.34	9.8	4	7.80	12.1	3	9.77	8.4
		0.62			1.01			0.82	
Government Companies	12	4.97	0.2	13	6.79	0.1	14	8.87	0.1
		0.01			0.01			0.01	
Joint Stock Companies and other Partnerships	32	6.87	15.1	33	6.95	10.5	34	7.02	13.1
		1.04			0.73			0.92	
Co-operative and Local bodies	1998	25.19	3.8	2006	27.25	3.4	2006	22.14	5.4
		0.96			0.93			1.19	
Total	2045	43.37	6.1	2056	48.79	5.5	2057	47.80	6.2
		2.63			2.68			2.94	

Certain points about the working of the co-operative institutions have been given in Chapter-VII.

8. Guarantees given by Government

The Gujarat State Guarantee Act 1963 (as amended in 1972) has prescribed limit of Rs. 750 crores upto which guarantees may be given by Government upto 31st March 1973. Government has guaranteed Rs. 503.06 crores (exclusive of interest and dividend). Brief particulars are given below:—

Institutions on whose behalf guarantees have been given and the number of such institutions	Total amount guaranteed	Amount of loans etc. actually raised against the guarantees and outstanding on 31st March 1973
	(in crores of rupees)	
Statutory corporations, boards and municipalities (56)	148.27	97.94
Co-operative institutions (33)	304.05	(A)
Joint stock companies and miscellaneous (1565)	50.74	26.22
Total	503.06	124.16

Further details of the guarantees are given in statement no. 6 of Finance Accounts 1972-73.

9. Financial results of irrigation works

Irrigation works are classified as "productive" or "unproductive" according as the net revenue (gross revenue less working expenses) derived from such works on expiry of ten years from the date of the closure of construction estimate covers or does not cover the prescribed annual interest charges (4 per cent) on the capital invested.

In order to ascertain the financial results of irrigation works, pro-forma accounts, known as administrative accounts (which take into account indirect receipts, interest charges etc.) are maintained. Administrative accounts of minor irrigation schemes (costing less than Rs. 15 lakhs) are not prepared and those of medium irrigation schemes (costing between Rs. 15 lakhs and Rs. 5 crores) are prepared once in five years.

The table below shows the working of 5 major works (costing more than Rs. 5 crores each) upto the end of 1972-73:-

	Productive	Unproductive
Number of works	2	3
Progressive Capital Outlay (in lakhs of rupees)	21,57.42	39,78.23
Total revenue receipts (in lakhs of rupees)	8.32	24.65
Direct working expenses (in lakhs of rupees)	35.69	50.73
Net revenue without taking into account interest charges (in lakhs of rupees)	27.37	26.08
Return as percentage of outlay	1.27	0.65
Interest on capital (in lakhs of rupees)	1,04.96	1,95.59
Excess of expenditure over revenue (in lakhs of rupees)	1,32.33	2,21.67

The arrears of irrigation revenue pending collection at the end of 1972-73 in respect of all the five projects were Rs. 3,09.07 lakhs. The year-wise break-up of the arrears was not available.

Certain information about Hathmati Reservoir Project and Mahi Canal Project, two of the five major works mentioned above, is given below:-

(i) The Hathmati Reservoir project which envisaged construction of a storage reservoir on the bank of river Hathmati in Sabarkantha district, was commenced from February 1959 and was expected to be completed by 1964-65. The command area of project is situated in Sabarkantha, Gandhinagar, Ahmedabad and partly in Kaira districts. The work of the project was physically completed in June 1972. The original estimated cost of the project was Rs. 1.88 crores (May 1958) and this was revised to Rs. 5.45 crores in May 1966. The capital outlay upto March 1973 is Rs. 4.89 crores. The actual area irrigated against irrigation potential created during the last six years is given below:—

Year	Potential created	Actual area irrigated
	(in acres)	
1967—68	47,944	18,835
1968—69	54,958	37,416
1969—70	65,672	3,872
1970—71	65,953	26,578
1971—72	67,200	27,063
1972—73	67,200	14,674

The Principal crop pattern of the project is as under:—

Name of crop				Acres
Paddy	..	..	..	32,700
Other Kharif crops	..	..	..	12,000
Cotton	..	..	..	6,000
Rabi crops	..	..	..	16,500
				<u>67,200</u>

Gross storage capacity of the reservoir is 5700 million cft. against which during the last six years water was stored as under:—

Year				Actual storage in million cft.
1967—68	..	..	..	930
1968—69	..	..	..	5,120
1969—70	..	..	..	252
1970—71	..	..	..	5,100
1971—72	..	..	..	3,461
1972—73	..	..	..	1,756

The water was first let out in the year 1968-69 for irrigation in the command area of the project.

(ii) Mahi Right Bank Canal Project Stage I is a pick-up weir scheme constructed in Kaira District for the use of the District. The construction work of the project was commenced in the year 1948-49 and was expected to be completed in 1974-75. The work is still under progress. Water was first let out in 1958-59.

The original estimate of the project (February 1950) was for Rs. 4.25 crores and this was revised to Rs. 24.57 crores (August 1966). The capital outlay to end of March 1973 was Rs. 21.86 crores. As against the irrigation potential of 3,10,258 acres created (upto October 1973), the actual irrigation done was as under :

Year				Actual area irrigated (in Acres)
1967—68	..	..	..	98,741
1968—69	..	..	..	1,36,204
1969—70	..	..	..	1,59,768
1970—71	..	..	..	1,52,462
1971—72	..	..	..	1,52,533
1972—73	..	..	..	1,06,446

The principal crop on irrigated land is paddy.

10. Utilisation certificates

In 1972-73 Government paid Rs. 1,18.06 crores as grants. The main beneficiaries were panchayats, other local bodies and private institutions. The financial rules of Government require that certificates of proper utilisation of grants should be sent by the departmental officers to the Accountant General within reasonable time. On 1st October 1973, 7,197 certificates (Rs.79.63 crores) were awaited; of these, 396 certificates (Rs. 1.20 crores) relate to grants paid upto March 1969. The remaining certificates for grants paid during 1st April 1969 to 31st March 1972, as shown below, were due during 1st April 1970 to 31st March 1973, but had not been received upto 30th September 1973.

(amount in crores of rupees)

Department	Year in which grants were paid	Utilisation certificates					
		Due		Received		Awaited	
		No.	Amount	No.	Amount	No.	Amount
Panchayats and Health	1969—70	1,085	5.82	412	4.16	673	1.66
	1970—71	1,288	8.50	632	4.51	656	3.99
	1971—72	1,146	9.13	21	0.03	1,125	9.10
Education and Labour	1969—70	377	18.73	145	5.08	232	13.65
	1970—71	493	23.11	183	5.92	310	17.19
	1971—72	509	18.01	..	..	509	18.01
Agriculture, Forests and Co-operation	1969—70	678	0.61	461	0.49	217	0.12
	1970—71	2,045	1.44	970	0.25	1,075	1.19
	1971—72	1,268	1.69	29	0.01	1,239	1.68
Public Works	1970—71	85	1.62	85	1.62	..	..
	1971—72	383	8.25	10	0.21	373	8.04
Industries, Mines and Power	1969—70	104	0.05	83	0.04	21	0.01
	1970—71	77	0.29	24	0.24	53	0.05
	1971—72	112	0.04	12	*	100	0.04
Revenue	1969—70	656	6.50	574	4.68	82	1.82
	1970—71	420	3.93	361	2.55	59	1.38
	1971—72	87	0.52	10	0.02	77	0.50

Department-wise and year-wise details of certificates outstanding on 30th September 1973 are given in Appendix-I. The utilisation certificates have not been received although considerable time has passed after the grants were paid. In the absence of the certificates it is not possible to state whether the recipients spent the grants for the purpose or purposes for which these were given and that no misappropriation, fraud etc. took place.

*Less than Rs. 50,000.

CHAPTER II

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

11. Summary

The following table compares the expenditure during the year with the total grants/appropriations:—

		Grants/ appropriations	Actual expendi- ture <small>(in crores of rupees)</small>	Excess + Saving —	Percentage
Voted—					
Original	3,35.93	} 4,96.62	4,57.56	— 39.06	8
Supplementary	1,60.69				
Charged—					
Original	66.86	} 1,18.90	1,43.53	+ 24.63	21
Supplementary	52.04				
		6,15.52	6,01.09	— 14.43	2

The saving of Rs. 14.43 crores was the result of saving in seventy-six grants (Rs. 44.09 crores), thirty-six appropriations (Rs. 4.33 crores) and excess in twelve grants (Rs. 5.03 crores) and eight appropriations (Rs. 28.96 crores).

12. Supplementary grants/appropriations

During the year Rs. 1,60.69 crores were obtained as supplementary grants under sixty-six grants (excluding token grants); Rs. 52.04 crores were also obtained as supplementary appropriations in twenty-nine cases. It would be seen from Appendix II that—

(i) in six cases the supplementary grants (exceeding Rs. 5 lakhs in each case) of Rs. 2,78.84 lakhs proved unnecessary as the expenditure did not even come upto the original grant;

(ii) in fourteen cases the supplementary grants/appropriations (exceeding Rs. 5 lakhs in each case) proved excessive. Against the supplementary provision of Rs. 1,19,41.88 lakhs only Rs. 89,06.98 lakhs were actually utilised.

(iii) in seven cases the supplementary provisions proved largely inadequate, as while additional provision made was Rs. 33,27.58 lakhs the actual expenditure exceeded the total grant (including supplementary provision) by Rs. 33,47.73 lakhs.

13. Excess over grants/appropriations

(a) *Voted grants*.—The following twelve cases of excess over voted grants require regularisation under Article 205 of the Constitution.

Serial No.	Number and name of grant	Total grant Rs.	Actual expenditure Rs.	Excess Rs.
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PUBLIC WORKS DEPARTMENT

1. 20—Public Works

O	24,44,17,000			
S	5,61,07,240	30,05,24,240	31,13,22,120	1,07,97,880

The excess occurred mainly under (i) "Communications-(i) Ordinary" (provision : Rs. 8.16 lakhs, expenditure : 1,33.39 lakhs) and "F-Suspense" (provision : Rs.2,15 lakhs,expenditure Rs. 3,50.38 lakhs); reasons for the excess are awaited. Excess also occurred under "Communications-Schemes in Five Year Plan" (provision : Rs. 5,11.37 lakhs, expenditure : Rs. 5,64.88 lakhs) owing to good progress made in thirty works. The excess was partly off-set by savings under other sub-heads.

2. 67—Capital Outlay on Public Works

O	7,37,04,000			
S	1,97,09,958	9,34,13,958	9,53,22,336	19,08,378

The excess occurred mainly under "(a) Buildings-Public Works" (provision : Rs. 68.67 lakhs, expenditure : Rs. 1,34.96 lakhs) and "(b) Communications-Schemes in Five Year Plan" (provision : Rs. 3,53,76 lakhs, expenditure : Rs. 4,08.33 lakhs) owing to accelerated progress of certain works and completion of certain works. Reasons for the final excess of Rs. 5.38 lakhs for the former item are awaited. The excess was partly off-set by savings under other heads.

3. 108—Capital Outlay on Industrial and Economic Development

..	66	66
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Reasons as to why provision could not be made for the expenditure are awaited.

Serial No.	Number and name of grant	Total grant Rs.	Actual expenditure Rs.	Excess Rs.
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REVENUE DEPARTMENT

4. 23- Stamps and Registration

O	30,31,000	30,31,000	30,64,389	33,389
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The excess occurred mainly under "14-stamps C-Cost of Stamps supplied from Central Stamps Stores" (provision : Rs. 4 lakhs, expenditure:Rs. 4.71 lakhs) due to increase in the manufacturing cost of the refugee relief stamps and under "15-Registration-B-District Charges" (provision : Rs. 14.28 lakhs, expenditure : Rs. 14.76 lakhs) due to (i) sanction of additional dearness allowance from 1st November 1972, (ii) sanction of permanent travelling allowance to Inspectors and (iii) availing of leave encashment by the staff owing to completion of the block year. The excess was partly counter-balanced by savings under other sub-heads.

5. 26—Dangs District

O	1,75,24,000			
S	4,86,020	1,80,10,020	2,04,19,604	24,09,584

The excess occurred mainly under "N-Public Works" (provision : Rs. 33.84 lakhs, expenditure : Rs. 50.09 lakhs) and "N-Public Works-Schemes in Five Year Plan" (provision : Rs. 15.15 lakhs, expenditure : Rs. 22.59 lakhs) and was due to heavy expenditure on works and on roads for which adequate provision was not made.

PANCHAYATS AND HEALTH DEPARTMENT

6. 30—Panchayats and Health Department

O	20,71,000			
S	4,65,500	25,36,500	25,61,061	24,561

The excess occurred under "A-1-Panchayats and Health Department", "A-2-Development Commissioner" and "A-3-Director of Municipalities". Reasons for the excess are awaited.

Serial No.	Number and name of grant	Total grant Rs.	Actual expenditure Rs.	Excess Rs.
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7. 31—Medical

O	9,88,50,000			
S	60,82,020	10,49,32,020	10,89,78,615	40,46,595

The excess occurred mainly under "B-1(i) Mofussil Hospitals and Dispensaries (Allopathic)" (provision : Rs. 3,58.08 lakhs, expenditure : Rs. 3,99.07 lakhs) due to (i) increase in the rates of dearness allowance and compensatory allowance, (ii) larger number of Government servants taking advantage of leave travel concession and leave encashment, (iii) purchase of furniture and repairs to X-Ray machine, (iv) increase in the cost of medicines, drugs, dietary articles, instruments and equipment and adjustment of medical stores bills of Bombay and (v) excess expenditure incurred on pay and allowances of the medical officers who were on general duty for which provision was made originally under "A-3 Reserve Medical Subordinates" and who were taken on regular posts and under "C-2-Schemes in Five Year Plan" (provision : Rs. 19.86 lakhs, expenditure :Rs. 37.39 lakhs) due to holding of eye relief camps and sanction of more Grants to the Gujarat Cancer and Research Institute, Ahmedabad. The excess was partly off-set by savings under other sub-heads.

8. 32—Public Health

O	12,03,43,000			
S	12,74,582	12,16,17,582	14,79,44,957	2,63,27,375

The excess occurred mainly under "C-11-National Malaria Eradication Programme" (provision : Rs. 3,07.79 lakhs, expenditure : Rs. 3,68.51 lakhs) due to book adjustment made in July 1973 for materials and equipment supplied by Government of India and under "E-3-Other charges" (provision: Rs. 33.50 lakhs, expenditure: Rs. 2,77,93 lakhs) mainly due to (i) increase in rates of materials, (ii) purchase of equipment and (iii) creation of new divisions and sub-divisions. Reasons for excess of Rs. 2,37.30 lakhs are awaited. The excess was partly off-set by savings under other sub-heads.

9. 102—Famine Relief pertaining to Panchayats and Health Department.

S	35,00,000	35,00,000	57,17,968	22,17,968
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The excess occurred under "Miscellaneous Central Scheme for Rural Works Programme in Chronically drought affected areas-Drinking Water Supply Schemes." Reasons for the excess are awaited.

Serial No.	Number and name of grant	Total grant Rs.	Actual expenditure Rs.	Excess Rs.
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INDUSTRIES, MINES AND POWER DEPARTMENT

10.	49—Industries, Mines and Power Department			
	O	6,91,000		
	S	70,000	7,61,000	7,393

The excess occurred mainly under "Industries, Mines and Power Department" (provision : Rs. 7.51 lakhs, expenditure : Rs. 7.68 lakhs). Reasons for the excess are awaited.

AGRICULTURE, FORESTS AND CO-OPERATION DEPARTMENT

11.	61—Other Revenue Expenditure pertaining to Agriculture, Forests and Co-operation Department			
	O	84,70,000		
	S	77,84,080	1,62,54,080	25,74,922

The excess occurred under "64-Famine Relief-E-Miscellaneous-E. 7-Central Schemes for Rural Works Programme in chronically drought affected area-E-7 (1) Afforestation and grass land" (provision : Rs. 56.46 lakhs, expenditure : Rs. 65.32 lakhs) and under "E-7 (3) Expenditure incurred on grants to Panchayats and Municipalities for relief works vested in them" (provision : Rs. 7.15 lakhs, expenditure : Rs. 30.72 lakhs). Reasons for the excess are awaited. The excess was partly counterbalanced by savings under other sub-heads.

CIVIL SUPPLIES DEPARTMENT

12.	62—Civil Supplies Department			
	O	2,41,000		
	S	37,000	2,78,000	5,526

The excess occurred under "A-1-Civil Supplies Department" due to (i) creation of additional posts for market intelligence and statistical cell,

Serial No.	Number and name of appropriation	Total appropriation	Actual expenditure	Excess
		Rs.	Rs.	Rs.

(ii) filling up of the post of Deputy Secretary and (iii) increase in the rates of dearness allowance, house rent allowance and other allowances and more expenditure on travelling allowances and contingencies.

(b) *Charged appropriations*.—The excess over *Charged appropriations* in the following eight cases also require regularisation.

GENERAL ADMINISTRATION DEPARTMENT

1. 2-General Administration Department

O —11,80,000

S —1,23,167 13,03,167 13,06,505 3,338

The excess occurred mainly under "A-4 Sumptuary allowances of the Governor" (provision : Rs. 0.18 lakh, expenditure : Rs. 0.36 lakh) due to constant rise in prices of food stuff and under "A-7-Expenditure from contract allowances" (provision : Rs. 0.60 lakh expenditure : Rs. 0.79 lakh) due to more expenditure on household and maintenance of Raj Bhavan Conveyance. The excess was partly off-set by savings, under other sub-heads.

2. 3—Territorial and Political Pensions

O 25,000 25,000 39,870 14,870

The excess occurred under "Territorial and Political Pensions-Pensions granted by British India Government in lieu of resumed Jagirs, Land and Territories and for service rendered in 1857 movement" and was due to the share of Government of Gujarat in the pensionary liability of the former Bombay State allocable under the Bombay Reorganisation Act 1960 being more than that anticipated.

FINANCE DEPARTMENT

3. 11—Pensions and other Retirement Benefits pertaining to Finance Department

O 39,91,000 39,91,000 57,56,875 17,65,875

The excess occurred mainly under "A-Superannuation and Retired Allowances" (provision : Rs. 34 lakhs, expenditure : Rs. 51.67 lakhs) due to finalisation of more pension cases than anticipated.

Serial No.	Number and name of appropriation	Total appropriation Rs.	Actual expenditure Rs.	Excess Rs.
4.	65—Payment of Commuted Value of Pensions			
	<i>O</i> 2,00,000	2,00,000	2,71,701	71,701

The excess occurred under "Commuted value of pensions-payments in India" and was due to more claims of Maharashtra State for reimbursement arising under Bombay Reorganisation Act 1960 than anticipated.

5.	106—Public Debt— Floating Debt			
	<i>S</i> 23,83,00,000	23,83,00,000	52,52,00,000	28,69,00,000

The excess accrued under "II-Floating Debt (ii) Other Floating Loans-Repayment of ways and means advances" and was due to the fact that the repayment of ways and means advances availed of from the Reserve Bank of India from 5th February 1973 onwards could not be provided for in the Supplementary Demands for the year 1972-73 which were already finalised by that date.

PUBLIC WORKS DEPARTMENT

6.	20—Public Works			
	<i>O</i> 52,000	52,000	7,19,052	6,67,052

The excess occurred mainly under "B-Repairs—Repairs to Buildings" (provision : Rs. 0.40 lakh, expenditure : Rs. 7.14 lakhs). Reasons for the excess are awaited.

HOME DEPARTMENT

7.	47—Other Revenue Expenditure pertaining to Home Department			
	..	..	617	617

The expenditure was incurred under "71—Miscellaneous-C-Miscellaneous and unforeseen charges" without provision of funds. Reasons as to why provision could not be made for the expenditure are awaited.

Serial No.	Number and name of appropriation	Total appropriation Rs.	Actual expenditure Rs.	Excess Rs.
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AGRICULTURE, FORESTS AND CO-OPERATION DEPARTMENT

8. 98—Public Debt

O	57,11,000	57,11,000	58,54,601	1,43,601
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The excess occurred under "Loans from National Co-operation Development Corporation" and was due to inadequate provision for repayment.

14. Unutilised provision

In twenty-nine grants/appropriations savings (exceeding Rs. 5 lakhs in each case) were more than 10 per cent of the total provision; in seventeen of them the savings ranged between twenty one and cent per cent (details given in Appendix III).

Grants/appropriation under which the major portion of the savings occurred are :

(a) GRANTS

PUBLIC WORKS DEPARTMENT

(1) *Grant No. 68- Expenditure on Capital for Gujarat.*—(Provision : Rs. 2,16 lakhs, expenditure : Rs. 1,46.86 lakhs)

The saving occurred mainly under "A-Works-Schemes in Five Year Plan" (Rs. 81.66 lakhs) and was mainly due to non receipt of administrative approval for the works of Sachivalaya buildings, Assembly buildings and police headquarters and non-fixation of agency for construction of motor track and distributor roads in various sectors owing to poor response to tenders invited and high tendered rates (Rs. 66.60 lakhs). Reasons for the balance saving are awaited.

REVENUE DEPARTMENT

(2) *Grant No. 27-Famine Relief pertaining to Revenue Department.*—(provision : Rs. 39,09.56 lakhs, expenditure Rs. 25,23.59 lakhs).

The saving occurred mainly under "E-Miscellaneous" (Rs. 10,87.11 lakhs) due to less expenditure on scarcity relief works owing to less labour attendance and less expenditure on drilling of tube wells in rural areas than anticipated.

PANCHAYATS AND HEALTH DEPARTMENT

(3) *Grant No. 72—Capital outlay on Public Health.*—(provision : Rs 4,77 lakhs, expenditure : Rs. 4,23.74 lakhs).

The saving mainly occurred under “schemes in Five Year Plan-Government Rural Water Supply Schemes-Ordinary programme-(1)-4- Regional and Rural Water Supply Scheme”(Rs.75.75 lakhs) and was due to non-availability of cement pipes, steel etc. and non-receipt of re-inforced cement concrete pipes and collars indented for (Rs. 44.37 lakhs). The reasons for the balance saving are awaited.

INDUSTRIES, MINES AND POWER DEPARTMENT

(4) *Grant No. 76—Capital Outlay on Multipurpose River Schemes.*—(provision : Rs. 4,01.20 lakhs, expenditure : Rs. 47.50 lakhs)

The saving occurred under “I-Works-Schemes in Five Year Plan Ukai Hydro Project (power portion) (Scheme No. 310)” and was due to delay in the supply of materials for hydro works by supplier (Rs. 3,50 lakhs) and slow progress of works by the contractors (Rs. 3.79 lakhs).

AGRICULTURE, FORESTS AND CO-OPERATION DEPARTMENT

(5) *Grant No. 56—Agriculture.*—(provision : Rs. 10,97.61 lakhs, expenditure : Rs. 8,79.41 lakhs)

The saving occurred mainly under “H-Agricultural Engineering -H(A) Scheme for carrying out soil Conservation Work in command area of Kadana Irrigation Project” (Rs. 156.24 lakhs) due to (i) transfer of 5 Agricultural supervisors and 56 Agricultural Assistants in scarcity area, (ii) non-receipt of 8 jeeps sanctioned by the Government, (iii) less earthwork done owing to post of Agricultural Assistants remaining vacant and (iv) payment for purchase of bull dozers made through World Bank.

(6) *Grant No. 57—Animal Husbandry.*—(provision : Rs. 4,41.19 lakhs, expenditure: Rs. 3,36.50 lakhs)

The saving occurred mainly due to non-finalisation of accounting procedure regarding utilisation of ‘Revolving Fund’ and non-sanction of fresh grants due to non-receipt of utilisation certificates of previous amount from Ahmedabad Milk Union (Rs. 71.04 lakhs) and due to non-receipt of intimation from Indian Dairy Corporation about the amount of subsidy to be paid in the form of machinery and tools to be distributed to the district cooperative unions as subsidy (Rs. 36.23 lakhs).

(7) *Grant No. 78—Capital Outlay on Industrial and Economic Development.*—(provision : Rs. 3,93.91 lakhs, expenditure : Rs. 3,24.78 lakhs)

The saving occurred mainly under “B-2-Schemes in Five Year Plan (10) Co-operative Sugar Factories” (Rs. 47.88 lakhs) due mainly to less payment of share capital contribution to the Sugar Factories than anticipated, owing to inability of the factories to raise their own contribution to the extent required for matching with the Government’s share capital and under “(i) purchase of debentures of Land Development Bank” (Rs. 41.15 lakhs), reasons for which are awaited.

(8) *Grant No. 80—Capital Outlay on Forests.*—(provision : Rs.2,54.80 lakhs, expenditure : Rs. 1,72.60 lakhs)

The saving occurred mainly under “A-Organisation, Improvement and extension of Forests-5-Schemes in Five Year Plan” (Rs. 90.63 lakhs) and was due to non-acquisition of private forests under the scheme ‘Forest Consolidations’ as originally proposed owing to non-passing of the bill for this acquisition by the Assembly.

(9) *Grant No. 81—Capital Outlay on Schemes of Government Trading pertaining to Agriculture, Forests and Co-operation Department.*—(provision : Rs. 2,52.07 lakhs, expenditure : Rs. 1,82.84 lakhs).

The saving was mainly due to non-receipt of full quantity of pool fertilizers from the Government of India (Rs. 82.69 lakhs).

(10) *Grant No. 99—Loans and advances pertaining to Agriculture, Forests and Co-operation Department.*—(provision : Rs. 3,96.31 lakhs, expenditure : Rs. 2,56.72 lakhs).

The saving was mainly due to non-receipt of loan in the form of machinery from the Indian Dairy Corporation during 1972-73 under ‘Loans to milk marketing and dairy development’ (Rs. 1,04.30 lakhs) and sanction of less amount by the Government of India under ‘Loans to Gujarat State Co-operative Bank Limited for strengthening Agricultural Credit Stabilisation Fund of the State Co-operative Bank’ (Rs. 5.50 lakhs).

CIVIL SUPPLIES DEPARTMENT

(11) *Grant No. 82—Capital Outlay on schemes of Government Trading pertaining to Civil Supplies Department* (provision : Rs. 63,42.05 lakhs, expenditure : Rs. 53,83.76 lakhs).

The saving occurred mainly under “A-Grain Supply Schemes-A(b) Price Support and Fair Price Shops -A(b) (ii) Mofussil- (1) cost of purchase” (Rs. 12,05.60 lakhs) due to less allotment of food grains by the Food Corporation of India than anticipated and non-settlement of the payment of the price differential of sugar to the wholesale nominees.

(b) APPROPRIATION**CIVIL SUPPLIES DEPARTMENT**

Appropriation No. 107-Public Debt-Floating Debt.—(provision : Rs. 27,26 lakhs, expenditure : Rs. 23,85.97 lakhs)

The saving occurred mainly under “(ii) Other Floating Loans Cash Credit facilities from the State Bank of India for purchase of food grains etc.” due mainly to less purchase of food grains than anticipated and consequently less drawal of amount from State Bank of India than anticipated.

15. Surrender of savings

The rules require that unutilised amounts should be surrendered as soon as the possibility of savings is envisaged. However, funds are being surrendered only in March every year. In 1972-73 Rs. 36.13 crores were surrendered in March 1973; of which Rs. 26.89 crores were surrendered between 13th March 1973 and 15th March 1973 and Rs. 9.24 crores between 28th March and 30th March 1973 (surrender on 30th March itself amounted to Rs. 9.18 crores).

In 12 grants/appropriations more than 20 lakhs in each case were not surrendered (total savings not surrendered : Rs. 10,46.67 lakhs). Details of these instances are given in Appendix IV.

In two grants (Grant Nos. 18 and 81) the amount surrendered (Rs. 1,64.87 lakhs) was more by Rs. 68.07 lakhs than the savings available; in one grant (Grant No. 61) though no amount was available for surrender, Rs. 7.50 lakhs were surrendered.

CHAPTER III

WORKS EXPENDITURE

16. Sapada irrigation scheme

The scheme (original estimated cost : Rs. 17.72 lakhs; revised estimated cost : Rs. 21.04 lakhs) envisaged the construction of an earthen dam with a storage capacity of 251.23 million cubic feet across the river Bhagedi near village Sapada in Jamnagar district. The catchment area of the dam was assumed to be 20 square miles with an average annual rainfall of 20 inches; the command area was assumed to be 2800 acres. The dam was expected to provide annual irrigation facilities to 2405 acres of land.

Work on the scheme was started in May 1960. The dam works were completed in November 1964 and the canal works in March 1967.

Expenditure on the project amounted to Rs. 17.72 lakhs as against revised estimated cost of Rs. 21.04 lakhs. This included a provision of Rs. 1.00 lakh for permanent remedial measures for checking retrogression on the downstream of the waste weir. Though the waste weir was designed for a flood lift of 4.5 feet with a maximum discharge of 28,500 cusecs, there was overflow over the weir during the monsoon of 1967 when the lift was only 1.1 feet with a discharge of 3,500 cusecs. Even with the overflow of 1.1 feet, two channels of retrogression had advanced towards waste weir from tail channel. The matter was taken up by the Superintending Engineer, Rajkot Irrigation Circle with the Superintending Engineer (Designs) in July 1968. After detailed study of the data, the Superintending Engineer (Designs) suggested (July 1971) that further investigation should be conducted to obtain more geological details of the tail channel so that remedial measures could be suggested. In the meantime Rs. 0.38 lakh were spent on repairs and urgent remedial measures. The permanent remedial measures for which a provision of Rs. 1.00 lakh was made in the revised estimate have not been taken up so far (January 1974).

Irrigation was commenced during the Rabi season of 1966-67 and particulars of the utilisation of irrigation potential are given below:—

Capacity of the reservoir : 251.23 Million cft. (full supply level)

Anticipated irrigation potential : 2405 acres.

Year	Total storage of water available for irrigation in Million cft.	Potential created in acres	Area actually irrigated in acres
1966—67	126	1260	195.15
1967—68	247	2405	1468.14

Year	Total storage of water available for irrigation in Million cft.	Potential created in acres	Area actually irrigated in acres
1968—69	231	2405	1003.38
1969—70	250	2405	911.15
1970—71	231	2405	748.03
1971—72	231	2405	801.26
1972—73	32	306	247.00

The utilisation of water season-wise is given below:—

Year	Khariff		Rabi		Hot	
	Acre	Percentage	Acre	Percentage	Acre	Percentage
Potential	750		1500		155	
1966—67	..	..	195.15	..	..	..
1967—68	730.85	97.00	664.75	44.2	72.54	46.40
1968—69	280.33	37.30	704.00	47.0	19.05	12.20
1969—70	70.60	9.41	798.25	52.5	42.30	26.95
1970—71	17.20	2.29	711.75	47.4	19.08	12.20
1971—72	102.45	12.16	657.08	43.08	41.73	26.92
1972—73	180.30	24.00	..	..	60.72	93.17

Except for the khariff season of 1967-68 when there was utilisation of water (about 97%) the percentage of utilisation has been very low ranging between 52.5 per cent (Rabi 1969-70) to 2.29 per cent (Khariff 1970-71).

The low utilisation was attributed to the following:—

1. khariff crop is mainly ground-nut and requires water only for protection when the rains are delayed. It does not normally require irrigation water;
2. reluctance of farmers to take water at night and
3. seepage of water through irrigation channels.

As per revised estimate, the cost of dam, per acre irrigated, was assumed to be Rs. 831. The actual cost per acre envisaged was much higher as indicated below:—

Year	Amounts Rs.
1966—67	10,759
1967—68	1,430
1968—69	2,132
1969—70	2,378
1970—71	2,346
1971—72	2,610

As per the project report the working expenses every year for irrigating 2405 acres were assumed at about Rs. 5 per acre.

The following table indicates the working expenses per acre upto 1971-72:—

Year	Actual Irrigation in acres	Total expenses Rs.	Working expenses per acre Rs.
1966—67	195	5,296	27
1967—68	1468	13,945	9.5
1968—69	1003	12,834	12.8
1969—70	911	8,867	9.7
1970—71	748	11,031	14.73
1971—72	804	21,445	26.66

The financial results of the project as compared to the initial forecast and revised estimates are given below:—

Year	Returns as per project report percent- age	Return as per revised estimate percent- age	Gross receipts assessed Rs.	Working expenses Rs.	Net receipts Rs.	Perce- tage
1966—67	1.06	0.16	1,918	5,296	..	..
1967—68	1.06	0.60	26,783	13,945	12,838	0.71
1968—69	1.06	0.90	27,121	12,834	14,287	0.79
1969—70	1.06	1.15	23,354	8,867	15,161	0.83
1970—71	1.06	1.13	25,639	11,031	14,598	0.81
1971—72	1.06	1.12	31,015	21,445	9,570	0.52

As against a net return of 1.06 per cent assumed on the capital outlay without taking into account interest thereon, the actual return was about 0.83 per cent (1969-70). It was as low as 0.52 per cent during 1971-72.

17. Madhuvanti irrigation scheme

The project is located in the Gir area of Junagadh district. It envisages construction of a dam across the river Madhuvanti near Kanadipur of Mendarda Mahal, Junagadh District.

Before this project was taken up, a limited scheme comprising a pick-up weir and a canal system was drawn up (April 1965) for execution by the panchayat as a minor irrigation scheme with financial assistance from the Government. The pick-up weir was located near the village Babartirth. The canals were to be constructed in an area of 2100 acres covered by the pick-up weir. The construction of the pick-up weir was completed in July 1966 (Cost: Rs. 1.76 lakhs) and the canals in December 1972 (cost : Rs. 3.55 lakhs).

Against the irrigation potential of 2100 acres, the actual area irrigated was as follows:—

Year	area irrigated (in acres)
1970—71	202
1971—72	441
1972—73	331
1973—74	800

Government stated (July 1974) that full irrigation potential can be achieved only in a decade.

The main Madhuvanti irrigation scheme was administratively approved (February 1968) for Rs. 51.81 lakhs and technically sanctioned (May 1969) for Rs. 48.56 lakhs. The scheme envisaged construction of an earthen dam (estimated cost : Rs. 24.93 lakhs), a waste-weir (estimated cost : Rs. 4.97 lakhs), an outlet (estimated cost : Rs. 1.66 lakhs), pick-up weir (estimated cost : Rs. 1.73 lakhs) and canals (estimated cost : Rs. 4.96 lakhs), besides miscellaneous items like land acquisition (Rs. 1.15 lakhs), construction of diversions/ approach roads (Rs. 2.64 lakhs), inspection bungalow (Rs. 0.26 lakh), staff quarters (Rs. 0.15 lakh) etc. The scheme was expected to yield a return of 0.35 per cent in the 5th year and 0.59 per cent in the 10th year after completion. The command area was estimated at 5403 acres (which included the 2100 acres covered under the pick-up weir).

Work on the scheme commenced in June 1970 and was scheduled to be completed by December 1972. Extensions of time were given till November 1973. The scheme has not yet been completed (January 1974). Rs. 45.10 lakhs have been spent upto October 1973. The estimated cost of the project is under revision to Rs. 71.64 lakhs. With this increase in cost, the negligible anticipated return will go down further. Government stated (July 1974) that extension of time limit had to be granted due to unexpected heavy rains in 1970-71, delay in land acquisition and shortage of labour. Government also stated that revenue by way of water rates is likely to register proportionate increase due to revision of water rates to Rs. 30 per acre as against Rs. 7 per acre assumed in the estimates.

The approved plans and estimates provided for acquisition of land measuring 155 hectares for the headwork at an estimated cost of Rs. 1.15 lakhs. Land admeasuring 225.66 hectares (40 per cent more) has, however, been acquired at a cost of Rs. 9.70 lakhs. The increase in the cost is due to a higher rate of compensation actually paid than anticipated.

The main dam was planned for construction within a period of 24 months from the date of commencement *viz.* June 1970. However, the contractor has so far (October 1973) been granted extension of time of 18 months on the ground that sufficient hearting material could not be obtained even for the flanks of the earthen dam from the borrow area shown in the approved plans and that borrow area for hearting materials was required to be investigated.

The Superintending Engineer, in supervisory charge of this project, observed (June 1972) that even though there was no possibility of excess in the work of tail channel, excess excavation was permitted by the Executive Engineer resulting in an extra expenditure of Rs. 0.66 lakh. The question of recovery of this excess payment is reported to be under examination (November 1973). According to the report of the Superintending Engineer, the contractor was allowed to excavate at random from the tail channel and that, in order to help the contractor he was allowed to use the excavated material directly in the dam, but payment was made as if rehandling of excavated material had taken place. The quantity of work and the excess payment involved has not yet been worked out (November 1973). Government stated (July 1974) that the Superintending/Executive Engineer will be advised to see that no payment for rehandling is made where the materials had been used directly and that such payment made, if any, should be adjusted.

The canals from the pick-up weir were planned to receive the water stored at the pick-up weir only. However by constructing the dam upstream, the flow of water was expected to go up and for this purpose, the canals are being widened at an additional cost of Rs. 0.52 lakh and an expenditure of Rs. 0.30 lakh has so far (October 1973) been incurred. The canals could have been planned initially itself to receive the additional flow of water from the dam particularly as they were constructed after 1966 when it had

already been decided to construct the dam upstream of the pick-up weir. The pick-up weir costing Rs. 1.76 lakhs is also likely to lose its utility after the completion of the dam (March 1974). Government stated that the canals of the pick-up weir will also be utilised in the absence of post-monsoon flow in the river.

18. Goma irrigation project

The scheme envisaged construction of a storage reservoir on river Goma to utilise the stored water for irrigation on an area of 6,277 acres in Bhavnagar District. The survey work was started in 1951. Though the scheme was proposed to be included in the Second Five Year Plan by the erstwhile Saurashtra Government, the plans and estimates amounting to Rs. 50 lakhs were administratively sanctioned by Government only in June 1960. But the scheme could not be taken up for execution in 1961-62, as certain defects were noticed in the bench mark survey done during the original survey. This necessitated resurvey and the plans and estimates were revised in August 1964 to Rs. 65.73 lakhs. The technical sanction was accorded in February 1965.

River Goma has its origin in Ballinnachhia hills and joins the river Sukhbadar. The length of the river upto the dam site is 14 miles. The catchment area spreads to sixty square miles and receives average annual rainfall of 20 inches (approximately).

The project envisaged the construction of an earthen dam 7330 feet long, a subsidiary dam of 2245 feet length, construction of waste weir of 539 feet length designed to permit a maximum flood discharge of 42,000 cusecs and construction of canals for a length of 22.5 miles (major and minor). The masonry portion of the project was proposed to be carried out in lime mortar because of availability of limestone quarries within easy reach. The reservoir was to have storage capacity of 644.87 million cubic feet, sufficient for *kharif* irrigation of 1924 acres and rabi irrigation of 4303 acres. It was expected that about 5,000 acres of land will fall within the command area within 5 miles of the canal system. The land under the command area was reported to be fertile. The project was expected to provide adequate water supply throughout the year for raising wheat and oilseeds crops. Additional production of food grains of 1870 tonnes was anticipated. The impounding of water in the reservoir was, in addition, expected to improve the sub-soil water in the region as a whole and thus indirectly benefit the region.

The execution of the project was started in 1965-66 and it was expected to be completed in 1968-69. The head-works and canal works were, however, completed by March 1972 only while the construction of minor canals is in progress (September 1973). The delay in completion of the project was attributed (December 1973) by Government to modification in the alignment of the approach channel, involving additional work of excavation,

laying of a drainage system in spillway as per instructions (January 1970) of Central Designs Organisation, heavy floods of 1970-71, shortage of labour and material in the vicinity of site.

Rupees 74.85 lakhs were spent upto the end of March 1973. Government has stated (December 1973) that taking into account the outstanding claims and the expenditure likely to be incurred, the total cost of the works portion only of the project would be about Rs. 77 lakhs excluding centage charges. Plans and estimates for further revision as per actual expenditure on the scheme are under preparation (December 1973) with an estimated cost which is likely to be Rs. 87 lakhs.

During execution it was found that lime of required quantity and quality was not available in the vicinity as contemplated in the project report and, therefore, masonry had to be carried out with cement mortar, involving an extra cost of Rs. 0.80 lakh.

Irrigation from the project started from the *rabi* season of 1970-71. The rainfall in catchment area was 27.8 inches, 18.8 inches and 6 inches respectively during 1970-71, 1971-72 and 1972-73.

The following table shows the working of the project:—

		(acres)
1. Potential created (estimated 6227 acres)	1970-71	2120
	1971-72	4000
	1972-73	6227
2. Area irrigation (estimated 6227 acres)	1970-71	284
	1971-72	934
	1972-73	465
		Rs.
3. Cost per acre of the scheme (estimated Rs. 1,056)	—	1,400
4. Annual cost of maintenance (estimated Rs. 18,600)	1970-71	16,492
	1971-72]	19,647
	1972-73	26,667
5. Cost per acre for irrigation (estimated Rs. 3 per acre)	1970-71	59
	1971-72	21
	1972-73	75

From the details given above it will be seen that the actual area irrigated, compared with the potential created during the three years 1970-71, 1971-72 and 1972-73, was only 13.3 per cent, 23.3 per cent and 7.48 per cent respectively. Shortfall in irrigation during 1970-71 and 1971-72 was attributed (December 1973) by Government to non construction of field channels by the irrigators in the initial years, part storage and less demand consequent on good rains and during 1972-73 to scanty rainfall.

The cost per acre of the scheme was estimated at Rs. 1,056. This itself was very high in view of the ceiling limit of Rs. 650 per acre prescribed for irrigation projects by Government (September 1970). However, the actual cost per acre of potential created is about Rs. 1,400 (based on expenditure incurred upto 1972-73).

A comparison of the estimated cost of irrigation with the actual cost per acre of irrigation shows that the latter was 20 times (1970-71), 7 times (1971-72) and 25 times (1972-73) of the former.

19. Construction of masonry dam with earth junction-Dhatarwadi Irrigation Scheme

Tenders for the above work invited (April 1970) in Irrigation Division, Amreli provided for the main item of uncoarsed rubble masonry in lime surkhi sand mortar and also for the alternative item of uncoarsed rubble masonry in cement mortar. The lowest offer of contractor "A" was Rs. 67.20 lakhs for the item of work in lime mortar (as against the estimated cost of Rs. 49.18 lakhs) and Rs. 76.67 lakhs for the alternative item of work in cement mortar (as against the estimated cost of Rs. 70.44 lakhs). The contractor had stipulated a condition that the Department should pay compensation in the event of damages arising due to natural calamities like earthquake, floods etc. During negotiation (May 1970) the contractor was prepared to withdraw this condition if he was allowed to carry out the work with the alternative item (*i. e.* uncoarsed rubble masonry in cement mortar).

In May 1970 the Superintending Engineer, Rajkot Irrigation Circle recommended the acceptance of tender notwithstanding the condition on the plea that the rates were reasonable and that the tendered cost would be only 1.15 per cent above the estimate if the schedule of rates of 1970-71 was applied. Later on, on the ground that the masonry work in lime mortar only was economical and the contractor's offer for carrying out the work at the tendered rates with the lime mortar was conditional, the Superintending Engineer, Rajkot Irrigation Circle, recommended to Government (July 1970) the rejection of the tender.

Consequently Government reinvited tenders (September 1970) and the only offer of contractor "B" was accepted (December 1970) for Rs. 77.84 lakhs for the work in lime mortar and for Rs. 86.03 lakhs for the alternative item of work in cement mortar.

After the award of work, the contractor proposed to bring the lime from quarries within 10 Kilometers of the dam site but the Executive Engineer approved quarries at distances of 30 to 48 K.Ms. The contractor demanded extra amount for bringing the lime from a distance of 30 to 48 K.Ms. from the dam site. Taking the extra cost for the lead into account, the rate for masonry work in lime worked out to Rs. 75 per cubicmetre as against the original tendered rate of Rs. 56.50 per cubicmetre. Government stated (July 1974) that the contractor was asked to bring lime from far off quarries as only lime from those quarries answered the tests of quality and quantity.

In view of the large extra cost involved in carrying out the work in lime surkhi sand mortar, Government, on the recommendation of the Superintending Engineer allowed (December 1971) the contractor to carry out the work in cement mortar (*i. e.* alternative item).

-Compared with the tendered rate of contractor 'A' who had agreed to carry out the work in cement mortar without insisting on any condition, the accepted rates of contractor 'B' were more by Rs. 9.36 lakhs (*i. e.* Rs. 86.03 lakhs minus Rs. 76.67 lakhs).

The avoidable extra expenditure of Rs. 9.36 lakhs occurred mainly because of the failure of the Department to conduct exploratory survey in advance about the availability of the requisite quantity of suitable lime in the nearby quarries.

20. Integrated subsidised housing scheme

The subsidised housing scheme for industrial workers formulated by the Government of India in September 1952 contemplates grant of financial assistance by the Government of India to the State Government and through them, to other approved agencies like Housing Boards, Municipal bodies, Registered Co-operative Societies etc. for providing housing accommodation to industrial workers falling under the meaning of Section 2 (i) of the Factories Act 1948. From April 1966, it was decided that the weaker sections of society should also be given benefit of housing accommodation under the scheme and the scheme was renamed "Integrated Subsidised Housing Scheme".

Prior to the formation of Gujarat State in May 1960, the erstwhile Governments of Bombay and Saurashtra implemented the scheme through their respective Housing Boards. With the constitution of the Gujarat Housing Board in 1961, the State Government has been implementing the scheme through the Board. The main features of the scheme are:—

- (i) The Government of India provides assistance to the State Government in the form of loan and subsidy, in equal proportion, upto the ceiling cost prescribed for each type of house. The loan is repayable

to the Government of India in 30 annual equated instalments and the repayment is to commence a year after the date on which the loan is given.

(ii) The State Government may in their discretion, advance under such terms as they think fit and in such manner as they consider best, the money so received to the State Housing Board.

(iii) The scheme is intended to provide housing accommodation of prescribed type and design to such industrial workers whose monthly income does not exceed Rs. 350 per month. From April 1966, one third of the houses built under the scheme are to be earmarked for economically weaker sections.

(iv) Four types of accommodation *viz.* open developed plots, skeletal houses, *pucca* houses and hostel and dormitory buildings are contemplated under the scheme. *Pucca* houses are to be of two categories *viz.* small two roomed houses (area 232 square feet) and regular two roomed houses (area 356 square feet). The ceiling limits varied from Rs. 1600 for an open developed plot to Rs. 7000 for a regular two roomed house (multi-storeyed). Persons with income of less than Rs. 250 per month have the first claim on these houses except regular two roomed houses which are meant for those in the income group of Rs. 251-350 per mensem.

(v) Eligibility for occupation is to be verified once in six months so that the ineligible persons are replaced by eligible persons; the occupants whose income exceed Rs. 350 per month are to be evicted within a period of 18 months.

(vi) Eligible occupants are to pay the subsidised standard rent as fixed for each tenement; persons who cross the limit of Rs. 350 per month but not Rs. 500 per month are to pay till eviction, the subsidised rent and an additional amount equal to 50 per cent of interest on the capital subsidy. Persons who cross the wage limit of Rs. 500 per month are to pay full economic rent.

(vii) Service charges are recoverable from the tenants on "no profit no loss" basis.

Financial outlay.—

During the period from May 1960 to March 1973 the Government of India paid a total amount of Rs. 4.60 crores in the *ratio* of 50 : 50 as loan and subsidy to the State Government. The Government of Gujarat passed on the entire amount to the Gujarat Housing Board.

Execution of the scheme.—

The Housing Board had at the end of March 1973, 20592 houses under its management under the scheme. Of these, 12620 houses were taken over from Bombay and Saurashtra Housing Boards at the time of constitution of the Gujarat Housing Board. The actual number of houses constructed by the Gujarat Housing Board during the 13 years under review was 7972 houses, with central assistance amounting to Rs. 4.60 crores. Five thousand two hundred and eight houses were completed in the III Plan period as against a target of 11625 while the remaining 2764 houses were constructed between 1966-67 and 1972-73.

As against the four types of constructions envisaged in the scheme, the Housing Board had constructed only small two-room houses with a ceiling cost ranging between Rs. 4600 and Rs. 5350. The cost of construction of open developed plots and skeletal houses is Rs. 1400-1850 and Rs. 2200-2900 respectively. It could not be ascertained whether the State Government or the Housing Board at any stage considered the possibility of going in for the above cheaper alternative types of constructions also with a view to meeting the demands of more number of eligible persons so as to make available the benefit of the welfare scheme to a greater number of persons.

Allotment of tenements.—

A review of the allotment of the tenements in accordance with the basic features mentioned above revealed the following position:—

(i) 1512 tenements (*i. e.* 7-1/2 per cent of the total constructed tenements) were permitted to be allotted to ineligible persons with the approval of the Central and State Governments.

(ii) Two per cent of the houses constructed were reserved for the blind and 5 per cent for Scheduled Caste and Scheduled Tribes with effect from October 1972. Such reservations were neither contemplated under the scheme nor had the approval of the Government of India.

(iii) The scheme provides for the allotment of houses to those whose wages/income do not exceed Rs. 350 per month. However, the regulations framed under the Housing Board Act provide that the maximum limit of *family income* shall be Rs. 350 per month. But at the time of allotments, income from the factory alone was taken into consideration in determining the eligibility and income from other sources was left out of consideration. This meant a major departure from the standard of eligibility prescribed for allotment and this resulted in allotment of tenements to persons having a total income in excess of Rs. 350 per month. A test check of some cases revealed that in one batch of allotment consisting of 351 houses in Baroda, income in 27 cases (about 8 per cent) exceeded the limit of Rs. 350 per month.

(iv) Although first preference in allotment was to be given to persons in the wage group below Rs. 250 and the balance only was to be offered to persons in wage group Rs. 251-350 (since all the houses were small two room houses only) this was not followed in actual allotment and all applications in the wage group upto Rs. 350 per month were treated on par. A review of a recent allotment revealed that 163 allottees out of 590 were in the wage group of Rs. 250-300 per month though 17860 applications for allotment in the wage group below Rs. 250 per month were available.

(v) It was decided in October 1972 with the approval of the Government of India to treat the workers of the closed mills in Gujarat as members of economically weaker section of the community, and to allow them to continue occupying the houses already allotted to them provided they fulfil other conditions. As and when the mills were re-started, the status of the occupants was to be reviewed.

Although all the mills except one have started re-functioning before March 1972 (between July 1969 and March 1972) their cases have not been reviewed to examine their eligibility for continued occupation. There were 1897 cases of such allotment.

Verification of eligibility for occupation.—

(i) As a result of representations from some of the tenants based on certain press reports that the Maharashtra Housing Board did not evict those whose income exceeded Rs. 500 per month, the State Government issued an order in August 1967, staying the operation of eviction proceedings in such cases pending a decision on the issue. After protracted correspondence with the Government of Maharashtra, it was learnt that the Maharashtra Government did not give any such concession. Consequently the stay orders were withdrawn in October 1973. In the meantime, the ineligible persons continued to occupy the houses and no action could be taken by the Board to evict them. The periodical verification regarding eligibility etc. was also not done.

(ii) The Housing Board could not indicate whether the eligibility of occupation was being verified or not in respect of the tenements in Gujarat region during the last three years. Information about any physical check of actual occupation by eligible allottees was also not available.

(iii) Eligibility for continued occupation of tenements was not being verified in many cases despite procedure with prescribed forms and instructions for physical verification etc. having been formulated.

(iv) A review of records relating to 432 houses in two colonies in Ahmedabad revealed that 14 persons had crossed the income limit before December 1971, but no action was taken for their replacements by eligible persons.

(v) In respect of Saurashtra region where there were 5352 tenements, 350 tenements were allotted through the Companies in which the labourers were working. Information whether they fulfilled the conditions of allotment was not available. In respect of remaining 5002 tenements verification forms in 30 per cent cases were not received out of 80 per cent for whom these forms were issued. Under the rules failure to return the duly completed forms entailed eviction. The following table gives the results of verification during the last 3 years.

Period ending	Total number of tenements covered in the verification	Verification forms not received so far	Verification forms received	Found ineligible
December 1971	4103	1486	2580	37
December 1972	3647	1308	2305	34
June 1973	3946	2401	1497	48

(vi) Physical verification in June 1970 in one colony at Rajkot revealed that out of 200 tenements, only 163 tenements were in occupation by original allottees. Out of the 163 tenements, occupants of 60 were not eligible for continued occupation. Action has not been taken for eviction of unauthorised and ineligible occupants. In four other colonies covering 1230 tenements in Rajkot, it was noticed that 119 occupants were not eligible for continued occupation.

(vii) The Housing Board became aware in July 1971 that in a large number of cases relating to Saurashtra region, files connected with the allotment of tenements were either missing or were incomplete. No action was taken to complete the records or to trace the missing records.

(viii) In July 1971 the high incidence of irregularities in occupation of the tenements in the Saurashtra region was considered by the Board and it was decided to regularise occupation by persons who were not allotted but were eligible for occupation and to take steps to evict persons illegally in occupation if they were ineligible for occupation. No follow-up action, however, was taken.

Sale of houses on hire purchase.

Although the scheme was intended primarily for providing houses to low paid serving industrial workers on reasonable rent as near the place of their work as possible, with the object, *inter-alia*, of improving production, the State Government decided to sell the houses to eligible allottees and made an announcement to this effect in March 1967 through a press release. Despite the fact that the owners of such houses would continue to occupy

them even after they ceased to be industrial workers, (thus denying the facility to other eligible workers) the Government of India agreed to the proposal in view of the specific commitment of the State Government. 16689 houses out of the total of 20592 houses were thus proposed to be sold out. The Government of India desired that the State Government should step up the tempo of fresh construction so that at least as many new houses are built, within the shortest possible period, in place of the houses sold.

The following are some of the points noticed in Audit :

(i) As per restrictions placed by Government of India, the houses sold should be replaced by fresh constructions as early as possible. Between 1969 and 1973, only 1466 quarters have been constructed against sale of 5242 tenements.

(ii) The Government of India permitted houses being offered for hire purchase only to those eligible industrial workers who were already in occupation of tenements in February 1967. However, the Housing Board with the approval of the State Government relaxed this condition in November 1972 to permit the following categories of persons also to avail of the sale facility :—

(a) Persons whose income was less than Rs. 500 on 2nd October 1965.

(b) Persons who lost status of industrial worker due to resignation, retrenchment or otherwise after 2nd October 1965.

(c) Widows of deceased occupants.

A test check of 750 cases revealed that the relaxation had enabled 138 persons, otherwise ineligible, to avail of the hire purchase scheme.

(iii) Though extension of last date for receipt of applications had been repeatedly granted the date of effect of sale has not been modified with the result that the status of the industrial workers as on date in many cases is not known. This has also resulted in confusion in closure of rent accounts, recovery of rent and accounting of maintenance and improvement expenses.

(iv) Large amounts were spent in the renovation of the colonies offered for hire purchase presumably to attract the tenants. The Housing Board decided in February 1972 that with a view to enable extra expenditure being incurred on those colonies over the ceiling for repairs and maintenance, common repairs and maintenance reserve funds should be

maintained for all colonies put together. This resulted in diversion of provisions intended for other colonies to the colonies offered for sale.

(v) Expenditure of capital nature has been incurred on many tenements offered for sale even though the date of effect of the sale was earlier to the date of incurring the capital expenditure. The Housing Board propose to realise the extra cost from the purchasers.

Construction cost

(i) Works Accounts: The assistance given by the Government of India was based on a certain ceiling cost per tenement and the subsidy payable by the State Government to the Housing Board is dependent on the standard rent of the tenements. In order to determine the standard rent correctly for each colony, it is necessary that the cost of construction is determined as soon as the construction work is completed. It was, however, seen that the works accounts in respect of most of the completed colonies are still to be closed with the result that adjustment of subsidy with reference to the correct standard rent has not yet been done. Even in cases where accounts have been closed, the standard rent has not been refixed and consequential recalculation of the subsidy payable not carried out.

(ii) A test check of the progress in expenditure revealed that in construction of 25 colonies the ceiling cost had been exceeded to the extent of Rs. 49.81 lakhs. The overall increase was as high as 22 percent on the ceiling cost. In respect of 33 other colonies expenditure incurred was less than the ceiling fixed by the Government of India by Rs. 25.9 lakhs. The subsidy refundable to the Central Government works out to Rs. 12.95 lakhs.

Fixation of standard rent

Provisional standard rent had been fixed in respect of each colony after taking into account the following factors:—

(i) Cost of construction as provisionally worked out

(ii) Provision for repair and maintenance and depreciation at percentage basis

(iii) Ground rent on percentage basis

(iv) Municipal and other taxes

(v) Cost of management on percentage basis

(vi) Interest payable on the loans

In respect of the items where the expenditure was determined on a percentage basis, the actual expenditure incurred has in no case been worked out with the result that the correctness of the standard rent is not susceptible of verification.

Service charges

Service charges are being recovered at certain prescribed rates from various tenants. As recoveries are to be on no profit no loss basis, it is necessary to ensure that the rates charged are correct and proper; no such review is being done in respect of any colony. Upto 1965-66 recoveries on account of service charges exceeded the actual expenditure resulting in a credit to the Housing Board. Between 1967-68 and 1971-72, expenditure has exceeded the recovery by over Rs. 8 lakhs, but no revision in the rate of service charges has been made.

21. Construction of houses for persons affected by earthquake in Broach

Broach town was affected by an earthquake during March 1970. To give relief to the people whose houses were damaged by the earthquake, Government initiated (May 1970) a scheme for the construction by the Gujarat Housing Board of 1500 tenements with community facilities, at an estimated cost of Rs. 158 lakhs. The scheme envisaged construction of 800 tenements at Rs. 7,000 per tenement for industrial workers (cost : Rs. 56 lakhs), 500 tenements at Rs. 11,000 per tenement for low income group people (cost : Rs. 55 lakhs) and 200 tenements at Rs. 16,000 per tenement for middle-income class people (cost : Rs. 32 lakhs) plus community facilities (Rs. 15 lakhs). All the tenements excepting 400 out of the 800 tenements meant for industrial workers were to be multi-storied. Due to lack of demand from the people for multi-storied structures and due to increase in the cost of land, building materials etc., Government revised (December 1970) the total number of tenements to be constructed to 900, keeping the estimated cost of the project at Rs. 158 lakhs as originally approved. Unit cost of the three types of tenements was then expected to be about Rs. 13,000, Rs. 18,000 and Rs.24,000 respectively.

For meeting the cost of the project, the Board was given a loan of Rs. 100 lakhs in October 1970 by Government, which was in turn obtained by Government from Life Insurance Corporation specifically for the scheme. The balance of Rs. 58 lakhs was to be met from the borrowings of the Board.

The Board invited applications for the tenements in June 1970. The applications were to be accompanied by a deposit of 10 per cent of the estimated cost and the remaining amount was to be paid on allotment of the tenement. Upto December 1970, only 210 applications were received. In view of the poor response the initial deposit was reduced to 5 per cent of the

estimated cost from January 1971 with the approval of Government. Inspite of this, the number of applications received upto April 1973 was only 473. The progress of work was as under:—

Year	No. of tenements for which construction was started			Total
	Industrial workers	Low income group	Middle income group	
1970—71	56	..	12	68
1971—72	102	164	20	286
1972—73	28	48	60	136
Total	186	212	92	490

The position as at the end of September 1973 was as below:—

Completed	Nil
In progress	490

Rupees 66.93 lakhs have been spent so far (September 1973). Initial deposits received from the applicants amounted to Rs. 5.25 lakhs only.

A review of the scheme indicates the following:—

(i) The benefit of the scheme was to be given primarily to those whose houses had been damaged by the earthquake. Out of 473 applications received only 35 had reported that they had suffered damage in earthquake. Even out of these 35 applications only 10 applicants had produced certificates from Collector or the Municipal authorities in support of their statements.

(ii) A test check of the applications showed that out of 169 applications received for tenements estimated to cost Rs. 13,000 each, the status of the applicants as industrial workers was verified in 25 cases only. The status of remaining applicants in the category and also of the applicants for other two categories was not ascertained.

(iii) There was considerable delay in completion of the work. Work on the first batch of tenements (numbering 68), started in December 1970/March 1971, has not been completed so far (September 1973). The delay has been attributed by the Department to non-commencement by Broach Municipality of work for provision of water supply. The share of the Board amounting to Rs. 1.95 lakhs equivalent to 75 per cent of the estimated cost (Rs. 2.60 lakhs) of such water supply works was

paid to the municipality in two instalments in January 1972 and September 1972. The delay in providing water connections has resulted in non-completion of works and non-allotment of tenements and also blocking up of capital.

(iv) The hire purchase price of tenements (then expected to be completed by October 1973) was originally fixed (May-June 1973) at Rs.19,500, Rs. 23,610 and Rs. 29,300 against estimated cost of construction of Rs. 13,000, Rs. 18,000 and Rs. 24,000 respectively for the three categories of tenements. The price was reduced as per the decision (July 1973) of the Board to Rs. 16,520, Rs. 20,480 and Rs. 25,900 respectively by reducing interest rates and centage charges, waiving interest charges beyond June 1972, altogether excluding the cost of that portion of land likely to be taken by Government for national highway, accommodating more tenements on the same land and increasing the repayment period from 20 years to 25 years etc. The total effective relief by way of reduction/waiving of interest etc. alone was about Rs. 16.50 lakhs. This concession was given on the ground that the tenements were meant to give relief to the people affected by earthquake. However the majority of the applicants were not of this category. No tenement has been allotted so far. The Board would be suffering considerable loss in the event of the interest burden not being fully passed on to the beneficiaries.

(v) The Board has undertaken as part of the project construction of 22 tenements on behalf of a Co-operative society formed in 1966 *i. e.* prior to the occurrence of earthquake. This is beyond the purview of the scheme. Approval of the Government for diversion of the fund for the purpose not contemplated in the scheme has not been obtained so far (December 1973).

22. Scheme for construction of tenements for flood-affected people

The monsoon of 1970 resulted in floods in many rivers of Gujarat. These floods caused damage in several districts (*i. e.* Bulsar, Surat, Broach, Baroda, Kaira, Ahmedabad, Surendranagar, Rajkot and Bhavnagar). Government decided (November 1970) that the Gujarat Housing Board should prepare a scheme for building tenements for persons affected by floods in various taluka towns after inviting applications with an initial deposit of 5 per cent of the value of the tenement. The unit cost was to be within Rs. 9,000 to attract as large a number of people as possible. The scheme prepared by the Board and finally approved by Government (February 1971) envisaged construction of 2,000 tenements (estimated cost : Rs. 200 lakhs) in 60 talukas of 14 districts.

Government sanctioned two loans-Rs. 50 lakhs at interest of 7 per cent and Rs. 150 lakhs at interest of $7\frac{1}{2}$ per cent to the Board for this purpose, repayable over a period of 25 years. These amounts were obtained by Government as loans from Life Insurance Corporation of

India exclusively for this purpose. The amounts were drawn by the Board in March 1971.

Upto the end of May 1971 only 65 application forms were sold although advertisement had been inserted in leading news-papers, etc. Not even a single application was received for house construction in any of the places where land was readily available (*viz.* Nadiad, Navsari, Baroda, Bhavnagar, Viramgam, Amreli, Surendranagar, Dhrangadhra and Rajkot). By the end of December 1971, only 11 applications for houses in 5 places (out of 24 places for which applications were invited) were received. Due to poor response, the Board decided (February 1972) with the approval of Government to dispense with the formality of inviting applications and to commence the construction work straightaway.

The progress of construction (October 1973) was as under:—

Year	Number of tenements for which construction was started
1971—72	472
1972—73	244
1973—74 (Upto October 1973)	566
	<hr/> 1282 <hr/>

The progress in completion as at the end of October 1973 was as follows:—

	No. of tenements	Expenditure (in lakhs of rupees)
(a) completed	400	35.08
(b) in progress	882	21.87

The balance of 718 tenements had not yet been started (October 1973).

Out of 1282 tenements either completed or under construction, the work of 1270 tenements was taken up without proper assessment of local demand.

For 400 tenements completed (October 1973), only 34 applications were received till the end of October 1972 (*i.e.* 3 in Rajkot, 17 in Bhavnagar, 12 in Baroda and 2 in Nadiad). These applicants have been allotted the tenements (February 1974).

In some talukas, construction of tenements was planned without relevance to the extent of damage by floods actually suffered as indicated below:—

Name of the taluka	No. of tenements			No. of tenements Planned
	destroyed	damaged	Total	
Jamnagar	..	7	7	36
Surat	..	30	30	100
Radhanpur	..	13	13	18
Ahmedabad	93	10	103	192
Total	93	60	153	346

According to approved pattern of assistance for victims of natural calamities, Government had given subsidy for repairs to houses at Rs. 250 per house and also loan of Rs. 5000 to individual for reconstruction/repairs to damaged/destroyed houses. Almost all the applicants under the Housing Scheme availed of this assistance. This aspect was not taken into account by the Board/Government while launching the programme.

23. Delay in the finalisation of tender

According to existing Government rules, tenders should be finalised within one month of their receipt. In January 1972, Government prescribed additionally that tenders for works costing upto Rs. 10 lakhs shall remain open for a period of ninety days from the date of their opening, during which period the tenderers shall not unilaterally withdraw or modify their offers. These stipulations were also incorporated in the general condition of the tender.

Tenders for the work of "Construction of clear water sump and staff quarters at junction chamber near Tapar Village" (estimated cost : Rs. 1.13 lakhs) in connection with the Kandla Water Supply Scheme, were invited by the Public Health Works Division, Bhuj in October 1972. The lowest tendered cost of Rs. 1.38 lakhs was further reduced during negotiations (27th October 1972) by the tenderer to Rs. 1.37 lakhs subject to the condition that the work order should be issued to him within a month. Though the tender was submitted to the Superintending Engineer for acceptance on 9th November 1972, it was returned by the latter to the Executive Engineer on 1st December 1972 only to enable him to further negotiate with the tenderer and to persuade him to withdraw the condition regarding the validity period of one month. The tenderer agreed to withdraw this condition on 18th December, 1972 and the tender was again submitted to the Superintending Engineer on 25th December 1972 and by the latter, in turn, to the Government on 10th January 1973. The tender was finally accepted by Government on 12th February 1973. Since the stipulated period of ninety days was over

by then, the contractor withdrew his offer. Tenders were, therefore, reinvited in May 1973 and the lowest tender accepted was for Rs. 1.80 lakhs. The work is in progress (January 1974). Delay in finalisation of the lowest tender on first invitation resulted in an extra expenditure of Rs. 0.43 lakh to Government.

24. Ahwa Water Supply Scheme

Ahwa, the district headquarters of Dangs district, predominantly an Adivasi area, has a population of 3000.* The source of water supply to the town is an earthen dam which collects monsoon water. From the dam, water is pumped through a pipeline at the rate of about 15,000 gallons per day. To increase the water supply from 15,000 gallons to 1.50 lakh gallons per day, Government approved (March 1957) the construction of a dam at Bhisra Nala, near Ahwa, at an estimated cost of Rs. 8.86 lakhs to cater to an estimated population of 5000 in 1988 at 30 gallons per head per day. A provision of Rs. 15 lakhs was also made in the Third Five Year Plan for the purpose. In 1961, the scheme was reconsidered and an estimate for Rs. 22.18 lakhs providing for construction of a masonry dam and ancillary works such as a high level reservoir, purification units, and distribution lines was approved. Considering the time that would be taken in finalising and executing the scheme, Government decided (July 1961) as an emergency measure, to take certain steps to increase the capacity of the existing tank.

The increase in capacity was to be achieved by (i) carrying out between 1962 and 1966 repair works to stop a leakage in the existing dam, (ii) raising the height of the existing dam from 2140 to 2144 F. S. L., (iii) constructing a pick-up weir downstream to recover the water which had leaked past and re-pumping the same into the storage area and (iv) constructing a pumping station, chlorination plant etc. The works were undertaken and Rs. 4.15 lakhs were spent on them. The improvements however failed to solve the leakage problem. Even the small pick-up weir which was constructed downstream to store the water from the bund developed leaks. The continued leakage has practically negated the benefits from the raising of the height of the dam. Rupees 0.23 lakh spent on raising the height of the dam and constructing a pick-up weir, therefore, proved infructuous.

After further departmental investigations (1967-68), Government decided to provide a cut-off trench on the downstream side of the existing bund with grouting, hearting and casing. Though tenders were invited three times for the work, estimated (1969-70) to cost Rs. 2.60 lakhs, there was no response. The work was, therefore, awarded in January 1972, after direct negotiation, to a contractor for execution at a cost of Rs. 5.52 lakhs. The work is in progress (March 1974). Rs. 1.43 lakhs have so far (November 1973) been spent.

*Based on 1961 census figures.

Over and above Rs. 5.58 lakhs already incurred on the emergency water supply scheme, the liability for the work already executed, but not paid as also for the work yet to be carried out, is understood to be of the order of Rs. 6.04 lakhs.

The problem of leakage is understood to be still (November 1973) continuing; water is also not being pumped back to the main storage area. The 4-inch castiron mains which were originally laid for the distribution system are proposed to be replaced by 6-inch mains. The engines of 10 H.P. capacity installed for pumping are also proposed to be replaced by engines of 15 H. P. capacity. The extent of expenditure incurred on these items is not known (May 1974).

The expenditure incurred so far appears to have been mainly to replace earlier assets or structures of the existing water supply scheme as temporary palliative with heavy incidence of repairs while the final plans for the new dam proposed more than a decade ago at Bhisra Nala are still to be progressed. Even then the expenditure incurred on existing work at a high cost appears not to have solved the basic problem of increase in water supply to an appreciable extent. Government stated (May 1974) that the present pumping from the dam is about 25000 to 30000 gallons per day. The estimates for the planned schemes at Bhisra Nala are reported to be under re-preparation for a revised outlay of Rs. 56 lakhs.

CHAPTER IV

CIVIL DEPARTMENTS

25. Detailed bills and utilisation certificates not received in Audit

Moneys are often drawn in advance on abstract bills which do not contain adequate details of the proposed expenditure. Detailed bills containing all the needed information are required to be submitted to Audit during the month following the month of drawal of advance. Detailed bills for Rs. 1539.37 lakhs drawn on abstract bills during 1960-61 to 1972-73 have not yet been submitted. Delay in furnishing detailed bills results in the expenditure remaining unaudited and frauds, mis-appropriations etc. remaining undetected. Reference may also please be made to paragraph-97 of Chapter IX of this Report.

For grants paid to outside bodies, departmental officers are required to certify, within one year of the payment, that the grants given have actually been used by the recipients for the purposes for which they were paid. Such certificates for Rs. 7962.67 lakhs paid by Government as grants during 1956-57 to 1971-72 have not yet been received. In the absence of the certificates, it is not possible to state whether the recipients spent the grants fully or are having some amounts still lying with them and whether they spent the grants for the purposes for which those were given and no fraud, mis-appropriation etc. occurred.

Reference may also please be made to paragraph 10 of Chapter I of this Report.

EDUCATION AND LABOUR DEPARTMENT

26. Educated Unemployed Relief Scheme

There were about 1.74 lakh applicants on the Live Register of Employment Exchange in the State at the end of December 1971. Of this, 0.83 lakh (49.4 per cent) were educated. The number of applicants who were matriculates and above but below graduate level, which had stood at 0.39 lakh by the end of 1967, rose to 0.69 lakh by the end of 1971, thereby registering a rise of 76.9 per cent. Against this, the number of graduates and post-graduates which stood at 0.07 lakh at the end of 1967, rose to 0.16 lakh by the end of 1971, representing an increase of 128.5 per cent.

To mitigate the problem of unemployment amongst educated youths, Government considered measures for organising training programmes to meet the specific needs of industries and commerce. As a short-term measure, a scheme of "Educated Unemployed Relief" was undertaken in the Fourth Five Year Plan with a view to affording quick and perceptible results and a provision of Rs. 1.5 crores was made for this purpose. The scheme was

directed towards creating employment potential for the educated unemployed through intensive short-term career development training programmes for meeting the personnel required in industry and commerce.

The first series of specialised short-term courses were introduced in July 1970. Nineteen courses were sanctioned of which 7 were for graduates, 7 for those qualified in Secondary School Certificate (S. S. C.) examination and 5 for those not qualified upto Secondary School Certificate standard (9th Standard passed).

Various additional courses like chemical plant operator, sales manship, diploma in statistics etc. were introduced subsequently in July 1971, 1972 and 1973. The number of courses sanctioned upto July 1973 was 57, of which 6 courses, as detailed below, have not been implemented so far (January 1974).

- | | |
|-------------------------------------|----------------|
| 1. Poultry Farming | (Non S. S. C.) |
| 2. Production-cum-training workshop | (Non S. S. C.) |
| 3. Rickshaw Mechanic-cum-driver | (Non S. S. C.) |
| 4. Diamond cutting | (Non S. S. C.) |
| 5. Die-casting mechanic | (Non S. S. C.) |
| 6. Taxi Mechanic -cum-driver | (S. S. C.) |

Government stated (January 1974) that in the case of poultry farming and diamond cutting, training was already imparted by Government departments/Corporations under other schemes and in the remaining cases, training would be implemented shortly.

The courses are of varying duration ranging from six weeks to one year and are conducted in Government and Non-Government institutions like productivity councils, universities, recognised private organisations and industrial concerns. The private institutions are given grants to meet the expenditure for conducting the courses. During the period from 1970-71 to 1972-73 Rs. 41.63 lakhs were spent on the scheme, of which Rs. 22.25 lakhs were paid as grants to non-Government agencies. The table below indicates the position as at the end of July 1973.

Courses for	No. of courses			No. of implementing agencies	
	Sanctioned till July 1973	Started	Not started	Government institutions	Non-Government institutions
Graduates	17	17	..	9	30
S. S. C.	17	16	1	34	9
Non-S. S. C. and qualification not prescribed	23	18	5	34	9
	57	51	6	77	48

Yearwise breakup of the grants paid to the non-Government institutions for all the courses was as under:—

Year	Grants paid (in lakhs of rupees)
1970—71	2.20
1971—72	6.65
1972—73	13.40
Total	22.25

The participants for the courses are selected from amongst the qualified unemployed persons listed in the live registers of the employment exchanges. Of the 51 courses started upto July 1973, trainees for 17 courses were given stipends from Rs. 25 to Rs. 180 each per month (Rs. 25 in 11 courses, Rs. 50 in 4 courses and Rs. 180 in two courses). Yearwise details of stipends paid are given below indicating the number of institutions which conducted the courses and the number of trainees who benefited by it.

Year	Amount of stipend (in lakhs of rupees)	No. of institutions	Number of trainees
1970—71	0.24	7	102
1971—72	0.56	11	412
1972—73	1.13	17	792

Diploma and certificates are awarded by the Technical Education Board to successful graduate and non-graduate trainees respectively.

The figures of educated unemployed as listed in the live register of employment exchange from 1967 to 1972, as detailed below, revealed that a major portion (about 75 per cent) fell under the category of S. S. C. passed.

Year ending	S.S.C. passed	Graduates, diploma holders etc.	Total
1967	36,662	10,008	46,670
1968	45,019	13,636	58,655
1969	51,350	15,677	67,027
1970	55,942	18,479	74,421
1971	63,355	22,145	85,500
1972	72,855	30,499	1,03,354

However, the following table would indicate that the proportion of facilities afforded to S. S. C. passed persons was much less when compared to the percentage of unemployed S. S. C. passed candidates. Further, though the number of S. S. C. passed educated unemployed was twice that of educated unemployed graduates, the number of seats allotted to S. S. C. passed was only half of that allotted to graduates.

Minimum qualification	No. of courses	Total No. of seats	Percentage with reference to total No. of seats
Graduates	17	1,635	47.9
S. S. C. passed	17	862	25.2
9th Standard	17	850	24.9
Others for which there is no prescribed minimum qualification	6	70	2.0
Total	57	3,417	100

The two courses *viz.*, (i) typewriting and duplicating machine repairing and (ii) secretaryship and taxation) started in July 1970 were discontinued in July 1972 and January 1973 respectively due to poor response as indicated below :—

	Typewriting and duplicating machine repairing			Secretaryship and taxation		
	Sanctioned strength	On roll	Percentage	Sanctioned strength	On roll	Percentage
1st Session (1st July 1970 to 31st December 1970)	60	14	23.3	360	103	28.6
2nd Session (1st January 1971 to 30th June 1971)	60	8	13.3	360	27	7.5
3rd Session (1st July 1971 to 31st December 1971)	60	7	11.6	360	42	11.6
4th Session (1st January 1972 to 30th June 1972)	60	9	15	360	30	8.5
5th Session (1st July 1972 to 31st December 1972)	..	..	..	360	9	2.5

In addition to the above, twenty-one courses in different sessions worked with less than 50 per cent of the sanctioned seats (*i.e.* ranging from 2.5 per cent to 43 per cent).

The table below indicates the utilisation of training potential and the performance of the trainees :—

Session	Total No. of sanctioned seats	Number on roll and its percentage		Number appeared in examination	Percentage of candidates who appeared in examination to those on roll	Number passed	Percentage of passes to those who appeared
		Number	Percentage				
1st Session	2325	1135	48.8	857	75.5	672	78.4
2nd Session	2325	806	34.7	480	59.6	335	67.8
3rd Session	2585	1410	54.5	1009	71.6	770	76.3
4th Session	2615	1174	44.9	819	69.8	556	67.9
5th Session	3197	1956	61.2	1354	69.3	993	73.3
6th Session	3197	1798	56.2	Not available			

To assess how far the successful trainees have been gainfully employed and how far they were absorbed in the trades for which they were trained, surveys were conducted by the Department in May 1972 and February 1973. The results of these surveys which were confined to the successful trainees of the first and third session are indicated in the following table :

Sr. No	Session I	Session III
1. Number of trainees covered by the survey	637	754
2. Number of trainees who responded to the enquiry	413	434
3. Number employed out of Sl. No. 2 above	148	122
4. Number unemployed out of Sl. No. 2 above	265	312
5. (a) Employed in the field in which trained	101	85
(b) Employed in other fields	47	37
	} 148	} 122
Percentage of (5) to (1)	23.2%	16%
Percentage of (5) to (2)	35.8%	28%

From the above, it will be seen that the number of successful trainees in sessions I and III formed only 23.2 and 16 per cent respectively of the number of trainees surveyed and 35.8 and 28 per cent of the number of trainees who responded to the enquiry.

One of the courses started in July 1971 was for giving coaching and guidance to the students appearing for the entrance examination to the first year degree course in engineering at the Indian Institutes of Technology. Since the coaching was not for the purpose of securing employment or for getting the trainees self-employed, the justification for the introduction of this course is not clear. Rupees 0.14 lakh were spent for training 117 students in three centres during April-May 1972 and April-May 1973 (The course was of the duration of six weeks).

Rupees 1.12 lakhs were spent during 1971-72 and 1972-73 on two schemes of training the youth for military potential in the State as per details furnished below:—

	1971—72	1972—73	Total
	(In lakhs of rupees)		
(i) Defence service career training programme (for commissioned and non commissioned officers services)	0.22	0.42	0.64
(ii) Pre-Service training class (for non commissioned service)	0.09	0.16	0.25
Stipend in respect of both the courses	0.06	0.17	0.23
Total	<u>0.37</u>	<u>0.75</u>	<u>1.12</u>

These courses were intended to afford intensive pre-selection training to the participants with a view to develop military leadership potential for the young men of the State to make them physically and mentally fit for getting selected to the Armed forces. The courses were of three months duration and the trainees were paid a monthly stipend of Rs. 180.

In respect of the three courses viz.

(i) Supervisor's practical training courses for mechanical engineering

(ii) Supervisor's practical training courses for electrical engineering and

(iii) the courses for chemical plant operators implemented from July 1971, Government approved the appointment of part time lecturers by the two implementing agencies (Ahmedabad Productivity Council and Baroda Productivity Council) and approved the payment of remuneration at Rs. 15

to Rs. 25 per hour (depending upon the status of the teachers). Expenditure on their remuneration is reimbursed by Government by way of grants. The courses were of six months' duration and lectures were to be given to the participants for 15 hours per week for each of the first two courses and 20 hours per week for the third course (*i. e.* 50 hours per week in each institution for all three courses).

Even at the maximum rate of Rs. 25 per hour, the grant that would be admissible per year for each institution would be Rs. 0.65 lakh (at Rs. 25 for 2600 hours per year). Grants released for both the institutions were, however, at the rate of Rs. 30 per hour (*i. e.* Rs. 0.78 lakh per year per institution). This has resulted in excess payment of grants of Rs. 0.52 lakh to both the institutions for the years 1971-72 and 1972-73 (*i. e.* at Rs. 0.13 lakh per year per institution). On this being pointed out by audit, Government stated (January 1974) that these excess grants paid inadvertently were recovered by way of adjustment of grant in July and December 1973.

One of the conditions for the release of grants to the private institutions is that the private institutions should furnish audited statement of accounts for each year to the Director of Technical Education. Such accounts have, however, not been received before the release of next year's grant from various private institutions as indicated below:—

Year for which accounts have not been received	No. of institutions	Amount of grants (in lakhs of rupees)
1970—71	5	1.02
1971—72	9	4.21
1972—73	15	13.34

Instances of major defaulters are given below:—

Name of the institution	Year	Amount of grants for which audited statements and accounts are outstanding (in lakhs of rupees)
Ahmedabad Productivity Council	1970—71	0.57
	1971—72	2.07
	1972—73	3.23
Baroda Productivity Council	1971—72	1.19
	1972—73	2.11
Gujarat Industrial Investment Corporation (a Government Undertaking)	1972—73	5.28
Surat Productivity Council	1970—71	0.18
	1971—72	0.25
	1972—73	0.20

Government stated (January 1974) that the audited statements of accounts for 1970-71 and 1971-72 have since been received from private agencies except one agency and that the audited statement of accounts for 1972-73 were not received so far. Government further stated that next instalments of grants would not be released unless they submit the audited statement of accounts for 1972-73.

The Department has not so far (July 1973) inspected the accounts of private institutions (except one institution *viz.* Srimant Fatehsinghrao Gaekwar General Hospital, Vatrak, which has since been closed) to ensure that the expenditure incurred by them was proper. The accounts of the above institution (Grant Rs. 0.44 lakh) inspected by the Department (July 1973) showed certain irregular expenditure of Rs. 0.07 lakh.

27. Craftsmen training scheme

The craftsmen training scheme which was started by the Government of India during the second world war to meet the shortage of skilled craftsmen and to augment production, was continued during the postwar period to train ex-servicemen initially and thereafter, persons displaced due to the partition of the country. The programme was reorganised in the year 1950 on a larger scale and was implemented

- (i) to ensure a steady flow of skilled workers for industries,
- (ii) to raise the quality and quantity of production by systematic training of workers and
- (iii) to reduce unemployment among educated youths by equipping them for suitable industrial employment.

In Gujarat State, to meet the increasing demand for technical personnel with the increase in the industrial activities, the scheme was implemented and continued during the five years from 1966-67.

The programme was a Centrally sponsored one upto 1968-69, 60 per cent of the cost thereon being borne by the Government of India. From 1969-70, it is a State Plan Scheme.

The number of seats was increased from 135 to 1684 during the second Five Year Plan by opening new technical institutes and expanding the existing ones. During the Third Plan, the target was raised to 2868 seats and at the end of the Third Plan (upto 1965-66), there were 18 Industrial Training Institutions in the State with 4552 sanctioned seats. Out of these, 352 seats could not be introduced for want of trainees and due to lack of laboratory facilities. Hence at the end of the Third Plan period, in effect, only 4200 seats were available for trainees. During the three Annual Plans (1966-67, 1967-68 and, 1968-69) 1384 additional seats were introduced. Against 1800 further seats provided in the Fourth Plan period

(1969-70 to 1973-74), 64 additional seats have been added till 1972-73. The minimum qualification prescribed for admission to these institutions varies from primary to secondary education and the duration of the training from two to three years.

During the Third Five Year Plan, Rs. 184.39 lakhs were spent on the scheme, of which the Central assistance was Rs. 110.63 lakhs. During 1966-67 to 1971-72, the total expenditure incurred by the State Government on this scheme was Rs. 341.64 lakhs.

The extent of utilisation of the intake capacity in the 18 institutions during 1966-67 to 1971-72 is indicated in the following table:—

Year	Number of seats available	Number of trainees enrolled	Number of trainees left	Percentage of drop-outs
1966—67	5096	2273	403	17.7
1967—68	5792	2661	473	17.8
1968—69	5792	3555	457	12.9
1969—70	5840	4095	599	14.6
1970—71	5900	3332	719	21.6
1971—72	5900	3300	619	18.8

The average utilisation of the intake capacity for the 6 years mentioned above is about 59 per cent and the dropouts is 17 per cent of the enrolment; the effective turnout is thus about 49 per cent of the intake capacity. The Evaluation Committee for the scheme has reported year after year that a number of trainees leave the training on various reasons like faulty selection of trade, inaptitude, aversion to manual labour, want of hostel facilities, medical and economic reasons.

Government stated (October 1973) that efforts have been made for fuller utilisation of seating capacity by advertising the activities of Industrial Training Institutions, the importance and scope of trades with all possible sources and also by diversifying the unpopular trades into popular trades or change of trades from one region to another region.

Trade-wise analysis of seats available in 18 institutions is indicated below:—

Trade	No. of seats available
Fitters	1000 and more
Electricians, turners, welders, wiremen etc.	500 to 999
Blacksmiths, carpentry, draughtsman, motor mechanic, machinist etc.	100 to 499
Watch and clock repairers, grinders, painters, plumbers etc.	Less than 100

The cost of training is required to be recovered from those trainees who leave their courses before completion. Such amount due for recovery at the end of March 1972 was Rs. 2.40 lakhs; year-wise break-up is given below:—

Year	Amount (in lakhs of rupees)
1961—66	0.43
1966—67	0.26
1967—68	0.32
1968—69	0.40
1969—70	0.33
1970—71	0.46
1971—72	0.20

During 1967-68 to 1971-72, on an average 176 posts (28.7 per cent) were kept vacant out of an average of 613 technical posts sanctioned per annum. Yearwise details of the number of posts sanctioned and posts lying vacant are given below:—

Year	Number of posts sanctioned	Number of posts kept vacant	Percentage of vacant posts
1967—68	615	195	31.7
1968—69	613	192	31.3
1969—70	613	191	31.2
1970—71	611	174	28.4
1971—72	611	130	21.2

The posts were kept vacant mainly in trades (such as blacksmithy, carpentry, pattern maker, moulder etc.) for which the response was not adequate. Government stated (October 1973) that this was due to want of trainees on account of unpopularity of these trades and the manual and physical labour involved in these trades.

The institutions are required to maintain records of candidates who completed the courses of training and who are gainfully employed on jobs. Information is not kept upto date in all the

institutions. The details that could be collected from certain institutions are tabulated below:—

Year	No. of institutions from whom the information could be collected	No. of trainees passed	No. of trainees gainfully employed
1966—67	12	1544	747
1967—68	13	1754	735
1968—69	13	1701	947
1969—70	14	1449	903
1970—71	10	1867	757

(Complete details upto 1972-73 are awaited.)

AGRICULTURE, FORESTS AND COOPERATION DEPARTMENT

28. Rabari Bharwad rehabilitation scheme

Rabari Bharwads, Charans, Sandhis, Matuvas and Rajgor communities are professional cattle breeders in Gujarat State and they are commonly known as "Gopalaks". To improve the economic and social conditions of the Gopalaks and to enable them to undertake activities of rearing up improved breeds of cattle, Government launched the above scheme in 1955-56 and it is being continued till now. The scheme was implemented by organising cattle breeding-cum-farming societies and multipurpose co-operative societies among the Gopalaks. To enable these societies to undertake development programmes and other activities in an organised and efficient manner, Government grants financial assistance in various ways like allotment of Government waste land, loan and subsidy for construction of huts and godowns and also for purchase of breeding bulls etc and repayable share capital contribution.

The outlay on the scheme upto the end of March 1973 was Rs. 36.53 lakhs (Loan : Rs.16.91 lakhs, Share Capital : Rs. 10.19 lakhs and Subsidy: Rs. 9.43 lakhs). A review of the scheme during Fourth Five Year Plan period indicated the following position:—

Financial

Nature of assistance	Provision (in lakhs of rupees)	Actuals	Percentage
Loan	4.21	3.46	82.18
Subsidy	1.38	0.58	42.02
Share capital	1.65	0.70	42.42
Total	7.24	4.74	65.46

Physical

Particulars of societies	Target fixed Nos.	Actuals Nos.	Percentage
Cattle breeding-cum-farming societies	10	18	180
Multipurpose Co-operative Societies	40	21	52.50
Total	50	39	78

The establishment expenditure from 1969-70 to 1972-73 was Rs. 2.07 lakhs, which was 43.67 per cent of the total expenditure of Rs. 4.74 lakhs on loan, subsidy and share capital contribution as indicated above.

Two hundred and three cattle breeding-cum-farming societies covering 3398 families (at the average rate of 17 families per society) and 244 multipurpose co-operative societies covering 10533 families (at the average rate of 43 families per society) were formed upto March 1973. Though the financial and physical targets were achieved in establishing the number of societies and granting financial assistance, the benefits of the scheme do not appear to have reached the communities. Out of 203 cattle breeding-cum-farming societies, 29 are under liquidation and 86 are dormant. Similarly out of 244 multipurpose co-operative societies, 33 are under liquidation and 106 are dormant. Only 88 cattle breeding-cum-farming societies and 105 multipurpose co-operative societies are functioning (December 1973); the families actually benefitted would be only 5994 (at the average rate of 17 and 43 per society respectively) as against 13931 families on whose behalf the societies were formed (*i. e.* 43.03 per cent). Taking that an average family would consist of 5 members, the number of people who actually benefitted would be only 29970 and this covers only 4.28 per cent of 7 lakh total population of Gopalaks in the State. Government stated (June 1974) that the benefits of the scheme have not reached the Communities at large because Government waste lands are now scarcely available in districts other than Kutch.

A test review of the working of certain societies in Ahmedabad, Mehsana and Surendranagar districts revealed the following:—

Cattle breeding-cum-farming societies

(a) The minimum area of land for each member should be 10 acres; a lesser area is permissible only when it is certified by the District Agriculture Officer that the land is fertile and enjoys irrigation facilities. The land obtained was less than the minimum as is evident from the fact that the total area of the land possessed by 203 cattle breeding-cum-farming societies, covering 3398 families was 28673 acres as against 33980 acres required (*i.e.* 16 per cent less than the minimum requirement).

(b) The accounts of the societies test-checked did not show the value of produce derived from the land. The required registers to record the value of produce were not maintained. The scheme for revitalisation of the Societies is under consideration of Government (June 1974).

(c) Though there is provision in the scheme for the grant of loan (Rs. 1500 per member) and subsidy (Rs. 400 per member) for constructing huts and sheds near the farms for the permanent settlement of the members, no member has availed of the assistance. One of the objects of the scheme viz. to put an end to the nomadic way of life by providing dwelling places near the lands where cultivation is done by the communities was thus not achieved. Government stated (June 1974) that the Gopalaks stay within five miles from the land and where only monsoon crop is taken have no inducement to have dwelling houses in the land.

Multipurpose Co-operative Societies.

These societies are organised with a view to look after the credit needs and cattle breeding services like procurement of cattle feeds and other provisions, marketing of their produce such as milk, ghee etc. The number of societies which were engaged in these activities was only a little above 50 per cent of the total 244 societies established so far. Further, all the societies were not engaged in all the activities but only in one or two as indicated below:—

Nature of activities	No. of societies
(a) Credit work	40
(b) Collecting and marketing of milk	65
(c) Distribution of cattle feed	28
(d) Manufacturing Ghee and marketing milk produce	15
	Total 148

If the societies under liquidation and those which are dormant (139 societies) were excluded, the number of societies actually rendering the services at present would be only 9 out of 244 societies established. Government stated (June 1974) that this phenomenon was attributable to the existence of parallel Co-operatives like Primary Service Co-operatives and Milk Producers' Societies undertaking similar activities.

Other points

(i) These societies are mostly situated in the districts of Ahmedabad (Farming Societies : 30.05 per cent, multipurpose societies 9.02 per cent)

Mehsana (Farming societies : 28.08 per cent, Multipurpose societies : 10.66 per cent), Bhavnagar (Farming Societies:11.82 per cent, Multipurpose Societies : 7.80 per cent) and Surendranagar (Farming Societies : 10.84 per cent Multipurpose Societies: 9.02 per cent). Rajkot district accounted for 2 per cent of the Farming Societies and 27.46 per cent of the Multi-purpose societies. No cattle-Breeding-cum-Farming Societies existed in the districts of Amreli, Dangs, Jamnagar, Junagadh, Kutch and Surat and their number is less than six in Baroda, Broach, Bulsar, Sabarkantha, Banaskantha and Rajkot districts. Similarly there are no multipurpose societies in the districts of Baroda, Gandhinagar, Surat and Dangs and their number is below 6 in the districts of Broach, Bulsar, Junagadh and Panchmahals. The Bharwad population of the districts which were not represented or poorly represented comes to about 1.73 lakhs *i. e.* about 25 per cent of the population of Gopalaks. Thus 14 out of the 19 districts of the State have not been represented or are very poorly represented in the implementation of the scheme. Government stated (June 1974) that the progress varied mostly with the population of Gopalaks except in Junagadh and Jamnagar districts. The non-availability of Government waste lands was also cited as a reason for inability to organise cattle breeding-cum-farming societies.

(ii) The "audit" classification of a society is an indicator of its general working. Societies on the basis of organisational as well as financial strength are being categorised as A (Very good), B (Good), C (Not good) and D (Very bad). The categorisation of societies of Ahmedabad, Mehsana and Surendranagar under this scheme, where 68.97 per cent of the cattle breeding-cum-farming societies and 28.70 per cent of the Multipurpose Societies existed, is given below:—

Category	No. of Societies in			Total No. of Societies	Percentage on the total
	Ahmedabad including Gandhinagar	Mehsana	Suren-dranagar		
A	2	Nil	Nil	2	1.10
B	17	5	9	31	17.03
C	29	28	13	70	38.46
D	16	32	6	54	29.67
Under liquidation	4	14	7	25	13.74
Total	68	79	35	182	100

Out of 182 Societies, 25 (13.74 per cent) are under liquidation, 54 (29.27 per cent) are functioning very badly and 70(38.46 per cent) are not

working satisfactorily. Thus 149 Societies (81.87 per cent) cannot be considered to be really performing the functions for which they were organised. The main reason for the poor performance of the Societies was attributed to non-availability of suitable technical staff for the supervision and guidance of the societies and the tendency on the part of Gopalaks to be away from the Societies.

(iii) Out of 447 societies established upto March 1973 in both the categories, only 6 multipurpose societies and 2 cattle-breeding-cum-farming societies availed of the assistance (Rs. 0.57 lakh as loan and Rs. 0.13 lakh as subsidy) for the construction of godowns. Government stated (June 1974) that failure to avail of assistance for construction of godowns was attributable to the fact that the Co-operatives are situated within the radius of five miles from the villages and hence no need is felt for such godowns.

(iv) Out of the loan of Rs. 16.91 lakhs paid so far to the societies, the overdue instalments of principal and interest as on the 31st December 1973 amounted to Rs. 2.24 lakhs and Rs. 2.03 lakhs respectively.

29. Grant of financial assistance for improved fishing boats

Along with the mechanisation programme of fishing crafts, which had gathered momentum during the Third Plan period, Government considered it necessary to improve the existing conditions of the fishing boats so that they could take to mechanised fishing. This could be done by decking the boats which facilitates the operating of winches and gurdies and enhances the efficiency of boats. Government, therefore, introduced the scheme of grant of financial assistance to fishermen to enable them to provide decking facilities to boats and for constructing improved boats. The scheme envisages grant of financial assistance to fishermen by way of loan and subsidy in the ratio of 75 : 25 of the estimated cost of construction of large-size boats having improved standard design suitable for mechanisation.

According to the terms and conditions of loan, the repayment of loan shall commence after completion of four months from the date of disbursement of the second instalment of loan and is to be completed within seven years at the rate of nine monthly instalments per year. Normal rate of interest as may be fixed by Government every year shall be charged on the loan.

Of Rs. 27.42 lakhs disbursed as loan under the scheme to 319 fishermen till March 1972, Rs. 8.36 lakhs was overdue for repayment at the

end of September 1973; the overdue amount included Rs. 4.37 lakhs relating to loan disbursed during the period upto March 1966 as indicated below:-

Year of payment	Loan paid (in lakhs of rupees)	Amount overdue
prior to 1959—60	1.20	0.61
1960—61	0.49	0.20
1961—62	0.24	0.08
1962—63	1.78	1.02
1963—64	2.26	1.28
1964—65	1.42	0.71
1965—66	2.59	0.47

In addition Rs. 2.10 lakhs were recoverable towards interest upto the end of September 1973 on these overdue loans.

The Department attributed the heavy overdues to uncertain seasons, migration of fishermen from place to place and glut in the market.

(ii) 21 boats for which financial assistance had been availed of (loan: Rs. 3.52 lakhs; subsidy :Rs. 1.57 lakhs) under the scheme have been seized by customs for alleged smuggling activities. Loan and subsidy overdue for recovery in these cases are Rs. 2.82 lakhs and Rs. 1.57 lakhs at the end of March 1972.

30. Incorrect preparation of schedule of rates

The schedule of rates for the soil conservation works for the year 1971-72 for the sub-divisions under the control of Superintending Agriculture Officer, Rajkot was approved by the Director of Agriculture in September 1971. Prior to September 1971, the rates as per schedule of rates of 1970-71, which were based on the British System of measurements, were applied. While converting the British system of measurements into Metric system in the new schedule of rates of 1971-72, the correct method of conversion was not followed in respect of 4 items out of 10 items of work under "Construction of Terrace and Land Levelling". For these items, the rates per 100 C.ft as per schedule of rates of 1970-71 were simply adopted as rates per one cubic meter in the new schedule of rates, incorrectly assuming that 100 C.ft was equivalent to one cubic meter instead of adopting the correct conversion of 100 C.ft to 2.84 cubic meters.

The mistake was noticed by the Department in January 1972 and the schedule of rates was suitably revised. A test check of the accounts of Gondal Sub-Division revealed that during the period from September 1971 to January 1972 the incorrect application of rates resulted in overpayment of Rs. 0.57 lakh to the labourers for the soil conservation works.

31. Area Irrigation Programme-Trial-cum-Demonstration Farms

In order to investigate means for optimum utilisation of irrigation water through study of water requirements of crops in relation to local soil types and climate and to suggest improvements in local crop patterns, Government set up between 1957-58 and 1964-65, 14 trial -cum-demonstration farms. Seven more trial-cum-demonstration farms were proposed to be set up during the Fourth Five Year Plan (1968-69 to 1973-74) but only two such farms were set up between 1969-70 and 1970-71.

A post of agronomist was sanctioned in March 1964 and the official was placed in overall charge of these farms as also demonstration plots in irrigated areas throughout the State.

Details of expenditure incurred on these farms (including irrigation demonstration) and receipts from these farms from 1968-69 to 1972-73 are given below:—

Year	Expenditure (in lakhs of rupees)	Receipts
1968—69	7.94	3.25
1969—70	8.60	3.84
1970—71	10.36	4.37
1971—72	11.49	4.23
1972—73	11.40	4.68
Total	49.79	20.37

The number of experimental trials conducted in these farms under various categories of research for the years 1969-70 to 1971-72 was as follows particulars for 1972-73 had not been received till August 1973 and the delay was attributed to absence of calculating machines to compile the data):—

Year	Optimum soil moisture regime*	Cropping pattern	Introduction of new crops	Mixed cropping	Miscellaneous	Total	No. of experiments which failed
1969—70	54	9	8	3	8	82	15
1970—71	47	11	13	3	..	74	14
1971—72	34	8	8	..	2	52	23

Note : *The term 'moisture regime' denotes availability of water for plant growth. Based on the degree of depletion in the available moisture, intervals of irrigation are scheduled with a view to find the optimum moisture regime. Based on the results of these trials, cultivators can plan crop pattern and water management practices while engineers can plan scheduling of water release from canals.

It will be seen from the above that the number of experiments undertaken by the farms progressively decreased while at the same time the percentage of failures of the trials tended to increase from 18 per cent in 1969-70 to 44 per cent in 1971-72. In one of these farms (Piplia Farm) the percentage of failure was 100 per cent. The high percentage of failure was attributed to absence of suitable laboratory building with power supply to the farm. In another farm (Talaja farm) where the failure percentage varied from 14 to 45 per cent during this period, the same was attributed to high water table conditions. The number of failures was particularly high in the trials for optimum soil moisture and was attributed to soil sampling errors, experiments not being methodically laid out, frequent transfers of staff and lack of irrigation facilities when trials were in progress.

Some of the other points in regard to the performance of these farms are given below:—

(i) One of the objectives of the farms was to introduce new crop responsive to irrigation. Although 29 trials were conducted between 1969-70 and 1971-72, no varietal demonstration has been arranged so far (August 1973).

(ii) Though the farms had earmarked one permanent plot for the purpose of conducting experiments on the long term effect of irrigation on the fertility of the soil with reference to the phosphorus, potash and nitrogen and P. H. content from 1967-68 onwards, results have so far not been compiled (August 1973).

(iii) No trials had been conducted under soil improvement, which was one of the principal item for research.

A review of the working of some of the farms is given below:—

(i) *T. C. D. Farm at Kim*

This farm, which was set up in 1959, had been facing problems of ensuring proper scheduling of irrigation from the outset. Canal irrigation for this farm was only seasonal and proposals were initiated in September 1966 for construction of a well. Ultimately in July 1971 a storage tank was constructed at a cost of Rs. 0.23 lakh with brick masonry and cement plastering. This tank, departmentally constructed, suffered damages in September 1972 and in July 1973 and cracks developed in some portions. Operations of the farm were also adversely affected by heavy leakages in the main pipelines taking water from irrigation canal to the farm. These leakages have so far not been set right by the Public Works (Irrigation) Department (December 1973).

(ii) *T. C. D. Farms at Chikhli, Dehgam, Piplia and Halwad*

All these farms were facing difficulties due to defective lay out of water courses and channels and defective levelling of tanks. Even though the farm

were to conduct demonstrations on suitable method of water management and crop production, except for Tasra farm where one demonstration was conducted, no demonstrations were at all conducted till August 1973 in all these farms.

The results of the research carried out at the farms were required to be demonstrated in cultivators' fields and for this purpose Government sanctioned in February 1967 an extension organisation with technical and supervisory staff at divisional and state levels. The details of demonstrations targeted and actually performed during the years 1969-70 to 1972-73, are given below:—

Year	No. of demonstrations to be conducted	No. of demonstrations held	Percentage of achievement
1969—70	120	51	43
1970—71	90	55	61
1971—72	120	63	53
1972—73	131	51	39

The cultivators were sanctioned a subsidy of Rs. 300 for each demonstration. The lack of adequate response to the demonstrations was stated to be due to the following factors:—

- (i) non-availability of plots of the minimum size of 3 to 5 acres,
- (ii) unwillingness on the part of the cultivators to adopt cropping pattern suggested by the department,
- (iii) lack of interest on the part of district agricultural officers and lack of training to staff with the panchayats (the scheme is being executed through the panchayats).

PANCHAYATS AND HEALTH DEPARTMENT

2. Scarcity-Tubewells Scheme

With a view to arranging drinking water supply in villages affected by drought conditions in 1972-73, it was decided by the Government to drill deep tubewells in 340 villages in eleven districts and supply water through cistern and standposts. Accordingly advertisements were issued on all-India basis in the beginning of October 1972 calling for districtwise rates to be submitted before 12th October 1972 for drilling of tubewells by 31st January 1973. Out of 340 tubewells, 110 tubewells to be executed in Saurashtra districts where the contracts were required for labour only

and in the 230 other cases, the contracts were to cover materials and labour. Thirty-four quotations were received in response to the advertisement and the tenders were opened on 12th October 1972. The rates offered (by 8 contractors for Saurashtra region and 26 contractors for other region) were thereafter negotiated with the tenderers by the Government and the rates finally approved (17th November 1972). Instead of actually entrusting the work to contractors on the basis of the accepted rates, the Superintending Engineer issued another advertisement (December 1972) calling for contractors willing to execute the work at the accepted rates before 31st March 1973 instead of 31st January 1973 as originally planned. Government accorded sanction for expenditure of Rs. 343 lakhs on 17th November 1972 based on the accepted rates as no regular estimates were framed earlier. A review of the implementation of this scheme revealed the following:—

I. Contracts for labour and material for 230 tube wells

(i) 230 tubewells were programmed to be drilled in 5 districts other than in the Saurashtra region, viz. in Banaskantha (75), Sabarkantha (45), Mehsana (30), Kutch (30) and Ahmedabad (50) and the rates accepted were for both material and labour. Out of 26 contractors who quoted the rates for 230 tubewells, 24 contractors had submitted uniform printed offers offering same rates and conditions for each of the above five districts though the tenders were submitted in separate covers and the printed rates were duly signed. Some of the 24 tenderers had merely scribbled their names and had not given their full addresses. They did not even use any distinct rubber stamps indicating the names of their firms. Besides this group of 24 contractors, there were two other competitors as under:—

For Kutch, Mehsana and Banaskantha District :	X
For Ahmedabad district :	Y

The rates of Y could not be considered for approval though they were lowest as they withdrew their offer on 19th October 1972. In the case of X the tender for Mehsana only was accepted as it was lower than the rates of the group of 24 contractors.

(ii) A combination of contractors who give pooled rates is not considered proper because it violates the system of competitive price. However, on the ground that the State was undertaking a large number of tubewells simultaneously as emergency programme, it was decided by the Government to condone this irregularity and their rates were considered for final approval and allotment of work.

(iii) According to the advertisement issued in October 1972, the tenderers were asked to indicate in their applications, amongst other things, the number of rigs that the tenderer possessed and the number of tubewells and the places where he would be willing to undertake the job so as to

ensure allocation of work according to the capacity of the tenderer and completion of work on scheduled time. No information as required was given by twelve tenderers included in the group of 24 contractors. Even though the tenders were originally invited in October 1972, the tenders were finalised only in December 1972 and the anticipated date of completion of work had therefore to be revised from 31st January 1973 to 31st March 1973 due to this delay. The objective behind allowing a very short time for receipt of all-India tenders in October 1972 was lost and possibility of lower offers being received with grant of reasonable time to respond to the advertisement was also missed.

(iv) The work was entrusted to 11 agencies, of which only 6 were the original tenderers from out of the group of 24 tenderers, one was X referred earlier and the remaining 4 agencies were those new parties who did not respond to the first advertisement in October 1972. Again, out of the 4 new agencies one single agency A was awarded 45 tubewells costing Rs. 18.38 lakhs. Out of the six original tenderers, one agency B was awarded contracts for 130 tubewells (Mehsana district : 25 ; Kutch district: 30; Banaskantha district : 75) at a total cost of Rs. 104.66 lakhs. This agency however, did not turn up for signing the agreement for the work in Kutch district till the end of the target date *viz.* 31st March 1973 on the ground that it could take up work in Kutch district, only after completion of work in Mehiana district. Thus the work in Kutch could not be taken up mainly due to the fact that the allocation of work was found to be concentrated amongst only a few agencies instead of a large number of agencies to enable completion of works by 31st March 1973 as targetted. Government stated (July 1974) that Kutch district being an arid and deserted area, contractors were not willing to carry out the works and therefore firm 'A' was persuaded to take up the works.

(v) In Mehiana District itself about a fortnight prior to issue of advertisement in October 1972 for these tubewells, tender notices were issued by the same Department for carrying out 24 identical types of tubewells under the Accelerated Water Supply Programme in backward villages. The rates for the 24 tubewells were accepted on 18th November 1972. *i.e.* a day after acceptance of rates for the tubewells under the scarcity scheme approved on 17th November 1972. The contract for all the 24 tubewells was also given to the same firm B and both the agreements were executed at the same time. Yet, the rates accepted under Accelerated Water Supply Programme were far lower than the rates accepted for Scarcity Tubewell Scheme notwithstanding the fact that in the former scheme the areas were more remote and backward. A comparative study of the rates of two schemes is given below:—

No. of tube wells	Rates under Accelerated Water Supply Programme Rs.	Rate under Scarcity Tubewells Scheme Rs.	Difference per tube well Rs.	Total difference Rs.
30	64,680	86,020	21,340	6,40,200

In actual execution the contractor drilled only 25 tubewells at a cost of Rs. 17.65 lakhs under Scarcity Tubewell Scheme (different depths for drilling) and if the rates applicable in case of Accelerated Water Supply scheme were given, the work would have cost only Rs. 10.14 lakhs (different depths for drilling). There was, thus, no justification for higher rates being approved for the same work in the same place. This would have saved Government Rs. 7.51 lakhs.

In Banaskantha District also, works for 75 tubewells were given for execution to the same agency under Scarcity Tubewell Scheme under famine @ Rs. 88,100 per tubewell while for similar types of work of tubewells rates given by other agencies were Rs. 68,400 per tubewell under Accelerated Water Supply Scheme for the same place at the same time. This resulted in extra expenditure of Rs. 12.61 lakhs for 64 tubewells at the rate of Rs. 19,700 each.

(vi) *Payment for extra items.*—(a) In the original tender submitted by the group of 24 tenderers, it was provided that the contractors would be entitled to claim an additional sum of Rs. 350/- per meter in respect of drillings carried out in strata with boulders or soft rocks. This was not incorporated in the original order issued on 17th November 1972. However by a subsequent order dated 5th March 1973, Government authorised payment at the rate of Rs. 350/- per metre subject to the condition that at least 50 per cent of the relative measurements were verified by the Executive Engineer. It was noticed that in Mehsana District payment for this extra item has been made, even though the prescribed percentage check was not carried out by the Executive Engineer. A test check of the measurements revealed that even in respect of measurements for normal drilling checked by the Executive Engineer, the corresponding entry for excavation in boulders was not checked.

The extra rate of Rs. 350 applicable for excavation in soft rock or boulders had also been paid for excavation for strata described as "sand with boulders" which is not covered by Government sanction. Government stated (July 1974) that "Sand with boulders" was used to denote crushed boulders looking like sand and that the operation was in boulder as judged from the progress of drilling. However, this position was not clear from the measurement book.

(b) The accepted tenders for Mehsana District did not provide for drilling of 200 m.m. dia slotted pipes but provided for drilling plain pipes of 200 m.m. dia and slotted pipes of 150 m.m at different depths. However, on a reported demand from the local population that in certain cases, slotted pipes of 200 m.m. should also be driven instead of plain pipes, the Executive Engineer permitted slotting of plain pipes being done before drilling the same. No technical reason for drilling slotted pipes has adduced. The extra item for such work has been paid to the extent of Rs. 0.11 lakh, though sanction for payment of extra item has not yet been issued (July 1974). A rate of Rs. 80 per meter for slotting the pipes was approved by

the Executive Engineer for payment, though actually the rate as per schedule of rates was only Rs. 35 per meter for this item resulting in extra payment of Rs. 0.06 lakh for 142 metres. Government stated (July 1974) that slotting of 200 M. M. dia pipes was necessary to tap aquifer met with in upper strata to draw more quantity of water.

(vii) The sites at which the tubewells were to be drilled were to be selected by the District Collectors. In respect of Kutch district, the Collector, Bhuj, gave a list on 23rd October 1972 of 59 villages for selection of 30 sites, out of which only 9 villages were recommended from the feasibility aspect by the geohydrologist for drilling tubewells. The Collector sent a further list of 293 villages out of which 21 villages were selected by the geohydrologist. However it was reported by the Executive Engineer in May 1973 that out of the 30 finally selected, it was feasible to drill tubewells in 22 villages only and that work was therefore being taken up there only. Even in these 22 sites, work commenced only after 31st March 1973.

II. Achievement of target

(i) Against 340 tubewells ordered to be drilled, the position of the number of tubewells drilled districtwise is as indicated below:—

	No. sanctioned	Number successfully completed upto			Number failed
		March '73	June '73	August '73	
Banaskantha	75	60	64	64	11
Ahmedabad	50	36	47	47	4
Kutch	30	..	10	10	9
Jamnagar	15	..	2	2	13
Bhavnagar	20	1	3	3	17
Amreli	15	3	5	7	9
Surendranagar	15	2	9	12	6
Junagadh	20	13	13	13	7
Rajkot	25	4	7	7	17
Sabarkantha	45	20	23	31	9
Mehsana	30	32	33	34	..
Total	340	171	216	230	102

Thus to end of March 1973 only 50 per cent of the tubewells were successfully drilled, despite the high rates sanctioned. The expenditure incurred on the 102 tubewells that failed amounted to Rs. 28.55 lakhs. In Banaskantha District, 3 tubewells were drilled at a cost of Rs. 1.24 lakhs at places which the geohydrologist had reported would have highly saline water. On actual drilling it was found to be true and the tubewells were declared failures. Out of 230 tubewells successfully drilled, the utilisation of tubewells towards drinking water and the position of completion of civil works was as under:—

District	No. of Successful tube wells	No. of tube wells used for drinking water supply to end of			No. of tube wells wherein civil works were completed to end of		
		March '73	June '73	August '73	March '73	June '73	August '73
Banaskantha	64	..	47	60	..	47	60
Ahmedabad	47	2	47	47	2	47	47
Kutch	10	..	1	3	..	2	5
Jamnagar	2	..	2	2	..	2	2
Bhavnagar	3	..	3	3	..	3	3
Amreli	7	3	5	5	3	5	5
Surendranagar	12	..	8	8	..	8	8
Junagadh	13	11	11	11	12	12	12
Rajkot	7	4	7	7	4	7	7
Sabarkantha	31	..	27	30	..	17	20
Mehsana	34	..	27	30	..	27	30
Total	230	20	185	206	21	177	199

Thus water supply could be arranged in 20 cases only by March 1973, and in 185 cases by June 1973, despite the emergency and top priority given to the drinking water programme to be completed by 31st March 1973. In fact, no specific programme prescribing target dates for (i) completion of each tubewell, (ii) completion of civil works, (iii) energising the tubewells and (iv) supply of drinking water was prepared. The Department had in stock 435 pumps valued at Rs. 25.30 lakhs awaiting installation as on 31st August 1973.

33. Civil Hospital, Ahmedabad-Intensive Care Unit

With a view to provide intensive and modern assistance to patients having complications in the heart, respiratory organs, kidneys etc., a separate

Intensive Care Unit was proposed (December 1969) to be established within the campus of the Civil Hospital, Ahmedabad. The expenditure for setting up the unit was to be met by donation of £ 51,000 accepted by Government (December 1969) from a foreign donor and by an equal matching contribution from Government. The donation was for four projects of which the erection and equipment of the intensive care unit to be housed in a separate block in the campus of the Civil Hospital, Ahmedabad, was one.

Equipment for this unit was directly purchased by the donor in the United Kingdom, through the agency of M. P. Shah Cancer Hospital, Ahmedabad run by the Gujarat Cancer Society, which placed orders (December 1971) directly with manufacturers in London. Equipment pertaining to this unit (Cost : Rs. 2.72 lakhs) was received in October 1972 along with the other equipment pertaining to Cancer Hospital and they were lying in the Cancer Hospital unopened (January 1974). The Gujarat Cancer Society requested (September 1973) the Director of Health Services to take delivery of the equipment as they were likely to get rusted due to rain and were lying at the risk of the Department.

Tenders for the construction of a new building (estimated cost : Rs. 9.38 lakhs) for housing the intensive care unit and for the quarters for Registrar and housemen (ground and first floor for the intensive care unit and second floor for the quarters) were invited in February 1971 by Roads and Buildings Division, Ahmedabad and the work was entrusted to the lowest tenderer in October 1971 for Rs. 11.08 lakhs. The following points were noticed in this connection:—

(i) According to conditions specified in the tender notice, the tenderers are required to give the correct total in words after adding all the item-wise amounts. In case of any error, the tenderer will be deemed to be bound by the total as given by him or the correct total of all the item-wise amounts, whichever was less. The difference between the total so given at the end and the total of various items would be regarded as an overall percentage rebate, if the former total is lower. In this case the contractor indicated a total at Rs. 10,60,849 instead of the actual total of Rs. 11,60,701. As against a rebate of Rs. 99,852 which would result as per the conditions of the tender, Government accepted (September 1971) a rebate of Rs. 52,231 only (*i. e.* 4.5 per cent of Rs. 11.61 lakhs) and the tender was finalised for Rs. 11.08 lakhs instead of Rs. 10.60 lakhs.

(ii) Before actually entrusting the work to the contractor, the work was taken up by the Division departmentally in July 1971 on the ground of urgency and an expenditure of Rs. 0.86 lakh was incurred. Execution of work departmentally after invitation of tenders without specific orders of Government was irregular.

(iii) The work was completed by the contractor in March 1973 and the final bill has not yet been paid (January 1974). Expenditure upto November 1973 relating to the Intensive Care Unit was Rs. 8.65 lakhs.

(iv) In addition, the following items of expenditure were also incurred so far by Electrical Division, Ahmedabad (January 1974).

(In lakhs of rupees)

Plant room for air conditioning	0.12
Part of internal electrification work	0.14
Additions and alterations	0.09
Total ..	<u>0.35</u>

In order to prevent infection and to reduce morbidity and mortality arising out of it and to minimise the frequency of failure rate in the electrical equipment, Government accorded (June 1973), administrative approval for Rs. 5.52 lakhs for providing central air conditioning plants and electrical installation in the intensive care unit. However Government issued orders (November 1973) stopping the work pending reconsideration of the location of the unit in view of the availability of similar units in other hospitals in Ahmedabad.

The decision of the Government to stop the work resulted in non-fulfilment of the conditions laid down by the donor for the location of the unit at Ahmedabad as also in the non-utilisation since October 1972 of the equipment costing Rs. 2.72 lakhs and the building constructed at an expenditure of Rs. 9.00 lakhs in March 1973.

34. Wasteful expenditure

To avail of the medicinal properties of the hot water springs in the village Lasundra (Kaira District), a dispensary was established by Government in that village in June 1970. The staff sanctioned for the dispensary included a part-time medical officer, a compounder, dresser, laboratory attendant and a watchman-cum-sweeper. All the posts except that of medical officer were filled up between October 1970 and December 1970. Some hospital equipment and furniture costing Rs. 0.05 lakh were purchased in March 1971. Though the post of part-time medical officer was converted into a full-time doctor in July 1971 and a full-time doctor was posted, he did not report for duty at the dispensary till November 1973 when the dispensary was closed. Rupees 0.26 lakh were spent on salaries of the staff and recurring contingencies till the closure of the dispensary. The expenditure proved unfruitful as the dispensary without a doctor could not render medical service to the public.

The staff have since (February 1973-November 1973) been transferred to the Civil Hospital, Kaira.

The village was already having a primary health centre with a qualified doctor.

35. Shortage of cash in Civil Hospital, Ahmedabad

Physical verification of cash in the Civil Hospital, Ahmedabad conducted by the Superintendent on 19th December 1973 disclosed a shortage of cash amounting to Rs. 0.14 lakh.

During the course of Audit inspection (December 1973) of the accounts of the Hospital, it was found that the rules regarding handling of cash and maintenance of connected records were not observed. Physical verification of cash was not done at any time between October 1972 and November 1973. There were many mistakes in the totalling of each days' entries in the cash book. No record of the details of the undisbursed cash at the end of each day was maintained. Such serious omissions in the maintenance of the cash book were noticed earlier also during the test check by Audit in September 1972 in respect of the accounts for the period from September 1971 to August 1972 and these were brought to the notice of the authorities concerned (December 1972). In spite of these observations, the irregularities persisted.

The matter has been reported to the Police and is under investigation (December 1973).

PUBLIC WORKS DEPARTMENT

36. Mechanical workshop

During the past few years there has been enormous increase in the construction activities of Government, particularly of the Public Works Department, necessitating purchase and use of large fleets of earth-moving machinery, road rollers, transport vehicles and other equipment, worth crores of rupees. With the increased use of such costly and heavy vehicles and equipment in the various construction activities, considerable amount is spent annually on their repairs and upkeep. To minimise delay in the execution of repairs of such equipment and to keep them in fit condition and maintain them on sound lines, Government work-shops are found to be necessary.

At the beginning of the Third Five Year Plan, Public Works Department, Police Department, State Road Transport Corporation and Ports had their separate workshops. Other departments had their own servicing facilities. Schemes for the expansion of the existing workshops/servicing

facilities or creation of new ones were included in the Third Plan by several departments. With a view to avoid duplication and waste, and to effect economy in Plan expenditure, Government decided (July 1962), on the basis of the recommendations (March 1962) of a study group (appointed by Government in October 1961) to have the following three-tier system of workshop facilities to cater to the needs of all the departments of Government except Ports and Gujarat Road Transport Corporation.

- (i) A Central Repair Workshop at Ahmedabad for major repairs and overhauling,
- (ii) Regional Workshops at Baroda and Rajkot for medium type of repairs and
- (iii) Five Field Workshops at the rate of one for two or three adjacent districts to attend to minor repairs.

The workshops were to be provided with mobile workshop units to attend to routine repairs and maintenance at worksites. The Public Works Department was entrusted (November 1963) with the task of implementing the scheme. The estimated cost of the scheme which stood at Rs. 79.52 lakhs originally (January 1962) was revised (1967) to Rs. 131.10 lakhs. An expenditure of Rs. 183.17 lakhs was incurred upto 1972-73 under this scheme as per details given below :—

Period	Budget provision	Actual expenditure
	(in lakhs of rupees)	
III Five Year Plan	40.00	71.97
1966—67	10.45	7.16
1967—68	23.83	15.67
1968—69	32.12	15.38
IV Five Year Plan (Upto 1972—73)	110.40	72.99
	216.80	183.17

The civil works are carried out by Roads and Buildings Division, Ahmedabad and Bhadar Irrigation Division, Jetpur. The break-up of the expenditure from 1967-68 to 1972-73 (details prior to 1967-68 not available)

between works expenditure (construction works, purchase of plant, machinery etc.) and establishment expenditure is as under:—

Year	Works expenditure	Establishment expenditure
	(in lakhs of rupees)	
1967—68	7.32	8.35
1968—69	4.62	10.76
1969—70	6.95	11.78
1970—71	8.45	13.41
1971—72	3.04	12.37
1972—73	3.30	13.69

The following paragraphs bring out the extent of progress made so far (March 1973) in the establishment of the various units and other incidental points :

(i) *Central Workshop, Ahmedabad*

Rs. 0.36 lakh were spent on acquisition (May 1963) of 52 acres of land at Ahmedabad for erecting a central workshop. Additional land measuring 9,932 sq. metres (cost to be decided by arbitration) were acquired and an approach road to the site laid on the additional land at a cost of Rs. 1.53 lakhs. Even though an approach road had been provided, access without road itself can however, be had only by making use of about half a kilometre stretch of Kachcha road in the possession of Gujarat Industrial Development Corporation.

(ii) The civil works relating to the Central Workshop were entrusted to the Roads and Buildings Division. Against the estimated cost of Rs. 42.42 lakhs for these civil works, an expenditure of Rs. 14.56 lakhs has so far (March 1973), been incurred. Construction of Time-keeper's office, Security Office, Watchmen's quarters etc. was commenced between October 1967 and February 1968 and completed in March 1973. The construction of stores shed was taken up in September 1968 and completed in October 1970. Plans and estimates for the main repair shed for Central Workshop were approved by Government (September 1967) for Rs. 23.21 lakhs. The work of fabrication of the trusses for the shed was to be done departmentally at the Central Workshop Division, Odhav and the items of civil works including erection etc. through contractors by Roads and Buildings Division, Ahmedabad. The fabrication, taken up by Workso

Division, Odhav, was completed in August 1969. The civil works relating to this repair shed, which were taken up in the meantime in October 1967 were, however, abandoned in May 1971 when the entire structure gave way. The Central Workshop Division has attributed the damage to defective execution of civil works, while the civil authorities have blamed the Mechanical Division for the defective fabrication. The causes and extent of damages have not so far (March 1973) been determined and the work stands abandoned since two years. Amount of Rs. 0.58 lakh has been spent on this construction and stores worth Rs. 1.19 lakhs have also been purchased upto August 1971 for this work.

(iii) The workshop, however, started functioning (August 1970) in the store shed. Use of heavy machinery in the stores shed (cost of the machinery installed upto March 1973 is Rs. 5.62 lakhs) for repair work damaged the flooring in the shed and the reflooring is estimated to cost Rs. 0.17 lakh (September 1973).

Regional Workshops at Baroda and Rajkot

Though it was decided to set up a separate regional workshop at Baroda, no action has been taken so far (January 1974) in this direction. Instead, the existing small workshop in the premises of the Government workshop for the manufacture of cast iron special pipes is being utilised as the Regional Workshop.

(ii) The workshop at Rajkot started functioning from October 1966. The construction of the workshop building (completed in April 1965) excluding the foundry and smithy sheds has cost Rs. 5.04 lakhs.

Field workshops

Establishment of Field Workshops at Bhavnagar, Junagadh, Mehsana, Navsari and Thasra (estimated cost : Rs. 15.37 lakhs) was approved by Government in August 1967 but the workshops have not so far (March 1973) been set up at any of these places.

Mobile workshops

Government have approved (June 1969) the establishment of eight mobile workshops (estimated cost : Rs. 10.37 lakhs) at the Central and Regional Workshops at Ahmedabad, Baroda and Rajkot and at the five Field workshops. For this purpose 6 truck chassis were purchased as early as in February 1968 (cost : Rs. 3.18 lakhs) and the body building (cost : Rs. 1.14 lakhs) and fitting accessories (cost : Rs. 2.08 lakhs) on these were completed only in January 1971. Thus the total cost of the six mobile units completed (January 1971) was Rs. 6.40 lakhs. These units were allotted to the Central and Regional Workshops and three of the Five Field Workshops.

Provision of equipment for the workshops

(i) The following table gives a comparative idea of the cost of various equipment, plants and tools acquired to the end of 1972-73 against their estimated requirements for various workshops:—

Name of the workshop	estimated cost	Actual cost of equipment acquired upto March 1973
Central Workshop, Ahmedabad	29.20	5.62
Regional Workshop, Baroda	2.66	1.37
Regional Workshop, Rajkot	5.00	3.08
Field Workshops	..	1.21

(ii) The table would indicate that the Central and Regional Workshops have not been properly equipped with tools and plants so far (March 1973). The tools and plants for Field Workshops were purchased between 1967-68 and 1971-72 though the workshops themselves have not been established so far (March 1973).

Performance of the various units

The following table gives the details of the number of works undertaken by the workshops and the cost realised during the three years ending 1972-73:—

Year	Central Workshop, Ahmedabad			Regional Workshop, Baroda			Regional Workshop, Rajkot		
	No. of major works	No. of minor works	cost billed for works done	No. of major works	No. of minor works	cost billed for works done	No. of major works	No. of minor works	cost billed for works done
1970-71	12	15	4.21	40	264	1.81	107	323	4.41
1971-72	30	45	8.02	45	407	2.52	139	313	7.06
1972-73	50	35	7.53	121	696	6.18	167	247	8.25

(ii) No uniform costing policy exists for evaluation of work done in the three workshops. While the cost of works done in the Central Workshop at Ahmedabad is assessed on certain *ad hoc* principles and is not based on any pre-determined standard, in the other two workshops, cost

is valued at machine-hour and labour-hour rates, though this is yet to be approved by Government.

(iii) Expenditure incurred on establishment in the three workshops is disproportionate to the value of output as indicated in the following table:—

	(in lakhs of rupees)					
	Central Workshop, Ahmedabad		Regional Workshop, Baroda		Regional Workshop, Rajkot	
	Output	establishment expenditure	Output	establishment expenditure	Output	establishment expenditure
1970—71	4.21	0.05	1.81	4.63	4.41	2.33
1971—72	8.02	2.12	2.52	3.66	7.06	2.90
1972—73	7.53	3.25	6.18	4.06	8.25	3.41

A study of the performance of the mobile workshops has revealed that four out of the six units erected upto January 1971 have rendered little service as shown below (information in respect of the remaining two units not available):—

Unit	No. of days worked so far (March 1973)
Mobile unit, Rajkot	13
Mobile unit, Baroda	4
Mobile unit, Junagadh	8
Mobile unit, Ahmedabad	nil

On the basis of the required annual expenditure of about Rs. 100 lakhs on the maintenance of vehicles and equipment, it can be said that these workshops have been able to cover about 15 to 20 per cent of the targeted performance.

(ii) On the basis of information furnished by 50 Public Works divisions (out of about 140 Public Works divisions) the expenditure incurred during 1972—73 towards repairs of 423 vehicles/machinery available with them was as under:—

Expenditure on repairs	
through Government workshops	Rs. 6.63 lakhs
through private parties	Rs. 3.21 lakhs
Total	Rs. 9.84 lakhs

(iii) From the above also it would be seen the workshop facilities were not sufficient to cater to the needs of all vehicles despite huge expenditure incurred on the scheme and further even the requirements of Public Works Department are not being fully met with. Further it was also noticed that the Public Works Department had not so far ascertained the details of vehicles and machinery and the repair facilities etc. available with the other departments as envisaged in the scheme.

Proforma Accounts

Proforma accounts of the workshops have not been compiled for any year, though the workshops have been declared in October 1963 as commercial undertakings by the Government.

REVENUE DEPARTMENT

37. Non-utilisation of stone metal

The work of breaking stone metal at various quarry sites was undertaken as a part of scarcity relief works in Panchmahals district during the periods when scarcity or semi-scarcity conditions prevailed in the district. The metal was broken and stacked at the quarry sites. By the end of March 1969, 25.55 lakh cubic feet of metal costing Rs. 2.55 lakhs was lying at various quarry sites for periods ranging from five to fifteen years. As the metal was deteriorating, Government ordered (March 1969) that the metal should be utilised on village approach roads and other district roads, even though in normal construction programme, such roads were not being executed as metalled roads.

It was, however, noticed that in addition to 25.55 lakh cubic feet of metal on stock as on 31st March 1969, a further quantity of 9.55 lakh cubic feet of metal was collected at various quarry sites during 1969-70. Out of the total stock of 35.10 lakh cubic feet of metal, only 18.34 lakh cubic feet of metal was utilised during 1969-70 to 1972-73 (8.88 lakh cubic feet in 1969-70, 2.97 lakh cubic feet in 1970-71, 3.96 lakh cubic feet in 1971-72 and 2.53 lakh cubic feet in 1972-73) leaving a balance of 16.76 lakh cubic feet of metal (value : Rs. 1.40 lakhs approximately) as on 1st April 1973.

Though financial rules prescribe cent per cent annual physical verification of stone metal collected at the quarry sites, such verification has not been done by the Executive Engineer, Panchayat Division at any time so far (January 1974). In the absence of physical verification, it is not known whether the balance of quantities as per books were actually available on quarry sites and whether there was deterioration in quality due to passage of time.

Government stated (January 1974) that physical verification of the scarcity metal is not feasible for want of proper access to quarry sites and that this will be considered again in consultation with the District Collectors.

38. Non-utilisation of road metal

As part of scarcity works, the Baroda district panchayat undertook the work of collection of road metal and murrum in Chhota-Udaipur during 1965-66, 1966-67 and 1969-70. Out of 22.83 lakh cubic feet of such metal collected during these works, only 2.75 lakh cubic feet of metal have so far (November 1973) been utilised. Value of the material remaining unutilised is Rs. 1.26 lakhs.

During physical verification of metal, conducted in 1972-73, 11.02 lakh cubic feet of metal (value : Rs. 0.77 lakh) were found short. The Executive Engineer stated (November 1973) that the Panchayat had undertaken re-verification of the entire physical stock.

The materials have been got stacked in an inaccessible place and the prospects of their utilisation are remote.

INDUSTRIES, MINES AND POWER DEPARTMENT

39. Extra expenditure

The work of air-conditioning the central laboratory (virus and pre-innoculation sections) of Vaccine Institute, Baroda, was entrusted to a firm in May 1969 for Rs. 5.43 lakhs by the Central Stores Purchase Organisation, Ahmedabad. The work was to be completed within six months. After the work had been awarded, the department considered the possibility of the plant and air handling unit rooms getting flooded during the rainy season and desired to have a change in their location; but the contractor demanded (August 1969) extra charges of Rs. 0.50 lakh on the ground that the proposed change would increase the chilled water piping and in duct work. Ultimately, Government decided (February 1970) against changing the original site of the location of the plant and the firm was informed of this decision in July 1970 with instructions to start the work immediately.

The firm, however, declined to execute the work at their original tendered rate in view of the delay of about one year in communicating the final decision and increase in the cost of materials.

The order on the firm was ultimately cancelled in January 1973 (after a further delay of about three years) without any financial repercussions on either side.

Fresh tenders were invited in January 1973 after making some modifications in specifications etc. (*viz.* mainly increase in the capacity of the air-conditioning plant from 100 ton to 140 ton) for the erection of the plant at the same original location and the work was awarded to another firm, for Rs. 9.10 lakhs in October 1973.

The delay in giving final clearance for the location of the plant and in subsequent finalisation of the tender resulted in extra expenditure of about Rs. 3.67 lakhs mainly due to increase in the cost of steel pipes, machinery etc.

FINANCE DEPARTMENT

40. Alleged misappropriation of money

A cheque for Rupees One lakh was drawn by the District Development Officer from his Personal Ledger Account in favour of the Taluka Development Officer, Godhra on 17th September 1973. On its receipt, the cheque along with a covering letter and chalan were delivered by the Taluka Development Officer to the District Treasury Officer on 19th September 1973 for effecting the book adjustment. The cheque was subsequently encashed on 22nd September 1973 by an unknown person. The paid cheque received with the Bank scroll is reported to be missing in the Treasury and this was also not attached with the Schedule of Payment relating to Personal Ledger Account of District Development Officer, sent to Audit by the Treasury Officer.

The Taluka Development Officer lodged a complaint with police authorities in November 1973.

Government stated (March 1974) that the matter was under investigation departmentally and through Crime Investigation Department. One clerk of the Treasury Office, suspected to be involved in the matter, has been suspended (December 1973).

41. Misappropriation of money

(1) Finalisation of 208 cases of misappropriation of money (total amount : Rs. 22.22 lakhs) reported upto 31st March 1973 was pending at the end of September 1973 as shown below:—

	Land revenue, tagavi dues etc.		Other cases	
	Number of cases	Amount (in lakhs of rupees)	Number of cases	Amount (in lakhs of rupees)
Cases outstanding at the end of March 1972	88	4.39	123	16.40
Cases reported during 1972-73	3	0.06	15	2.04
Cases closed during 1972-73 and from April 1973 to September 1973	8	0.31	13	0.36
Cases outstanding at the end of September 1973	83	4.14	125	18.08

Yearwise details of the outstanding cases and the stage at which they are, are given in Appendices V & VI.

(2) An instance of an important case of misappropriation reported during 1972-73 is briefly mentioned below:—

In January 1973, the Superintending Engineer, Ukai Circle reported to Audit that the Executive Engineer, Ukai Division No. 1 noticed misappropriation of Rs. 9329 from the amounts drawn from the sub-treasury as pay of the staff of the Division for March 1971 and from June 1971 to December 1971. As a result of preliminary investigations conducted on orders (January 1973) of the Superintending Engineer, Ukai Circle (Civil), the enquiry officer reported (September 1973) that the total amount misappropriated was Rs. 16650 from the pay bills drawn from the sub-treasury from December 1969 to January 1972.

The Superintending Engineer reported that the amounts were misappropriated by the junior clerk of the Division, who was in charge of preparation of pay bills and acquittance rolls as also of drawal of cash from the sub-treasury and its disbursement by committing the following irregularities:-

(i) Including false names in the pay bills and drawing amounts from the sub-treasury and thereafter deleting these names from the office copies of the pay bills.

(ii) including the names of employees in the pay bills for both permanent and temporary establishments and thereby drawing excess amounts from the sub-treasury,

(iii) preferring more claims of the staff members and paying the correct amounts to the staff after making corrections in the office copies etc.,

(iv) inflating the totals in acquittance rolls and entering the inflated totals in the cash book, so as to tally it with the amounts drawn from the sub-treasury.

The entire amount has been recovered from the clerk (January 1973 to January 1974). Departmental enquiry has been initiated against the clerk and further progress is awaited (June 1974).

42. Write-off and remission of revenue etc.

In 2532 cases, Rs. 246.59 lakhs representing mainly losses, irrecoverable revenues, duties, advances etc. were written off/waived between April 1972 and March 1973 or earlier years, as detailed in Appendix VII.

CHAPTER V

STORES AND STOCK ACCOUNTS

43. Review of stores and stock

A synopsis of important stores and stock accounts (other than those relating to Government commercial and quasi-commercial departments/undertakings) for 1972-73 to the extent the accounts have been received by Audit is given below:—

Sl. No.	Department	Stores	Opening balance	Receipts	Issues	Closing balance
(in lakhs of rupees)						
HOME						
1.	Jails (maintenance)	Grains, clothing, bedding etc.	3.70	14.57	14.70	3.57
2.	Jails (manufacture)	Raw materials, manufactured articles etc. (for calendar year 1972)	14.13	30.70	31.29	13.54
3.	Director of Information	Stationery, clothing, radio sets, films, projectors, vehicles, spare parts	18.69	12.93	9.13	22.49
EDUCATION AND LABOUR						
4.	Technical Education	Consumable hardware, electrical materials, wood, chemicals etc.	9.33	6.94	6.40	9.87
5.	Manpower and Employment	Iron and steel and other metal works, hardware, workshop material, electrical materials, wood, medicines, oil, petrol etc.	5.93	6.59	6.85	5.67
AGRICULTURE, FORESTS AND CO-OPERATION						
6.	Forest	Timber, fuel, charcoal, bamboos etc.	1,03.09	2,21.55	1,77.95	1,46.69
7.	Fisheries	Shark liver oil, Salt, Chemicals, nylon twine etc.	2.25*	5.09	4.84	2.50

*Difference between opening balance shown above and closing balance as shown in the Report for 1971-72 is due to rectification of cost of certain items.

Sl. No.	Department	Stores	Opening balance	Receipts (in lakhs of rupees)	Issues	Closing balance
PANCHAYATS AND HEALTH						
8.	Ayurved	Medicines, equipment etc.	6.81	9.22	10.27	5.76
9.	Drugs Control Administration	Instruments, apparatus, medicines etc.	1.15*	1.84	1.76	1.23
10.	Medical Services	Medicines, clothing etc.	97.00	1,55.53	1,50.83	1,01.70
11.	Medical services (Employees' State Insurance Scheme)	Medicines, equipment etc.	52.04	1,45.93	1,47.84	50.13
12.	Health Services	Medicines, equipment etc.	6,53.95	2,12.25	6,98.15	1,68.05

INDUSTRIES, MINES AND POWER

13.	Printing and Stationery	Paper, stationery, printing and binding materials, spare parts, types etc.	57.70	1,26.85	1,16.95	67.60
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REVENUE

14.	Stamps	non-postal stamps	22,09.73@	8,35.98	8,61.51	21,84.20
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44. Non receipt of stores accounts

Consolidated stores and stock accounts have not been received so far (June 1974) from three departments, particulars are given below:—

Sr. No.	Department	Particulars of accounts	Year for which accounts have not been received
1.	Geology and Mining	Consumable and non-consumable articles	1971—72
2.	Public Works	Stores handled by Public Works Divisions and Ports.	1972—73
3.	Police	Clothing articles, ammunition, motor vehicles etc.	1972—73

*Difference between the opening balance shown above and the closing balance as shown in the Report for 1971-72 is due to exclusion of the value of the books, erroneously included in the accounts of stores so far.

@Difference between the opening balance shown above and the closing balance as shown in the Report for 1971-72 is due to rectification of mistakes in the accounts for 1971-72.

PUBLIC WORKS DEPARTMENT

45. Appointment of a Liaison agent for supply of steel

The distribution and sale of steel was brought under control of Government of India from 1st October 1970. All allocations made prior to October 1970 were treated as lapsed. The procedure for procurement of steel introduced from that date required the indents on the main producers to be included in the priority lists by the Steel Priority Committee for inclusion in the production programme of the main producers on the basis of recommendations of the sponsoring authorities in various Ministries of the Government of India. With effect from May 1971 the production and distribution of steel produced by re-rollers also was brought under control of a separate committee (Billet Re-rollers Committee) so that a substantial portion of the steel produced by the re-rollers could be earmarked to meet the needs of Government Departments/undertakings and quasi-Government institutions.

During the period from October 1970 to September 1971, the Government of Gujarat received 4 quarterly allotments of 8943 M. T. of steel from Steel Priority Committee and one quarterly allotment of 963 M. T. from Billet Re-rollers Committee. The average monthly allotment was about 1066 M. T. (Steel Priority Committee allotment : 745 M. T. and Billet Re-rollers Committee allotment : 321 M. T.).

A private firm at Calcutta (M/s Associated Enterprises) offered (September 1971) to work as the Liaison Agent of the State Government for pursuing indents and expediting the supply of steel from the main producers as well as from other sources. Government accepted the offer and appointed the firm as Liaison agent for a period of one year from 15th November 1971 (subsequently extended for a further period of one year upto 14th November 1973). The agent was expected to

(i) pursue the indents for steel placed with the main producers through the Joint Plant Committee and subsequent issue of sale orders from the main producers,

(ii) make efforts for getting increased allocations of steel from the Steel Priority Committee,

(iii) pursue indents for re-rolled materials with the Billet Re-rollers Committee to get enhanced allocations,

(iv) follow up the allocations with the plants for despatch of steel against the allocations by the Steel Priority Committee and

(v) endeavour to get the State Government as large a supply of steel as possible from other sources like export surpluses or excess rollings etc.

The agreement entered into with the firm provided for the payment of commission at the rate of Rs. 13.50 per M. T. of rounds and structural: and Rs. 15 per M. T. of plates and sheets received by the State Government. For the purpose of computing the commission payable to the firm it was provided that out of the total quantity of steel received by various Public Works Department Offices, a minimum of 630 tonnes per month would be deducted and the payment of commission would be made for the quantity of steel received in excess of the minimum. The minimum of 630 tonnes per month for which reduction was to be made for purpose of the payment of commission was arrived at by Government on the basis of the monthly average quantity of steel received by Government from the Steel Priority Committee and Billet Re-rollers Committee allotments during the previous year (*i. e.* October 1970 to September 1971). Government considered that the quantity of steel received from November 1971 in excess of above average quantity received in the previous year, would be deemed to be attributable to the efforts of the commission agent. Accordingly for the period of two years (*i. e.* from 15th November 1971 to 14th November 1973) the commission paid to the agent was Rs. 1.61 lakhs for the supplies received during the period.

The following were some of the points noticed in audit :

(i) As per the procedure in force for procurement of steel through Steel Priority Committee, the agent had no role either for getting the sale orders from the producers or for getting the supplies expedited as the supplies included in the firm allocations by the Steel Priority Committee were definite, being based on the production programme of the producers and recommendations of sponsoring authorities at the level of Government of India. Similar was the position for allocations and supply through Billet Re-rollers Committee. No extra quantity of steel could be procured by the agent from any other source as well.

(ii) The actual quantity received by the State Government between 15th November 1971 and 14th November 1973 which was taken into account for the purpose of payment of commission was as under:—

Against SPC allocation	Against BRC allocation (in M. T.)	Total (M. T.)
18,453.811	7,643.339	26,097.150

As against the annual S. P. C. allocations of 12,355 M. T. during the year 1971 both under list A (firm commitment) and list B (buffer list) the allocations for the two years commencing from the 1st quarter of 1972 to last quarter of 1973 (*i. e.* during the period when the agency was in force) were 25783 M. T. (*i. e.* 12891 M. T. per year). The commission of Rs. 1.61 lakhs was thus hardly justified.

So far as the allocations under List 'A' are concerned, against the allocation of 8112 M. T. of steel during 1971 (prior to the appointment of liaison agent), the allocations during 1972 and 1973 were 6824 M. T. and 4865 M. T. respectively, indicating that the efforts of the Liaison agent did not result in any increased allocation.

(iii) As regards the allocation from the Billet Re-rollers Committee the allocation of 963 M. T. for one quarter (July to September 1971) prior to the appointment of Liaison Agent, was reduced to 955.40 M. T. per quarter for eight quarters. Thus no benefit accrued to Government by the appointment of the Liaison agent.

(iv) The fixation of the minimum at 630 tonnes as a deduction for purpose of commission was on the basis of the actual receipt of the previous year which was bound to be less due to time lag etc. in supply. A more appropriate way of determining the minimum would have been to base it on the average of the actual monthly allotment of 1066 M. T. Had this been taken into account, the commission payable for the two years would be only Rs. 0.70 lakh as against Rs. 1.61 lakhs actually paid.

(v) It was also noticed that the payment of commission of Rs. 1.61 lakhs included the payment of about Rs. 0.07 lakh representing 527 M.T. of steel despatched before the appointment of Liaison agent.

46. Purchase of paints

According to rules, purchases valued Rs. 5,000 and above should ordinarily be made by inviting tenders. Where tenders other than the lowest are proposed for acceptance the reasons thereof should be recorded by the authority competent to accept the tenders. If the stores required for use in any year are estimated to cost more than Rs. 10,000, the purchases are to be made through the Central Stores Purchase Organisation. The rules also provide that orders for the purchase of materials should not be split up so as to bring them within the powers of sanction of an officer. The heads of offices are permitted to make local purchase of stores direct if the total value does not exceed Rs. 1,000.

Paints (11,680 litres) costing Rs. 0.67 lakh were purchased in March 1971 by the Executive Engineer, Roads and Buildings Division, Broach for use in old Narmada bridge from four dealers without invitation of public tenders. Purchase orders even for the same type of paint placed on these dealers were also split up so as to bring the value of each order within his powers of purchase (*i. e.* round about Rs. 1000 for each order) and also to obviate the need to make the purchase through the Central Stores Purchase Organisation. Purchases were also not effected from the lowest of the four tenderers. This resulted in an avoidable expenditure of Rs. 0.05 lakh.

Cheques drawn in April 1971 for these purchases were antedated to 31st March 1971 to avoid lapse of grants and entered in the cash book of the division by tearing off the last page of the March cash book and inserting the cheques in a separate page treating this as an extension of March pages.

These irregularities were brought to the notice of Government (December 1971) and it was reported by Government (October 1972) that the matter is under investigation.

47. Purchase of pipes

Orders for the supply of 3000 metres of 12½" commercial quality pipes (Hindustan Steel Limited make) were placed (November 1972) by the Director, Ground Water Investigation, Ahmedabad, with a private firm at Rs. 145.50 per metre for use in Gujarat Tube Wells Division I, Ahmedabad. At the instance of the firm, the department requested (12th December 1972) Hindustan Steel Limited to allocate these pipes to the firm on priority basis. The orders of November 1972 were however, subsequently cancelled by the Director by telegram (30th December 1972), but the firm had already despatched 511 metres of pipe by then. These pipes were received during December 1972/January 1973 and payment of Rs. 0.73 lakh was made to the firm.

Earlier to placing the orders on the private firm, the Department had been making attempts to procure the pipes from Hindustan Steel Ltd. In June 1972 itself, Hindustan Steel Limited intimated the division their rolling programme of 12½" commercial quality pipes during October 1972 to January 1973 and the Director placed orders (September 1972) for the supply of 500 tonnes at the rate of Rs. 1625 per tonne. (This rate is inclusive of freight charges which work out to Rs. 93.70 per metre). Four hundred and ninety five tonnes of pipe were supplied by Hindustan Steel Limited in December 1972/January 1973.

The purchase of 511 metres of pipe from a private firm resulted in extra expenditure of Rs. 0.27 lakh to Government computed with reference to the rate charged by Hindustan Steel Limited.

48. Idle investment

Mention was made in paragraph 61 of the Report for the year 1970-71 about the placing of orders by Government for the supply of eight 150-ton self-propelled barges with a firm of ship builders in July 1968 and about the non-delivery of the barges by the firm after receiving Rs. 33.43 lakhs as stage payments according to the terms of the contract.

In anticipation of the delivery of these barges, two marine diesel engines with one reverse reduction gear box and two heat exchangers were purchased

from M/s Escorts Ltd. in December 1970 (orders placed in September 1970) by the Director of Ports at a cost of Rs. 3.76 lakhs against the amount given by State Trading Corporation as loan. These machines were intended to serve as stand-by for use in Bedi Port, as and when necessary, in running the barges and to maintain the operational efficiency of the crafts. These machines have not been put to use so far (September 1973) as the firm of ship builders viz. M/s Aloock Ashdown Co. Ltd. had since (April 1971) gone into liquidation and has not delivered the barges.

Warranty clause for supply of these diesel engines and accessories stipulated a guarantee period of twelve months only from the date of despatch. The warranty period is long over (December 1971).

The placing of orders for these machines which were to be used only as stand-by in September 1970 could have been avoided, as the firm had not even supplied the barges by December 1969, as per the stipulated date of padelivery.

The Director of Ports, Ahmedabad stated (September 1973) that the question of taking over the units under construction with the firm (under liquidation) is under consideration of Government and the matter has been taken up with the official liquidator and that the engines would be used when the units were handed over. He further stated that the question of alternative use of the machines would be considered in case the units are not handed over finally.

Government stated (February 1974) that the Director of Ports has been instructed to use them as spare engines on other crafts as and when needed.

PANCHAYATS AND HEALTH DEPARTMENT

49. Shortage of materials

In November 1973, shortage of materials like iron pipes, angles, steels etc. (value:Rs. 0.31 lakh) was noticed in Rural Water Supply Division, Surendranagar by the Sub Divisional Officer, Rural Water Supply Sub Division I, Surendranagar. Preliminary investigations revealed that some of the departmental materials kept in the stores of the division were carted away by labourers. The case is under police investigation (December 1973).

AGRICULTURE, FORESTS AND CO-OPERATION AND PUBLIC WORKS DEPARTMENTS

50. Idle machinery

One Garlicks Rotary Drilling Machine Model H-D-500, suitable for drilling in alluvial soil (cost : Rs. 0.30 lakh) and one Bedford, 167 inch

wheel base petrol truck chassis (cost : Rs. 0.27 lakh) were purchased in April 1968 by the Agricultural Department for hydrological survey for ground water and investigation. The equipments were not used at all by the department till June-July 1970 when they were transferred to the newly formed Directorate of Ground Water Investigation. These machines were declared surplus by the latter, but since there was no demand for them they are lying idle (January 1974). The Director stated (February 1973) that these machines were not useful to the Directorate, but they were accepted as per instructions of the Government.

PANCHAYATS AND HEALTH DEPARTMENT

51. Purchase of Stores-Civil Hospital, Kaira

During the course of audit (January 1974) of the accounts of the Civil Hospital, Kaira, it was seen that the Civil Surgeon, Kaira had made local purchases of office furniture, fans, hospital equipment/instruments etc. to the extent of Rs. 3.72 lakhs and Rs. 3.37 lakhs during 1972-73 and 1973-74. In making these purchases the prescribed rules were not observed and purchases were made by calling for limited quotations from six unapproved dealers instead of the purchases being made through the Central Stores Purchase Organisation, Ahmedabad or orders being placed on approved dealers on rate-contract.

In respect of items of equipment, furniture etc. purchased from the above dealers at a total cost of Rs. 2.52 lakhs, it was seen that extra expenditure to the extent of Rs. 2.01 lakhs had been incurred on those items which could have been purchased at cheaper rates under operative DGS&D rate-contracts. A few instances where exorbitant prices have been paid are given below:—

Item	Quantity	Rate of purchase per item	Amount	DGS&D Rate Contract Rate	Amount	Excess expenditure
		Rs.	Rs.	Rs.	Rs.	Rs.
1. Writing table steel with one side, 3 drawers size 4'x2-1/2'	12	2,140	25,680	265+ 3% ST.	3,275	22,405
2. Steel cupboards size, 6-1/2'x3'x19'	30	1,802.95	54,088	396	11,880	42,208
3. Chairs tabular with cane back and seat without arms	6	909.50	5,457	64.90	389	5,068

Item	Quantity	Rate of purchase per item	Amount	DGS&D Rate Contract Rate	Amount	Excess expenditure
		Rs.	Rs.	Rs.	Rs.	Rs.
4. Bed-side lockers	52	518.96	26,985	77.87	4,049	22,936
5. Water cooler	3	2,455.00				
Accessories		2,250.00				
Electrical fitters		2,190.00	22,133	3,025+	9,347	12,786
Miscellaneous charges		7% of above		3% ST.		
		<u>7,377.65</u>		<u>3,115.75</u>		
6. Aircooler without electric fittings	4	2,450	20,116	595.70	2,383	17,733
Accessories & electric fittings		2,450				
Miscellaneous charges		7%				
		<u>5,029</u>				

In making the above purchases the Civil Surgeon had exceeded his powers and had also not reported these purchases, to the Central Stores Purchase Organisation, as required under the rules. In respect of water-coolers and room-coolers (Item 5 and 6 of the above statement) the equipment was split up into separate items as water-coolers, accessories, electrical fittings etc. in order to avoid approaching higher authorities for sanction.

Purchases of hospital instruments and equipment were also similarly made at prices which were exorbitant resulting in additional cost to the extent of Rs. 0.87 lakh compared to the rates at which the same were available from normal sources, viz. Government medical stores, Bombay.

Other irregularities noticed are also mentioned below:—

(i) Though the purchases on each occasion were for more than Rs. 10,000, no public tenders were invited, and limited enquiry letters were issued only to 3 to 5 unapproved dealers.

(ii) The time allowed for quotations was also limited to a period of 3 to 10 days in different cases.

(iii) There was no documentary evidence to indicate whether the quotations were received in sealed covers.

(iv) There was no indication of the actual date of receipt of quotations as no dated initials were recorded on the quotations received. In certain cases, it was also seen that the original dates given on the quotations were earlier than even the date of tender enquiry and were found to have been altered to later dates.

(v) Full specifications of the items to be supplied were also not given in the supply orders.

(vi) In some cases alterations were noticed in the recorded dates of placing orders, dates of bills and dates of cash receipts.

(vii) The purchases were not made after constituting a committee consisting of the Civil Surgeon, the Resident Medical Officer and the District Health Officer, as required under the rules.

(viii) The payments to the firms situated in Bombay were made in cash instead of demand drafts, as required under the rules.

Bulk of the medicines and drugs etc were purchased from a single local supplier in Kaira, as per details given below:—

Years	Total amount of purchase (in lakhs of rupees)
1. 1971—72	0.17
2. 1972—73	0.27
3. 1973—74 (upto October 1973)	0.35

Had these medicines been purchased from the Government Medical Stores or from approved suppliers on rate-contract, there would have been a saving of approximately Rs. 0.07 lakh in respect of about 26 items.

The matter was reported to Government in February 1974.

52. Purchase of glycerine

The Director of Medical Services (ESIS) invited limited quotations in November 1971 for supply of glycerine for use in E. S. I. S. dispensaries. The offer of a firm to supply the material at Rs. 19.95 per kg. was accepted (November 1971). As per orders placed with the firm in December 1971 (120 kg) and February 1972 (120kg) 240 kgs. of glycerine were received in January 1972 and July 1972.

In November 1971 itself, tenders were again invited for supply of drugs and other materials including glycerine by the Director of Medical Services (E. S. I. S.). The solitary offer of the same firm for supply of glycerine at Rs. 30 per kg., received in response to this invitation, was accepted and orders placed with it for 5500 kgs. of the material (cost : Rs. 1.65 lakhs) (300 kg. on 24th February 1972, 5000 kg. on 8th May 1972 and 200

kg. on 27th June 1972). Supplies according to these orders were made during March 1972 to September 1972.

The second purchase, effected at a higher price resulted in an avoidable expenditure of Rs. 0.55 lakh.

On this being pointed out, Government stated (November 1973) that higher rates were paid to the firm and efforts were made to recover the excess amount from the firm. Accordingly Rs. 0.25 lakh were stated to have been recovered and for the remaining amount the firm has agreed to refund it within one year by 12 monthly instalments.

INDUSTRIES, MINES AND POWER DEPARTMENT

3. Extra expenditure

On the basis of an indent received (May 1971) from the Executive Engineer, Kadana Colony Division, the Central Stores Purchase Organisation invited (October 1971) quotations for supply of tungsten carbide tipped drill rods of different sizes for use in the Kadana Project, as indicated below:—

Item number	length	bit diameter (in millimeter)	number required
1	800	34	2000
2	1600	33	1300
3	2400	32	300
4	3200	31	500

Three offers were received. Quotation of Firm A was lowest (rates quoted Rs. 140, Rs. 159, Rs. 177 and Rs. 197 respectively with a discount of 17½ percent thereon, but freight, packing and insurance charges extra, total cost being Rs. 5.56 lakhs). The firm stipulated a validity period of one month from 29th November 1971 for his offer. On the ground that finalisation of the tender was likely to be delayed, the Central Stores Purchase Organisation asked for extension of the validity period till the end of March 1972. The firm agreed (February 1972) for the extension subject to a 10 per cent increase in their rates. The increased rates which were still the lowest *vis-a-vis* the rates quoted by the other two tenderers, were accepted (March 1972) by the Central Stores Purchase Organisation and orders for supply of the materials placed (March 1972) for Rs. 5.80 lakhs. Increase in cost consequent on the delay in finalising the tender enquiries expeditiously was Rs. 0.24 lakh.

On receipt of further indents received from the same officer, *i. e.* Executive Engineer Kadana Colony Division, orders were again placed in September 1972 with the same firm for additional quantities (1250 and 900 numbers respectively) of the drill rods with the specifications at item 1 and 2 above for use in the same project. Before the additional quantities were supplied, the rates were further increased in March 1973 (*i. e.* Rs. 180 each for item (i) and Rs. 211 each for item (ii)) to which the Central Stores Purchase Organisation agreed (June 1973) on the recommendation of the indenting officer and a revised repeat order was also issued (June 1973). With reference to the rates quoted by the firm in November 1971, the increase in cost amounted to Rs. 1.04 lakhs. Under the orders of Government, all indenting officers should bulk their annual requirements as far as possible. This extra expenditure could also have been saved if the indenting officer had consolidated this indent with the earlier one and the Central Stores Purchase Organisation had finalised it within the validity period of one month as stipulated by the firm in November 1971.

54. Purchase of Stoneware pipes

According to existing Government orders, the direct demanding officers should not place indents with the Central Stores Purchase Organisation, Ahmedabad, for the purchase of stores item for which rate or running contracts have been entered into by the Director-General of Supplies and Disposals (Government of India) or by the Central Stores Purchase Organisation.

The Superintending Engineer, Public Health Circle, Rajkot placed an indent (August 1972) with the Central Stores Purchase Organisation, Ahmedabad, for the purchase of salt glazed stone-ware pipes of four different sizes (*viz* 100 m.m., 150 m.m., 200 m.m., and 250 m.m. dia) at estimated cost of Rs. 6 lakhs. Accordingly tenders were invited by the Central Stores Purchase Organisation in February 1973 and a solitary offer was received and acceptance letter was issued to the firm on 27th February 1973 after the tenders were scrutinised by the indenting officer. The Superintending Engineer sent a telegram to the Central Stores Purchase Organisation on 7th March 1973 requesting them not to finalise the acceptance of the tender in respect of 200 m.m., and 250 m.m. dia meter pipes and this was followed by a letter on 26th March 1973 informing the Central Stores Purchase Organisation about the receipt of copy of a D.G.S. & D. rate contract for all the four sizes of the pipes (valid from 1st March 1973 to 28th February 1975) with the indication that the tendered rates for 100 m.m. and 150 m.m. dia pipes were a little higher than the rate contract rate and that the difference in rates for 200 m.m. and 250 m.m. dia pipe were considerable.

However, on the ground that acceptance letter was already issued to the tenderer and purchases would have, therefore, to be made from him, acceptance of tender was issued by the Central Stores Purchase Organisation on 14th March 1973 for the supply of pipes costing Rs. 7.59 lakhs.

It was noticed that the D.G.S. & D. rate contract was in force even for the period from 1st March 1971 to 28th February 1973 (as verified from the Office of the Superintending Engineer, Public Health Circle, Ahmedabad). Had these purchases been made at D.G.S.D. rate contract, the pipes of the same specifications would have cost Rs. 6.44 lakhs only and it would have resulted in a saving of Rs. 1.15 lakhs.

Central Stores Purchase Organisation stated (December 1973) that they were not aware of the existence of the rate contract and that the Superintending Engineer should have ascertained the correct position before placing indent.

55. Non-recovery of extra cost due to risk purchase

The following two orders were placed with a local firm by the Central Stores Purchase Organisation, Ahmedabad, for supply of coconut oil for use in prisons, as per the indents received from the Inspector General of Prisons, Ahmedabad.

Sr. No.	Month of acceptance of tender	Quantity of oil to be supplied (in kilograms)	Rate per kilogram Rs.	Total cost of purchase (in lakhs of rupees)
1	December 1968	4,375	6.33	0.28
2	September 1969	20,000	5.25	1.05

As per the terms of the contract, delivery was to be completed by October 1969 and December 1969 respectively. As the firm failed to supply the oil within this time limit, risk purchase was resorted to as per the terms of the contract and orders for supply of oil were placed with another firm in October 1970 (4,375 kgs. of oil at Rs. 8.35 per kg.) and in February 1971 (20,000 kgs. of oil at Rs. 7.71 per kg.). The extra cost recoverable from the defaulting firm consequent on this risk purchase was Rs. 0.58 lakh. Legal opinion for filing the civil suit was obtained only in April 1973. Government stated (May 1974) that action had been initiated (December 1973) to recover the extra cost from the defaulting firm as arrears of land revenue.

CHAPTER VI

REVENUE RECEIPTS

FINANCE DEPARTMENT

SALES TAX

56. Variation between the budget estimates and actuals

An analysis of the variation between the budget estimates and actuals for the year 1972-73 and preceding two years under the head "Sales tax Receipts" (both under the State Act and the Central Act) is given below:—

Year	Budget Estimates	Actuals	(+) increase (-) decrease
		(in crores of rupees)	
1970—71	54.15	64.62	+ 10.47
1971—72	66.43	74.44	+ 8.01
1972—73	78.54	87.41	+ 8.87

57. Results of test audit in general

During the period from 1st August 1972 to 31st July 1973 test audit of documents of 52 Sales Tax divisions revealed total under assessments of tax/loss of revenue of Rs. 1.14 lakhs in 312 cases. Some instances of the mistakes are given in the following paragraphs.

58. Mistakes in calculation and failure to levy penalty as a consequence thereof

A scooter dealer was assessed (December 1971) to sales tax of Rs. 24,339 for assessment year 1969. The assessee had already paid tax (May 1969-February 1970) in different amounts at different times aggregating to Rs. 19,178 in advance. However, while calculating the net tax payable by the dealer, credit was given to him for Rs. 24,672 instead of the correct amount of Rs. 19,178. This resulted in a short levy of Rs. 5,494.

Consequent to this error, penalty of Rs. 1,316 for short payment of tax which was leviable under the Bombay Sales Tax Act was not levied.

On the mistakes being pointed out (December 1972), the assessment was rectified and additional demand of Rs. 6,810 collected (August 1973).

59. Levy of tax at incorrect rates

Under the Bombay Sales Tax Act, 1959 as applicable to Gujarat, sales tax is levied in respect of sale of all goods. However, in the case of certain selected goods general sales tax is also levied in addition.

Goods listed in Schedule E (which also covers residuary items not listed in Schedules B, C and D) are liable to both sales tax and general sales tax. During the period from April 1965 to March 1970, the sale of khoa (milk product) was liable to both sales tax and general sales tax at 3 per cent each as a residuary item. But the department levied only sales tax at the rate of 3 per cent under entry 6 of Schedule D (meant to cover butter and ghee only and not all other milk products) leading to an undercharge to tax of Rs. 6415. The objection has been accepted by the department (April 1973). Additional demand for this amount has been raised by the department; report regarding collection is awaited (July 1974).

60. Omission to levy purchase tax and effect forfeiture of excess collection of tax

Sales of cotton by one textile mill to another were allowed as casual sales as it was not the normal business of the mill to sell cotton, and the value of the cotton sold was not brought to tax. It was pointed out (January 1971) in Audit that the purchases of cotton by the vendee mill would attract purchase tax under the Bombay Sales Tax Act. As a consequence, the assessment of the vendee mill was reopened and a demand for purchase tax of Rs. 5,623/- was raised and collected (October 1972).

While reexamining the account of sales of the vendor mill in connection with its claims of tax free sales of cotton, it was noticed that the mill had collected tax of Rs. 5,513/- on sales of cotton which were claimed as casual sales. Since the collection of tax was in contravention of the provision of the Act, the amount was liable for forfeiture under the Act. Accordingly, at the instance of Audit, an equivalent demand was raised (October 1972) and collected (April 1973).

61. Forfeiture of tax

According to the Bombay Sales Tax Act 1959, no person who is not a dealer and liable to pay tax shall collect sales tax on the sale of any goods from any person and if he collects tax in contravention of the Act, the sum so collected shall be forfeited.

The Gujarat Housing Board, being an unregistered body for the purpose of Sales Tax Act, collected Rs. 7158 as sales tax on the sale of empty cement bags, discarded materials etc., during the period from January 1960 to May 1970. This amount was not forfeited. On being pointed out by Audit (July 1969), the department passed orders (September 1971) for forfeiting the amount of tax collected and accordingly Rs. 7158 were credited to Government (October 1971) by the Housing Board.

62. Loss of revenue

Under the Bombay Sales Tax Act, every dealer who is liable to pay tax shall be deemed to be a registered dealer for purpose of assessment and reassessment etc. Before registration with effect from 20th December 1956, a dealer in cotton cloth which was not exempted from tax prior to imposition of additional duties of excise on cotton fabrics with effect from 13th December 1957, was assessed to Sales tax amounting to Rs. 5916 for the period from 1st April 1954 to 19th December 1956. This assessment was challenged by the assessee in a revision application to the Deputy Commissioner in November 1957. The assessee had expired on 3rd April 1962 before the revision was decided in April, 1964 by setting aside the assessment order. Thus no reassessment could be made on the dealer himself. There being no provision for enforcing liability on the legal representative of the deceased in the Bombay Sales Tax Act 1953 corresponding to section 19 of the Bombay Sales Tax Act 1959, no reassessment could be made on the legal representative also. Thus, the defective notice issued in the first instance in December 1956 resulted in the refund of Rs. 5916 in April 1972.

63. Short levy of penalty

Under the Central Sales Tax Act 1956, concessional rate of tax (at 2 per cent upto the end of June 1966 and 3 per cent thereafter) is leviable on the purchase of goods from outside the State on production of a declaration by the dealer in Form 'C' that the goods so purchased are either for resale or use in the manufacture of goods for resale; otherwise, the purchases would be taxable at 10 per cent or the rate of tax applicable for that article in that State, whichever is higher. In the event of breach of the declaration, the dealer is liable to pay penalty not exceeding one and a half times the tax saved by him on the production of declaration.

A dealer purchased newsprint from outside the State on payment of concessional rate of Central Sales Tax by production of the prescribed declaration and used it partly for the printing of newspapers and partly for the printing of periodicals. Since newspapers are not "goods" attracting levy of sales tax under the Central Sales Tax Act and therefore, there was a breach of declaration, penalty of Rs. 33,315 was imposed on him under the provisions of the Central Sales Tax Act. For this purpose, 60 per cent of the total sales was treated as sales of newspapers and penalty levied on the basis of the tax saved on the proportionate value of newsprint purchased. It was pointed out (April 1972) in Audit that sales of the weekly editions of the newspaper were not included in the allocation of 60 per cent of the sales, the weekly editions having been treated as periodicals. On reexamination, sales of newspapers were computed at 74.5 per cent of the total sales and additional penalty of Rs. 7554 levied for the assessment year 1966-67. The additional demand has been collected in April 1973.

64. Arrears of assessment

At the end of March 1973, there were 2,38,565 cases relating to the years ranging from 1959 to 1971-72 awaiting assessment. The corresponding number at the end of March 1972 was 2,72,280*. During 1972-73 2,22,492 assessments were completed against 2,47,238* completed during the previous year.

Year-wise break-up of the pending assessments is given in Appendix VIII.

Decrease in disposals in 1972-73 was attributed (February 1974) by the department to certain number of posts of Sales Tax Officers and Inspectors remaining vacant.

65. Sales Tax Appeals pending

Total number of appeals pending with the Assistant Commissioner and Deputy Commissioner of Sales Tax in appeals and revisions on 31st March 1973 was 4782. In 167 appeals, stay orders against recovery have been issued and out of this, 33 cases were pending for more than a year. The comparative figures on 31st March 1972 and 31st March 1973 are given below:—

Position as on 31st March	Authority	Total no. of appeals pending	Number of appeals pending in which stay orders against recovery have been issued		
			Less than One year	More than One year	Total
<i>The State Sales Tax Act</i>					
1972	Asst. Commissioner of Sales Tax	2938	113	58	171
	Dy. Commissioner of Sales Tax	146	..	..	..
	Total	3084	113	58	171
1973	Asst. Commissioner of Sales Tax	4111	122	31	153
	Dy. Commissioner of Sales Tax	122	4	..	4
	Total	4233	126	31	157

* Figures of pending (2,74,879) and completed (2,05,772) assessments at the end of and during the year ending March 1972, as shown in the Report for 1971-72, were provisional.

Position as on 31st March	Authority	Total no. of appeals pending	Number of appeals pending in which stay orders against recovery have been issued		
			Less than One year	More than One year	Total
<i>Central Sales Tax Act</i>					
1972	Asst. Commissioner of Sales Tax	490	6	45	51
	Dy. Commissioner of Sales Tax	17	..	..	..
	Total ..	507	6	45	51
1973	Asst. Commissioner of Sales Tax	525	7	2	9
	Dy. Commissioner of Sales Tax	24	1	—	1
	Total ..	549	8	2	10

66. Remission and Abandonment of claims of revenue

During 1972-73, tax and other dues aggregating Rs. 21.85 lakhs were written off by Government and other competent authorities. The number of cases where the amount written off exceeded Rs. 10,000 each was 50 and the aggregate amount involved in such cases was Rs. 14.56 lakhs. Of this, Rs. 0.53 lakh were written off as the whereabouts of the assesses were not traceable and the balance due to the assesses having no assets to pay up the dues.

67. Offences under the Sales Tax Act

(i) The following table indicates the progress of disposals:—

Cases pending as on 31st March 1972	4,878*	
Cases noticed during 1972-73	16,745	21,623
Cases disposed of during 1972-73 :—		
Cases in which offences were condoned	12,348	
Cases in which offences were compounded	4,343@	

* The figure is exclusive of cases which were considered as offences under the existing Sales Tax Act but not so under the Gujarat Sales Tax Act 1969 which have since come into force.

@ Rupees 2.38 lakhs were realized as composition money in respect of these cases.

Cases in which prosecution proceedings were finalised	823	17,514
Cases pending as on 31st March 1973		4,109
(ii) The progress of cases in which prosecutions were launched is given below:—		
Cases pending as on 31st March 1972	453	
Cases in which prosecutions were launched during 1972-73	925	1,378
Cases finalised during 1972-73 by		
(a) conviction of dealers	550	
(b) acquittal of dealers	65	
(c) withdrawal of proceedings	208	823
Cases pending on 31st March 1973		555

68. Evasion of Sales Tax

The following table indicates results of investigations by the department into suspected cases of evasion of Sales tax:—

	1971—72	1972—73
1. Cases of evasion of sales tax at the beginning of the year	580	517
2. Additions during the year	758	824
3. Cases in which investigations have been completed	948	914
4. Cases in which no action was found necessary	359	513
5. Cases in which evasion was established	589	401
6. Cases assessed out of (5)	507	330
7. Tax payable in cases assessed (in lakhs of rupees)	33.37	40.69

	1971—72	1972—73
8. Cases out of (6) in which penalties were imposed	212	167
9. Amount of penalties imposed (in lakhs of rupees)	0.57	3.83
10. Cases prosecuted	19	26
11. Convictions obtained	9	19
12. Nature of punishment awarded	Fine or imprisonment	Fine or imprisonment

ADVERTISEMENT TAX

69. Short levy of advertisement tax and entertainments duty

Under the provisions of the Bombay Entertainments Duty and Advertisement Tax Act, 1923, there shall be levied and paid to the State Government an advertisement tax on every advertisement exhibited at an entertainment at the prescribed rates. In the case of advertisement films other than trailers, a lower rate of tax is prescribed for films upto 30 meters in length and a higher rate for longer films. Films of 100 ft. length (which exceeds 30 meters) were, however, taxed by the department at the lower rate in 20 talukas. Consequent short levy is Rs. 8725. Of this, recovery of Rs. 6366 was reported by Government in May 1974. Report regarding collection of the balance of Rs. 2359 is awaited (June 1974).

HOME DEPARTMENT

MOTOR VEHICLES TAX

70. Refund of Motor Vehicles Tax

According to the Bombay Motor Vehicles Tax Act 1958, a tax shall be levied and collected on all motor vehicles used or kept for use in the State. According to the Bombay Motor Vehicles Tax Rules 1959, a registered owner of a motor vehicle not intending to use or keep for use such vehicles in the State may obtain refund of tax paid, on the basis of a declaration made by him in the prescribed form.

Refund of motor vehicles tax paid by them for the period from February 1968, claimed by certain construction contractors working in the Ukai Project Area on the ground that the project area was a 'prohibited place' under the India Official Secrets Act 1923, was not allowed by the

Regional Transport Officer; but the Director of Transport accepted the claim and refunded Rs. 11.87 lakhs to seven contractors for various periods covered from February 1968 to September 1972.

It was pointed out by Audit that tax was leviable on motor vehicles used or kept for use in the State under the Bombay Motor Vehicles Tax Act 1958, and the declaration of an area as a 'prohibited place' for certain purposes under the India Official Secrets Act 1923 had nothing to do with the levy of such tax. It was also pointed out that the motor vehicles in this case had actually been used by the contractors. Government stated (January 1974) that the decision of the Director of Transport has been made in the exercise of his power as the Appellate Authority and it is not open to Government to interfere with it. Government further stated "that the question of amendment of the rules with a view to providing for exemption from payment of motor vehicles tax in respect of vehicles solely used or kept for use in major irrigation projects in the State is under consideration of Government separately".

REVENUE DEPARTMENT

LAND REVENUE

71. Short collection of land revenue due to non-revision of rent in respect of non-agricultural lands

Rent in respect of non-agricultural lands was being assessed by the respective collectors at rates not exceeding 1 pie or 2 pies per sq. yard depending on the class of land (*vide* Rule 81(2) of the Land Revenue Rules, 1921). Consequent upon the conversion to the metric system, the State Government revised the rates in February 1969 to 1 paise or 2 paise per square meter and the revised rates came into effect on and from 1st August 1968.

A test check of the accounts relating to the collection of Land Revenue in 18 taluka offices revealed that the revised rates had not been applied even in 1973, four years after the issue of the notification. The number of villages test checked was 24 (the total number of villages in the State is nearly 19,000) and the total short collection of revenue in these villages from 1st August 1968 to 31st July 1973 amounted to Rs. 0.66 lakh. The matter was reported to the Government in December 1973; reply is awaited (March 1974).

STAMP DUTY

72. Short levy of Stamp Duty

Stamp duty in respect of conveyance relating to immoveable property situated within an urban area is leviable under Art. 25 (b) of schedule I

to the Bombay Stamp Act 1958. Under the explanation there under "urban area" means any area which is for the time being within the limits of a village or gram, the population of which as ascertained at the last preceding census is 10,000 or more. In villages or grams where the population is less than 10,000, the lower rate of stamp duty under Article 25 (a) of Schedule I *ibid* was leviable. The names of places whose population exceeded 10,000 as per the 1971 census (*i. e.* as ascertained on 1st April 1971) were circulated by the Assistant Superintendent of Stamps, Ahmedabad in April 1973 from which date only the stamp duty at the higher rates applicable under Art. 25 (b) was levied by the Sub-Registrar. No steps were taken by the department for reassessing and recovering the difference in stamp duty in respect of the documents registered between 1st April 1971, the date on which the revised population figures exceeded 10,000 and the date of issue of the departmental circular.

A test check of the accounts of sub-registrar's offices by Audit indicated that the total under-assessment in the year 1972-73 only, in respect of 7 towns amounted to Rs. 0.55 lakh. The number of towns whose population exceeded 10,000 as per the circular is 46.

AGRICULTURE, FORESTS AND CO-OPERATION DEPARTMENT

73. Sale of Khair trees

Khair wood is used for preparing cart wheel hubs. In terms of an order issued (October 1966) by the Government of Gujarat, 300 to 400 Khair trees were to be supplied annually by the Forest Department to an Industrial Carpenters' Co-operative Society at the rate of a royalty of Rs. 37 per tree for five years with effect from 1966-67. The objective was stated to be to enable the backward section of agriculturists to obtain parts of bullock carts at economic rates through the society. According to the orders, after the trees had been selected and marked by the society, the Forest Department was to undertake cutting of the trees and stacking of wood on behalf of the society for which charges were to be recovered from the society. The waste material was to be auctioned on behalf of the society and proceeds thereof made over to the society.

During the years 1966-67 to 1971-72 the Forest Department received Rs. 0.73 lakh on account of royalty and other charges due to it from the society, whereas the sale proceeds of waste materials alone payable to the society after deduction of supervision charges amounted to Rs. 1.06 lakhs. Thus, in effect, apart from making the timber available to the society free of cost, a sum of Rs. 0.33 lakh was also paid to them. On Audit pointing out this aspect in July 1972, Government proposed the revision of the terms, as per which the society would have to pay 75 per cent of the market rate for the timber and the sale proceeds of waste material would accrue to Government. The Chief Conservator of Forests intimated Government in January 1973 that as the society had selected the best Khair timber the realisations from

the sale of lops and tops exceed the royalty amount paid by it. As regards the passing on of the benefit to the backward section of agriculturists, it appears according to Chief Conservator of Forests, that the society spent very large amounts in transporting Khair pieces and as such although it made profit on the purchases from Government this got nullified by the overall expenditure. It has also been stated that the financial position of the society as revealed from its accounts, was not sound.

74. Outstanding recovery

Timber coupes are got extracted through Forest Labourers' Co-operative Society and the net realisation is shared by Government and the society in a prescribed proportion (80 : 20 *ratio*). In order to safeguard Government's interest in the realisation of its dues, Government orders of December 1959 provided for a recovery of 60 per cent of the sale proceeds and its retention as a deposit pending the recovery of the eighty per cent share of the net realisation after the provisional accounts of the society are drawn up in September of each year.

A Forest Labourers' Cooperative Society was allotted 6 coupes for exploitation during the period 1962-63 to 1964-65 by the Conservator of Forest, Surat. The accounts of the society for these years was finalised by the Department as late as in September 1969 when it was noticed by the department that substantial amount of extracted material was missing from the depot of the society. The accounts records of the society was taken possession of by the Cooperation Department and the extracted material in stock was taken possession of by the Forest Department. The total shortage of the material at the depot, as far as Government's share was concerned, was estimated to be Rs, 71,926 at the average sale price realised for the same material at the same depot during the said period. The yearwise shortage was estimated as detailed below:—

Year	Rs.
1962—63	16,549
1963—64	15,221
1964—65	40,156
Total	<u>71,926</u>

The material, taken over by the forest department, was sold and the entire sale proceeds amounting to Rs. 55,563 was adjusted against Government's share of the estimated value of the materials found short. On finalisation, the accounts disclosed on outstanding balance of Rs. 15,671 to be recovered.

Subsequent reports by Forest Department and Cooperation Department (final audit completed in May 1973) confirmed the weak financial position of the society, the lack of managerial skill and incentive to run the society. Due to these reasons the District Registrar of Co-operative Societies issued orders (October 1972) placing the society under liquidation, against which the society has gone on appeal to a court of law.

Lack of supervision over the society's functioning from time to time, delay in finalisation of the society's accounts by the Forest Department by more than five years and delay in completing the final audit by the Registrar of Co-operative Societies resulted in the non-recovery of Rs.15,671. The position regarding the unsatisfactory working of the society was brought to the notice of Government in November 1969 itself.

Government stated (February 1974) that the department hopes to recover the outstanding amount from the society.

75. Delay in the disposal of grass and consequent loss of revenue

According to the instructions issued by Government (December 1968), grass collected and stacked in "Ganji" in the forest divisions should be kept reserved till the first monsoon was over every year and it should be sold after December of the year of collection and before the onset of second monsoon, provided no orders were issued by Government before December for retaining the grass for scarcity purposes.

(i) It was, however, noticed that grass collected and stacked in "Ganji" in the divisional forest office, Gir division, Junagadh during 1967-68, 1968-69 and 1969-70 (which became due for disposal during January 1969 to June 1969, January 1970 to June 1970, January 1971 to June 1971 respectively) was disposed of only in April 1972, eventhough no orders for retention of grass were issued by Government. Due to passage of time, the quality of grass deteriorated and consequently the total quantity of 27,02,508 Kg. of grass thus stored in "Ganji" for 3 years, was disposed of at Rs. 0.31 lakh only as against the value of Rs.4.05 lakhs computed with reference to the rate fixed by Government for the retail sale of Government reserved grass, resulting in a loss of revenue of Rs. 3.74 lakhs.

(ii) In the same division, 19,55,221 Kg. of grass stacked in "Ganji" during 1970-71 was sold by public auction in April 1972 for Rs. 0.56 lakh (at the rate of Rs. 14.40 per 500 Kg. on an average) as against the realisable value of Rs. 2.93 lakhs as per the rate of Rs. 75 per 500 Kg. fixed by Government in October 1971, thus resulting in a loss of Rs. 2.37 lakhs. This was due to the fixation of upset price at Rs. 10 per 500 Kg. by the Conservator of Forest, Junagadh, in March 1972, on the basis of proposals made by the Divisional Forest Officer. No orders of Government were obtained for such huge variation between the rate of Rs. 75 fixed by Government and the upset price of Rs. 10 fixed by the Conservator of Forest, Junagadh.

(iii) In the Divisional Forest Office, Rajkot, the "Ganji" grass of the years 1967-68 and 1968-69 (total quantity : 5,55,168 Kg.) was sold only in January 1971 for Rs. 0.06 lakh only as against the amount of Rs. 0.75 lakh realisable at the rate fixed by Government for the sale of "Ganji" grass during the period from October 1970 to September 1971, resulting in a loss of revenue of Rs. 0.69 lakh. In this case also, the quantity of grass deteriorated due to passage of time. The delay in the disposal of grass was attributed by the Divisional Forest Officer, Rajkot to (i) non-availability of the copy of the Government orders of December 1968 in the division and (ii) non-receipt of expected demand of grass from Collector, Jamnagar, as the demand of grass for Jamnagar district was met with supplies from Gujarat area instead of Rajkot area etc.

76. Arrears of revenue pending collection

(i) Arrears in collection of sales tax

(a) The tax assessed under the State Sales Tax Act and the Central Sales Tax Act, but not realised, totalled Rs. 500.65 lakhs at the end of 1972-73 as against Rs. 353.82 lakhs at the end of the preceding year. Following is the year-wise analysis of the outstanding amounts:—

Period	31st March 1972	31st March 1973
(in lakhs of rupees)		
Upto 1963—64	27.48	19.66
1964—65	6.35	3.99
1965—66	11.80	6.46
1966—67	16.74	7.02
1967—68	13.77	6.03
1968—69	30.09	20.99
1969—70	30.03	24.17
1970—71	44.45	33.10
1971—72	173.11	92.32
1972—73 .. ..	..	286.91
Total	353.82	500.65

(b) The position regarding realisation of the outstanding demands is analysed below:—

Particulars	Outstanding on	
	31st March 1972 (in lakhs of rupees)	31st March 1973
I. Collection stayed by—		
(i) Asst. Commissioner (appeals), Tribunal etc.	43.66	33.48
(ii) High Court and Supreme Court	26.04	27.40
(iii) Government	1.43	63.44
(iv) Department	2.10	4.32
	<hr/> 73.23	<hr/> 128.64
II. In the process of recovery—		
(i) Pending with revenue authority	151.90	191.37
(ii) Other cases	104.37	147.37
	<hr/> 256.27	<hr/> 338.74
III. Of the nature of bad or doubtful debts—		
(i) Irrecoverable	23.71	32.21
(ii) Dues against dealers who are presently untraceable	0.61	1.06
	<hr/> 24.32	<hr/> 33.27
Total	353.82	500.65

(ii) *Arrears in collection of other revenue receipts*

The position regarding realisation of arrears as on 31st March 1973 in respect of some other departments is indicated below:—

Department	Nature of dues	Arrears (in lakhs of rupees)	Remarks
1	2	3	4
Agriculture, Forests & Co-operation	(i) Forest Revenue	12.47	(1) Of this Rs. 1.38 lakhs pertain to Dangs District, (2) Rs. 1.46 lakhs are recoverable from Government departments and the balance from private parties and (3) Rs. 8.76 lakhs relate to 1944-45 to 1969-70.

Department	Nature of dues	Arrears (in lakhs of rupees)	Remarks	
1	2	3	4	
Agriculture, Forests and Co-operation	(ii) Dues for forest offences	44.69	The yearwise break-up of the arrears is given below:—	
			1948—49	
			to	
			1960—61	4.44
			1961—62	1.12
			1962—63	2.83
			1963—64	2.42
			1964—65	1.53
			1965—66	1.81
			1966—67	2.12
			1967—68	2.89
			1968—69	3.00
			1969—70	4.19
1970—71	4.48			
1971—72	9.31			
1972—73	4.55			
Home	(i) Motor Vehicles tax	35.50		
	(ii) Tax on carriage of goods	14.34		
	(iii) Tax on passenger fares	0.20		
	(iv) Hire charges for vehicles supplied to Government depart- ments etc. by the Direct or of Transport, Ahme- dabad	0.47		
	(v) Bills for supply of petrol for Govern- ment vehicles by the Director of Trans- port, Ahmedabad	0.05		

Department	Nature of dues	Arrears (in lakhs of rupees)	Remarks
1	2	3	4
Public Works	(i) Irrigation dues	152.82	Information received from the nine Public Works Divisions indicate the position of arrears as under:—
	(i) Bhavnagar Irrigation Division		11.15
	(ii) Jamnagar Irrigation Division		4.82
	(iii) Sabarmati Barrage Division, Ahmedabad		0.29
	(iv) K. R. B. C. Division, Surat		23.22
	(v) Ambica Division, Navsari		15.48
	(vi) Surat Canal Division, Surat		30.00
	(vii) Ahmedabad Irrigation Division, Ahmedabad		59.09
	(viii) Western Kutch Irrigation Division, Bhuj		4.13
	(ix) Irrigation Project Division, Rajkot		4.64
			152.82
	(ii) Dues for water supply for non irrigation purposes	28.70	Information received from six Public Works Divisions indicate the position of arrears as under:—
	(i) Bhavnagar Irrigation Division		2.09
	(ii) Irrigation Project Division, Rajkot		1.77
	(iii) Rajkot Irrigation Division, Rajkot		3.27
	(iv) Junagadh Irrigation Division, Junagadh		2.46

Department	Nature of dues	Arrears (in lakhs of rupees)	Remarks
1	2	3	4
Public Works			(v) M. C. C. Division III, Anand 15.15
			(vi) P. H. W. Division, Baroda 3.96
			<u>28.70</u>
	(iii) Rent of land, building and parks and gardens	37.71	Information received from seven Public Works Divisions indicate the position of arrears as under:—
			(i) Roads & Building Division, Jamnagar 2.11
			(ii) Roads & Building Division, Junagadh 5.34
			(iii) Parks & Gardens, Ahmedabad 0.08
			(iv) C. P. Division I, Gandhinagar 7.40
			(v) Roads & Building Division, Ahmedabad 11.42
			(vi) Roads & Building Division, Bhuj 2.36
			(vii) Roads & Building Division, Rajkot 9.00
			<u>37.71</u>
			Of this, Rs. 19.07 lakhs and Rs. 9.64 lakhs are recoverable from Government servants and private parties respectively.
Industries, Mines & Power	(i) Removal royalty on salt	0.93	
	(ii) Minimum royalty on salt	6.46	Of this, Rs. 3.50 lakhs relate to 1969-70 and earlier years.

CHAPTER VII

COMMERCIAL ACTIVITIES, INVESTMENTS AND GUARANTEES

SECTION—A

General

77. This chapter deals with the results of audit of :

(i) Departmentally managed Government Commercial/*Quasi-Commercial* Undertakings; and

(ii) Investments and guarantees by the State Government.

SECTION—B

78. Departmentally managed Government Commercial and *Quasi-Commercial* Undertaking

There were 23 Departmentally managed Government Commercial and *Quasi-Commercial* undertaking in the State as on 31st March 1973. Out of these *proforma* accounts of the following seven undertaking were in arrears (June 1974) for the years shown against each:—

Sr. No.	Name of the concern	Year/years for which due
1.	Poultry Farm, Baroda	1967-68 to 1972-73
2.	Poultry Farm, Surat	1967-68 to 1972-73
3.	Poultry Farm, Junagadh	1967-68 to 1972-73
4.	Poultry Farm, Makarba	1967-68 to 1972-73
5.	Cattle Breeding Farm, Mandvi	1972-73
6.	Rural Creamery, Junagadh	1972-73
7.	Scheme for purchase and distribution of ammonium sulphate and other fertilizers	1972-73

A synoptic statement showing the financial results of sixteen undertakings as disclosed by their latest available accounts is given in Appendix IX.

79. Distribution of groundnut oil at subsidised rates

Gujarat is the largest producer and consumer of groundnut oil in the country. The annual consumption of the oil in the State is estimated to be 2.50 lakh tonnes.

During 1964 the price of groundnut oil gradually went up. To meet the spurt in price and to make oil available at reasonable rates to the public, Government resorted to procurement of groundnut oil through voluntary and

compulsory levy and distributing it to the vulnerable section of the community. Under the compulsory levy scheme which was in operation during 1966-67 to 1969-70, a fixed quantity was levied at a prescribed rate on the production of groundnut oil and also on the shelled or unshelled groundnut exported out of the State. From 1970-71 the compulsory levy was discontinued and Government started to make open market purchases through agencies.

The scheme of subsidised distribution did not cover those who were farmers growing groundnuts, farmers holding land equal to 1/15th of the ceiling area or more, income tax payers and business men, etc.

The table below indicates the annual *per capita* distribution of groundnut oil to the community economically backward under the subsidised scheme from 1967 to 1972:—

Year	Quantity of groundnut oil distributed (In lakhs of tonnes)	Number of people benefited (In crores)	Per capita distribution (In kgs.)
1967	0.42	2.34	1.8
1968	0.16	1.98	0.9
1969	0.18	2.09	0.9
1970	0.22	1.58	1.4
1971	0.15	1.03	1.4
1972	0.18	1.47	1.2

The extent of benefit to the buyers of groundnut oil *vis-a-vis* prevailing market price was as indicated below:—

Year	Price per kgm. at which distributed	Average market price per kgm. during the year	Price difference (per kgm.)
	Rs.	Rs.	Rs.
1967	3.10	4.17	1.07
1968	2.70	3.37	0.67
1969	3.20	4.60	1.40
1970	3.75	5.17	1.42
1971	4.20	4.65	0.45
1972	3.75	5.05	1.30

Upto 1970, when the levy system was in force the cumulative loss was Rs. 77.75 lakhs, the average loss per annum being Rs. 12.50 lakhs. During 1971 and 1972, the loss increased to Rs. 170.63 lakhs and Rs. 223.49 lakhs respectively.

Of 18,385 tonnes of groundnut oil procured at Rs. 68.72 per tin (of 16 Kgm. each) for distribution in 1969-70, 830 tonnes (*i. e.* about 51,875 tins) remained in stock at the end of March 1970. This was disposed of by auction to private merchants in July 1971 at Rs. 63.08 per tin. The loss of about Rs. 2.94 lakhs on this transaction was written off (March 1972). Simultaneously, fresh groundnut oil was procured from open markets for distribution from August 1971. The economic cost price of the oil thus procured was Rs. 83.59 per tin. Had the balance stock of 830 tonnes been distributed instead of being auctioned, there would have actually been a saving of Rs. 7.72 lakhs (being the difference between the price of oil and the price of oil procured in 1971).

SECTION-C

INVESTMENTS AND GUARANTEES

80. Investments

The total amount invested by Government in 34 Joint Stock Companies and other partnership concerns (Rs. 7.02 crores) and 2006 Co-operative and local bodies (Rs. 22.14 crores) was Rs. 29.16 crores to the end of 1972-73.

81. Guarantees given by Government

Government have given guarantees for repayment of loans raised by Joint Stock Companies, Co-operative Societies etc. Brief particulars of such guarantees which are in the nature of contingent liabilities on the State Government are given below:—

	Total amount guaranteed	Sums gua- ranteed out- standing on 31st March 1973
	(In crores of Rupees)	
Joint Stock Companies and Others	50.74	26.22
Co-operative Institutions	304.05	Not available

82. Gujarat State Fertilizers Company Limited

The Gujarat State Fertilizers Company Limited was incorporated on 15th February 1962 as a public limited company under the Companies Act, 1956 with the object of manufacturing, buying and selling chemical fertilizers, and their by-products primarily to boost up agricultural production in the State. As on 31st March 1973, out of total paid up share capital of Rs. 1199.52 lakhs (excluding forfeited shares for Rs. 0.18 lakh), the State Government had invested Rs. 588.05 lakhs (49 percent). On a request from the State Government a test audit of the accounts of the company for the year 1970-71 was conducted during January-February 1973. A review on the working of the company was forwarded to Government in October 1973. Some of the points brought out in the review are given below:—

(1) Erection of phase II (expansion) plants

(a) General

Phase II project of the company envisaged installation of plants to manufacture fertilizers in the form of urea. The contract for erection of phase II plants (consisting of Ammonia Plant, Urea Plant and other utilities plants), signed in November 1966 became effective from August 1967 after obtaining the approval of the Governments of India and Japan and on establishing the required letter of guarantee in favour of the plant suppliers. Erection of Urea Plant with a capacity of 2,64,000 M. Ts. was completed in May 1969 and erection of Ammonia Plant with a capacity of 1,65,000 M. Ts. and other plants was completed in August 1969.

According to the agreement the contractor was responsible to complete erection of the plants as a whole within 24 months from the effective date of contract (7th August 1967) and to undertake guarantee test runs for all the plants as a whole. The contractor, however, had appointed another firm to take up the work of erection of Urea Plant. In April 1969 at a meeting of the representatives of the Company, the main contractor and sub-contractor, the Company agreed to divide the erection work of the plant into two (i) Ammonia and Utilities plants and (ii) Urea Plant for the purpose of erection, commissioning and guarantee test runs, mechanical guarantees, calculation of penalty and bonus etc. For the purpose of fixing the basis of calculation of bonus and penalty, the fixed contract price was divided into two sections as under:—

Plant	Yen portion	Rupee portion
Ammonia and Utilities	3,923,556,880	13,132,000
Urea	1,599,999,840	6,868,000
Total	5,523,556,720	20,000,000

In December 1972 the Company entered into a supplemental agreement to formalise the above arrangement of April 1969; Government of India's approval to the supplemental agreement is still awaited (June 1974).

(b) *Ammonia Plant*

Erection of Ammonia Plant with a capacity of 1,65,000 M. Ts. was completed on 3rd August 1969; commissioning of the plant which was started on 2nd September 1969 was progressively completed on 28th January 1970. The plant supplier was, however, not able to conduct guarantee test runs due to defects in the process air turbine compressor. According to the contract, the liability of the contractor for modifications for defects in equipment was limited to 8 per cent of the contract value. In July 1970, the supplier agreed to supply a new set of process air motor compressor, but accepted the liability of Rs. 66 lakhs only, which was 8 per cent of the value of contract allocated to him. The company was requested to accept the Ammonia plant in consideration of a Bank guarantee for a sum of Rs. 66 lakhs. Taking into account the under-taking given by the plant supplier to rectify shortcomings in the plant and need for continuous operation of the plant even at low load for fertilizer production, the company accepted the plant with effect from 10th August 1970.

Pending receipt and installation of new process air compressor, the Company installed an indigenously available booster compressor at a cost of Rs. 1.16 lakhs to maintain the level of production of ammonia.

New process air compressor was installed and tested for performance in April 1972. For the purpose of installing new process air compressor, the company had to carry out dismantling of the old foundation and recasting of a new foundation at a cost of about Rs. 2.02 lakhs. In addition, an expenditure of Rs. 7.60 lakhs was incurred on customs duty, inland freight, etc. on new process air compressor. Government stated (June 1974) that "a claim has been lodged with the customs authorities for refund of the customs duty of Rs. 5.90 lakhs paid for the original compressor on its re-export."

(c) *Urea Plant*

The erection of the Urea Plant was completed in May 1969 *i. e.* three months before the due date. The guarantee test runs were taken between 25th October 1969 and 5th November 1969, and the plant supplier established the production capacity and consumption of raw materials and utilities. Urea plant was, therefore, accepted with effect from 10th December 1969. In addition to the agreed quantity of 100 M. Ts. per day of ammonia, the Company had supplied excess ammonia to the extent of 2766 M. Ts. during the period of guaranteed test runs. In order to divert the available

carbon dioxide to new Urea Plant for conducting guaranteed test runs, the Company had to stop Urea (Phase I) plant for two days on 28th October 1969 and 29th October 1969.

Due to early completion of Urea Plant, the sub contractor preferred (February 1970) a claim for bonus amounting to Rs. 7,36,360, (Rs. 6,23,040 being payable in foreign currency) (Yen 26,399,997). In the guarantee test run, actual cost of consumption of raw materials and utilities came to Rs. 228.44 per M. T. against guaranteed cost of Rs. 230.70 per M. T. in the contract. The plant supplier had, therefore, claimed (January 1970) bonus of Rs. 30,870. Payment of bonus is awaiting approval of Government of India (June 1974).

The Company stated that as urea is much in demand and fetches higher profit and, therefore, as a matter of business prudence, they accepted the plant earlier and started operations. It was also stated that even after offsetting the likely benefits to accrue through the operation of Phase I plants, the Company could raise a contribution of Rs. 37.71 lakhs during the period from June to August 1969 as against the claim for bonus of about Rs. 8 lakhs. However, due to late completion and defect in Ammonia Plant, ammonia production lost was 41,303 M. T. (equivalent to 69,000 M. T. of urea) upto July 1970.

(2) *Marketing of a new product*

During the year 1971-72 the Company decided to introduce a new fertilizer in the market called "SNPK" (27% sulphate, 18% nitrogen, 27% phosphate, 30% potash). It was intended to market this fertilizer in the States of Punjab and Haryana. The product was, however, not approved by the two Governments as the proportion of potash to nitrogen in SNPK was very low and the sulphur content in SNPK was not expected to be generally useful. The Company, therefore, decided (September 1971) to stop production of this product.

Total production of this product was 4842 M. Ts. (including excess noticed on bagging) (cost : Rs. 43.99 lakhs). The Company could sell only 3063 M. Ts. (value : Rs. 28.37 lakhs) upto 31st March 1972 leaving a balance stock of 1732 M. Ts. (after adjusting handling loss of 47 M. Ts.). The loss incurred by the Company on this product upto March 1972 (including reduction in value of closing stock) works out to Rs. 1.67 lakhs. The closing stock as on 31st March 1972 was revalued at Rs. 850 per M. T. in packed condition. During 1972-73, 1691 M. Ts. were sold and the average selling price of Rs. 802.50 was realised which meant a further loss of Rs. 0.82 lakh.

The Company stated that the two State Governments were approached for approving the product and though there was delay, the required approval was received in October 1971. It was also explained that the

new product was introduced as an alternate to di-ammonium phosphate so as to minimise the losses on di-ammonium phosphate by economising in the use of phosphoric acid. However, it appears that the experiment was taken up without proper planning and prior approval of the two Governments. This is also evident from the note of the Marketing Committee of the Company which observed in September 1971 that "SNPK test marketing programme was adopted only on the implicit assumption that the concerned authorities of the two State Governments had been consulted and they had raised no objection to the formulation in any respect. The difficulty noticed was of fundamental nature and had it been brought to the notice of the Committee earlier, this programme would not have been recommended to the Board".

(3) *Sale of Urea for Industrial purposes to a private Firm at concessional rate*

In January 1969 the Company entered into an arrangement with a private firm for sale of urea for use as an industrial raw material. The firm was not having any industry of its own but was merely acting as intermediary for supplying urea to other industries. The firm was also not holding the registration certificate for dealing in fertilizer or preparation of manure mixture nor was having a dealer's licence. The firm was also found to be diverting urea for non-industrial use. The arrangement remained in force during the period January 1969—October 1971. The price for supply to the firm was fixed (1st January 1969) at Rs. 800 per M. T. There were several revisions of prices for supplies in different periods as shown below:—

Period	Quantity supplied (In M. Ts.)	Price (per M. T.) Rs.	Remarks
1st January 1970 to 7th January 1971	1596	790	Further rebate of Rs. 30 per M.T. for lifting a minimum quantity of 1000 M. Ts. per year.
8th January 1971 to March 1971	214.50	760	Further rebate of Rs. 20 per M.T. subject to lifting minimum 1500 MTs. upto December 1971.
8th March 1971 to September 1971	1530.50	721.82	Reduction in price by the Government of India by Rs. 20 per M. T. was not applicable to sale of urea for industrial use.

As compared with the rate of Rs. 800 per M. T. for industrial consumers the Company incurred a loss of Rs. 1.96 lakhs. The reduction in rate in January 1971 and March 1971 was not approved by the Marketing Committee of which the Financial Controller was a member. The Management stated (April 1973) that there was downward trend in the fertilizer prices during early 1969 to March 1971 and price chargeable for urea for industrial use had to follow the same trend. It was also stated that the firm was offered a different price and/or discount because they lifted urea in bulk.

On the strength of certificates purported to have been issued by the Central Excise Department, the firm claimed exemption from payment of excise duty which was allowed by the Company, although the invoices were made out in the name of the firm which was not the consumer of urea for industrial purpose. The Central Excise Department have since raised demand for excise duty for Rs. 2.49 lakhs (Rs. 1.42 lakhs in January 1971 and Rs. 1.07 lakhs in November 1971) for sale of urea to this firm. The amount is yet to be paid. The Company has contested the claim on the ground that urea was supplied to the holders who were entitled to obtain urea duty-free, and that procedure prescribed in Central Excise Rules, 1944 was duly complied with in clearance of the quantities of urea without payment of excise duty.

CO-OPERATIVE SUGAR FACTORIES

83. Introduction

On 30th June 1973 there were seven sugar factories in Gujarat out of 229 factories in the country. All the seven sugar factories are functioning in Co-operative Sector. In addition, six more factories were under various stages of construction.

The following table indicates particulars of crushing capacities of the seven societies which have commenced production :

Name of the Society	Commissioned in	Initial daily crushing capacity	Daily crushing at the end of June 1973
		(In tonnes)	
1. Shree Khedut Sahkari Khand Udyog Mandli Ltd. Bardoli (Surat district)	1956—57	813	4000
2. Shree Bileshwar Khand Udyog Khedut Sahakari Mandli Ltd., Kodinar (Amreli district)	1958—59	1016	2600
3. Sahkari Khand Udyog Mandli Ltd., Gandevi (Bulsar district)	1961—62	600	1000
4. Shree Una Taluka Sahkari Khand Udyog Mandli Ltd., Una (Junagadh district)	1967—68	1250	1250
5. Shree Madhi Vibhag Khand Udyog Sahkari Mandli Ltd., Madhi (Surat district)	1968—69	1250	1250
6. Charotar Sahkari Khand Udyog Mandli Ltd., Palaj (Kaira district)	1970—71	1250	1250
7. Shree Chalthan Vibhag Sahkari Khand Udyog Mandali Ltd., Chalthan (Surat district)	1970—71	1250	1250

84. Capital

As on 30th June 1973 Government's contribution towards share capital in five out of the above seven societies stood at Rs. 177.40 lakhs; Rs. 108.70 lakhs were invested in four other sugar societies which have not yet commenced production (June 1973).

Two societies, viz., Shree Khedut Sahkari Khand Udyog Mandli Ltd., Bardoli and Shree Bileshwar Khand Udyog Khedut Sahkari Mandi Ltd., Kodinar have redeemed in full the Government's share capital contribution of Rs. 20 lakhs each in 1968-69 and 1971-72 respectively.

The table below indicates the calls in arrears of four societies (factories) as on 30th June 1973 :—

Name of the society	Autho- rised capital	(In lakhs of rupees)		
		Issued capital	Paid up capital	Calls in arrears
1. Sahkari Khand Udyog Mandli Ltd., Gandevi	70.00	55.00	54.09	0.26
2. Shree Madhi Vibhag Khand Udyog Mandli Ltd., Madhi	90.00	90.00	80.61	0.54
3. Charotar Sahkari Khand Udyog Mandli Ltd., Palaj	200.00	110.00	108.74	4.91
4. Shree Chalthan Vibhag Sahkari Khand Udyog Mandli Ltd., Chalthan	90.00	90.00	82.06	2.84
Total	450.00	345.00	325.50	8.55

According to the Government orders, after the first five seasons of the working of the society, an amount equal to one third of the compulsory deposit, if any, collected by the society in accordance with the terms of loans obtained from Industrial Finance Corporation of India should be earmarked for being utilised to redeem Government share capital with the approval of the Corporation. After the loans from the Corporation were fully repaid, the entire amount of compulsory deposits could be utilised for redemption of Government share capital. In addition, non-refundable deposits could also be collected from members for repayment of share capital contributed by Government. Though the Sahkari Mandli, Gandevi started production in 1961-62, no arrangements for redemption of Government share capital have been made so far (September 1973) and the compulsory deposits as on 30th June 1973 (Rs. 32.38 lakhs) and development deposits (Rs. 12.46 lakhs) were being utilised towards working capital.

85. Working Results

Details of the working of the five societies (other than the two societies which have redeemed the Government's share capital contribution) at the end of June 1973 are given below:—

Name of the society	(in lakhs of rupees)		
	Borrowings	Net profit (+)/Loss (—) to the end of 1971-72	Profit (+)/Loss (—) during 1972-73
1. Sahkari Khand Udyog Mandli, Ltd., Gandevi	22.35	(—) 10.33	(+) 10.14
2. Shri Una Taluka Sahkari Khand Udyog Mandli Ltd., Una	168.31	(—) 76.24	(+) 13.07
3. Shri Madhi Vibhag Khand Udyog Mandli, Ltd., Madhi	102.65	(—) 11.09	(+) 5.55
4. Charotar Sahkari Khand Udyog Mandli Ltd., Palaj	242.76	(—) 80.11	(—) 23.68
5. Shree Chalthan Vibhag Sahkari Khand Udyog Mandli Ltd., Chalthan	231.44	(—) 40.25	(+) 14.97

None of these societies declared dividend for 1972-73 in view of the accumulated losses.

86. Targets and Achievements

Details of the crushing capacity of the plant, number of days worked, sugar cane actually crushed, sugar produced and the percentage of recovery of sugar for all the five factories for 1971-72 and 1972-73 are furnished below:—

Particulars	Sahkari Khand Udyog Mandli Ltd., Gandevi	Shri Una Taluka Sahkari Khand Udyog Mandli Ltd.,	Shri Madhi Vibhag Khand Udyog Mandli Ltd.	Charotar Sahkari Khand Udyog Mandli Ltd.	Shree Chalthan Vibhag Sahkari Khand Udyog Mandli Ltd.
	1971—72	1971—72	1971—72	1971—72	1971—72
	1972—73	1972—73	1972—73	1972—73	1972—73
1. Daily crushing capacity (tonnes)	850	1250	1250	1250	1250
	1000	1250	1250	1250	1250
2. Gross season (days)*	117	145	83	155	50
	179	151	134	112	147

* Gross season means the total number of days from the date of start to the closing date, both days inclusive.

Particulars	Sahkari Khand Udyog Mandli Ltd. Gandevi	Shri Una Taluka Sahkari Khand Udyog Mandli Ltd.	Shri Madhi Vibhag Khand Udyog Mandli Ltd.	Charotar Sahkari Khand Udyog Mandli Ltd.	Shree Chalthan Vibhag Sahkari Khand Udyog Mandli Ltd.
	1971—72 1972—73	1971—72 1972—73	1971—72 1972—73	1971—72 1972—73	1971—72 1972—73
3. Duration of season (days) £	106 168	102 125	79 122	108 49	37 131
4. Target (tonnes)@	90,100 1,68,000	1,27,500 1,56,250	98,750 1,52,500	1,36,000 6,125	46,250 1,70,000
5. Sugar cane actually crushed (tonnes)†	80,430 1,46,019	1,14,171 1,44,634	93,719 1,61,782	1,01,103 46,265	30,676 1,58,546
6. Sugar produced (tonnes)	8,180 13,880	11,774 13,751	10,703 16,749	9,167 3,163	3,523 17,065
7. Percentage of recovery	10.15 9.50	10.31 9.51	11.42 11.34	9.06 6.85	11.33 10.76
8. Cost of production of sugar (In rupees per quintal)	153.32 168.24	165.29 190.00	179.40 210.10	143.37 218.05	229.00 182.00

Certain other aspects of the working of the societies are given below:-

87. Sahkari khand Udyog Mandli Ltd., Gandevi (Bulsar district)

The Mandli was given licence in 1957 to instal a factory with crushing capacity of 1000 tonnes of sugar cane per day. In the same year, an order with B. M. A. Co. of West Germany for supply of a plant (estimated cost : Rs. 65.85 lakhs) was placed. Due to failure in securing import licence for the full amount of Rs. 65.85 lakhs, the order with the foreign firm was cancelled. In February 1960, a second-hand plant with a daily

£ Duration of season is calculated by dividing the total hours of actual crushing by 22.

@ Target is arrived at by multiplying the daily crushing capacity with the duration of the season.

† Sugar cane actually crushed is less than the target due to shortage of cane and hours lost in mechanical, electrical and cleaning operations.

crushing capacity of 400 tonnes per day, costing Rs. 18.25 lakhs was purchased from a firm of Punjab on "as is where is" basis. The plant was installed (December 1961) at a total cost of Rs. 44.45 lakhs.

To increase the crushing capacity of the plant the Mandli incurred an expenditure of Rs. 15.57 lakhs (approximately) upto January 1967. By the end of 1968-69 the crushing capacity of the plant was 566 tonnes per day. To further increase its capacity, the Mandli sold its milling plant for Rs. 8 lakhs (original cost : Rs. 18.25 lakhs, depreciated value : Rs. 6.94 lakhs) and purchased (1970) a second-hand milling plant for Rs. 12.50 lakhs and a second-hand boiler for Rs. 3.14 lakhs on "as is where is" basis. These were installed after making addition and alterations at a cost of Rs. 9.45 lakhs. The firm had not taken delivery of the old milling plant so far (May 1974); it paid Rs. 1.00 lakh only as advance besides Rs. 0.73 lakh out of the outstanding sale price of Rs. 7 lakhs. Government stated (May 1974) that the society had issued a legal notice to the firm.

(ii) Purchase tax of Rs. 42.49 lakhs payable by the society to Government during the period from 1961-62 to 1971-72 was outstanding. Under orders of Government (August 1970), the tax dues from 1961-62 to 1966-67 are required to be paid in five annual instalments from April 1972; the tax dues from 1967-68 to 1971-72, are, however, required to be paid in five annual instalments from April 1977. So far (May 1974) Rs. 3.52 lakhs only were paid to Government on this account.

88. Shree Una taluka Sahkari khand Udyog Mandli Limited, Una (Junagadh district)

Part of the estimated outlay of Rs. 205 lakhs on the project was met by the society by raising loans from the Industrial Financial Corporation of India (Rs. 65 lakhs) and Life Insurance Corporation of India (Rs. 40 lakhs) during the period from 1968-69 to 1970-71. According to the terms and conditions of the loans, commitment charges at one per cent per annum on the principal amount of the loans which had not been withdrawn by the society were payable to the Corporations half yearly. The Commitment charges paid by the society upto 1970-71 were as follow:—

Year	Amount (In lakhs of rupees)
1968—69	0.37
1969—70	0.45
1970—71	0.13
Total	0.95

89. Charotar Sahkari khand Udyog Mandli Ltd., Palaj (Kaira district)

The terms and conditions of the contract for erection of the plant and machinery stipulated the completion and commissioning of the factory by the middle of December 1970. The factory was, however, commissioned only in April 1971, but it went out of order within hours of commissioning due to troubles developed in the turbine generating set; Rs. 4.08 lakhs were spent by the society to repair the damages, though under the terms and conditions of the contract, the contractors were liable to repair the defects in the plant up to the second season (including the trial season) free of charges, if it could be established that the generating set went out of order due to manufacturing defects. Government stated (May 1974) that the matter was still under investigation and results were awaited.

According to the bye-laws of the society it has to crush sugar cane grown by the members. Failure to crush the entire sugar cane brought by the members to the society entails payment of compensation by it to the members. Due to delay in the commissioning of the plant and the consequent failure to crush the sugar cane, the society had to pay compensation of Rs. 16.98 lakhs in 1970-71 to the cane growers.

The society advanced money to the members on the strength of the standing crops. Out of Rs. 2.61 lakhs granted as advances during 1970-71 to 1972-73, no recovery has been effected so far (January 1974). Government stated (May 1974) that the advances given during 1971-72 could not be recovered due to failure of monsoon while the amounts advanced during 1972-73 were to be recovered from the sale of sugar cane in 1973-74.

90. Shri Chalthan Vibhag Sahkari khand Udyog Mandli Limited, Chalthan (Surat district)

The society applied for two loans aggregating to Rs. 130 lakhs (Rs. 90.00 lakhs from Industrial Financial Corporation of India and Rs. 40.00 lakhs from Life Insurance Corporation of India). The Loans were sanctioned in August 1971 and the State Government and Government of India guaranteed the loans on 50 : 50 basis. The amount (Rs. 90.00 lakhs) could not, however, be obtained from Industrial Finance Corporation of India as the Condition regarding appointment of Managing Director was not fulfilled. The Company thereafter obtained loans from Gujarat State Co-operative Bank Ltd., Ahmedabad and other banks at high rates of interest (9½ to 10 per cent). The loans received from the Co-operative Bank and outstanding at the end of each year are given below:-

(In lakhs of rupees)

1969—70	47.71
1970—71	138.85
1971—72	139.92
1972—73	139.92

Year-wise details of interest paid are given below:—

(In lakhs of rupees)

1969—70	1.67
1970—71	2.72
1971—72	17.81
1972—73	19.87

91. Shri Sardar Vallabhbai Patel khand Udyog Co-operative Society Limited, Dhoraji (Rajkot district)

The society entered into an agreement on 31st December 1969 with a firm of Allahabad for construction of the sugar factory for Rs. 185 lakhs on turn-key basis. The factory was to be commissioned before 15th November 1971. According to the agreement, the society was to establish a letter of credit for 75 per cent of the contract price with the Gujarat State Co-operative Bank Ltd., Ahmedabad, in favour of the firm within four months from the date of agreement. As the letter of credit was established by the society only in November 1971 (i.e. after a delay of about 18 months), the firm was granted extension of time upto 31st December 1972. However, in March 1972, the society entered into a supplementary agreement with the firm which provided, *inter-alia*, for payment of sales tax at 3 per cent on the value of machinery invoiced to be invoiced by the firm to the society and also bonus of Rs. 1 lakh if the plant was erected by 31st December 1972. As the work was completed by the firm on 31st December 1972, bonus amounting to Rs. 1.00 lakh was paid to the firm, (September 1973) besides the sales tax amounting to Rs. 3.61 lakhs though the original contract of Rs. 185 lakhs was inclusive of all charges.

As against the designed crushing capacity of one lakh tonnes of sugar-cane, the cane crushed was 13,492 tonnes only. The recovery of sugar also was very low and it was 3.59 per cent. Government attributed (May 1974) the poor recovery to low quality of cane as also to the problems coming in the way of normal running of the factory during the trial season.

92. Amreli Krishi khand Udyog Sahkari Mandli Ltd., Amreli

The society was registered in August 1968 with the object of establishing a sugar factory with an installed daily crushing capacity of 1250 tonnes of sugar cane. Against the authorised capital of Rs. 2 crores, the issued capital was Rs. 1.1 crores. At the end of April 1974, the paid-up capital was Rs. 75.08 lakhs (Rs. 39.18 lakhs from members and Rs. 35.90 lakhs from Government).

The estimated cost of the project was Rs. 250 lakhs and it was to be financed by share capital contribution (Rs. 110 lakhs) and loan from Industrial Finance Corporation of India (Rs. 140 lakhs). The loan for Rs. 140 lakhs was sanctioned by the Corporation in March 1971, but the amount has not been released yet (May 1974), as one of the conditions of agreement with the Corporation for the release of the loan, viz. taking an insurance policy on the society's fixed assets against fire, riots, strikes, etc., in the joint names of the society and the Corporation as mortgagor and mortgagee respectively, has not been fulfilled (May 1974) as the plant and machinery have not been erected yet (May 1974). Government stated (May 1974) that the society had requested the contractor to complete the installation of the machinery and commission the plant.

A contract for the erection of plant and machinery was entered into with a firm at Allahabad in December 1969. Though the erection was to be completed by November 1971, the work actually commenced in February 1972 due to delay on the part of the society to make contractual payment and to open letter of credit with the Gujarat State Cooperative Bank Ltd., Ahmedabad in favour of the firm. The firm had requested (April 1971) for extension of time till March 1973. The work is still in progress (May 1974).

Due to non-fulfilment of the terms and conditions of the loan the society had to take another loan of Rs. 80.95 lakhs from the Gujarat State Cooperative Bank Ltd. upto the end of June 1972.

Though the erection of the plant and machinery is yet to be completed, a shift engineer and a chief chemist were appointed as early as in April 1972 and July 1972 respectively. Rupees 0.16 lakh had been spent upto March 1973 on pay and allowances of these technical persons. The appointment of these technical persons was premature.

93. Talala Taluka Sahkari Khand Udyog Mandli Ltd., Talala (Junagadh district) and Shree Sheetalaganga Khand Udyog Sahkari Mandli, Talaja (Bhavnagar district)

These two societies were registered in October 1968 and April 1969 with the object of improving the condition of sugar-cane growers.

Out of the authorised capital of Rs. 2 crores of the society at Talala only 20,000 shares valued at Rs. 1 crore were offered for subscription. Of these, shares valued at Rs. 65 lakhs were to be subscribed by the members and Rs. 35 lakhs by Government in the prescribed ratio of 65 : 35 according to the policy of Government with regard to Government participation in co-operative sugar factories. Accordingly 7000 shares were to be subscribed by Government and the remaining 13,000 shares by members. Though the share capital of Rs. 65 lakhs should have been collected from members by the end of 1969, the total share capital collected from members (February 1974) was only Rs. 53.33 lakhs. Government contribution on that date amounted to Rs. 45 lakhs.

The society at Talaja had also failed to collect the full share of capital contribution from members. Against its authorised capital of Rs. 1.2 crores, the value of shares offered for subscription to members was Rs. 55 lakhs. Of this, Rs. 19.15 lakhs only had been collected upto June 1973. Government's contribution to the society upto June 1973 was Rs. 13.20 lakhs. Government stated (May 1974) that due to dissensions amongst members, there was no progress in the collection of share capital by the nominated Board and that an administrator was being appointed.

CHAPTER VIII

FINANCIAL ASSISTANCE TO LOCAL BODIES AND OTHERS

94. Assistance to Panchayats

In 1972-73 Rs. 88.39 crores were paid as grants to 17 panchayats. The details of the purposes for which the grants were given are stated below:—

	(In lakhs of rupees)
Grants for education	25,88.43
Grants under community development programme	6,45.32
Grants for public health purposes and medical facilities	6,64.64
Grants for agricultural activities	1,84.79
Grants for famine relief works	16,73.98
Grants for civil and irrigation works	18,97.59
Grants for other purposes such as welfare activities, animal husbandry, administration, co-operation and miscellaneous etc.	11,83.97

95. University Book Production Board

Preparation of text books and other literature in Gujarati for University Courses

Production of University level books in the Indian Languages occupies an important position in the scheme of switch-over from English to Indian Languages as the medium of instruction. With this aim in view the University Book Production Board was constituted by the Government in May 1969 to bring out sufficient number of University level books and other literature in Gujarati language. Some of the functions of the Board are :

(i) to prepare text books and allied books for undergraduate courses,

(ii) to select subjects in which books need to be produced, select authors, translators, fix their remuneration and give them a time-table within which the books should be prepared,

(iii) to make arrangements for printing and distribution of the books,

(iv) to examine the existing books that are in use in different universities and to take steps for getting them approved if not already done and

(v) to undertake the preparation or publication of books or to entrust this work to the Universities or higher institutions of learning in the State if necessary and to sanction grants to them for the purpose.

This is a Centrally sponsored scheme and Government of India offered (January 1968) a grant of Rs. one crore over a period of six years for production of text books and other needed literature in the Indian languages. During 1968-69, when the scheme was introduced by the Government of India, the pattern of Central assistance was on a sharing basis of 75 : 25 per cent between the Centre and the State. From 1969-70 onwards the Government of India decided to provide assistance on 100 per cent basis. These grants are initially paid by the State Government to the Board, subject to reimbursements from Government of India. However, on an *ad hoc* basis, Government of India had paid in advance, grants to the State Government which would be adjustable against the grants found admissible on the basis of actual expenditure. The following table indicates the extent of such *ad hoc* grants paid to the State Government by the Government of India, grants paid by the State Government in turn, to the Board on the basis of their requirements, as reflected in their budget estimates and the expenditure incurred by the Board from 1970-71 to 1972-73.

Year	Central assistance to the State Government	State Government's grant to the Board	Expenditure incurred by the Board
	(in lakhs of rupees)		
1970-71	7.00	5.00	2.39
1971-72	9.00	18.00	6.05
1972-73	15.00	10.00	14.95
Total	31.00	33.00	23.39

The grants released during 1970-71 and 1971-72 to the Board were far in excess of requirements. There was a net excess grant of Rs. 9.61 lakhs with the Board at the end of March 1973. Government Stated (June 1974) that these excess grants would be taken into account before further grants are released.

The following table gives the details of books published by the Board the number of books sold etc:—

Year of publication	No. of titles published	No. of copies printed	No. of copies sold	No. of copies supplied free	Closing stock (October 1973)
<i>(a) Original Writings</i>					
1970—71	12	13,900	4,492	944	8,464
1971—72	51	53,400	9,339	2,349	41,712
1972—73	113	1,14,510	11,797	5,253	97,460
	<u>176</u>	<u>1,81,810</u>	<u>25,628</u>	<u>8,546</u>	<u>1,47,636</u>
<i>(b) Translations</i>					
1970—71	6	6,500	1,495	500	4,505
1971—72	6	5,700	1,476	439	3,785
1972—73	12	12,000	690	895	10,415
	<u>24</u>	<u>24,200</u>	<u>3,661</u>	<u>1,834</u>	<u>18,705</u>

The titles shown in the table as published by the Board include 51 (19 in 1970-71, 19 in 1971-72 and 18 in 1972-73) titles prepared by Gujarat University on behalf of the Board on 100 per cent grant basis. Similarly 3 titles prepared by the Director of Technical Education (8 in 1971-72 and 2 in 1972-73) and 3 titles prepared by two agencies in 1972-73 (*viz.* Gujarat Vidyapeeth and Gujarat Vidya Sabha) were also published by the Board.

An analysis of the cost of production of the books, the value of books sold, and the value of closing stock is given below:—

Year of publication	Direct cost of production	Value at selling price	Value of books supplied free	Value of books sold	Closing stock at selling cost
(in lakhs of rupees)					
1970—71	1.66	2.33	0.23	0.45	1.65
1971—72	5.28	6.01	0.30	0.60	5.11
1972—73	12.62	16.82	0.74	1.83	14.25

Out of 695 books taken up either directly by the Board or through the University, Government and State Institute of Education, only 325 titles

were published by the Board till the end of May 1974. The Board had indicated to the Government of India in August 1971 that books would be available to students and teachers for all the subjects by the end of March 1974.

Government of India have prescribed that the writing and translation assignments should be entrusted to selected authors normally on the basis of approved rates of remuneration which should be in conformity with the prevailing rates of the State or of its Universities. The prevailing rate of remuneration given to authors for undertaking works on behalf of Gujarat University are indicated below. These rates are applicable in respect of works undertaken by the Gujarat University on the basis of 100 per cent grant from the Board even after the formation of the Board.

- (1) Original writing : Between Rs. 6 and Rs. 10 per page of 300 words to be determined on the merits of the work.
- (2) Translation : Rs. 8 per page of 300 words for books on science and technology and Rs. 6 per page of 300 words for general books.

As against these rates, the rates of remuneration paid by the Board is Rs. 15 per full printed page of 300 words for original writing and Rs.10 per printed page of 300 words for translation.

It was also noticed that the same authors who had been assigned the work of writing and translation of books by the Gujarat University (even after the establishment of the Board in January 1970 on the basis of 100 per cent grant from the Board) were also engaged by the Board for original writing and translation work. A comparative idea of the remuneration paid by the two agencies is given in the following table:—

GUJARAT UNIVERSITY PUBLICATIONS			BOARD'S PUBLICATIONS		
Sr. No.	Name of the Author	Title of the Book	Remuneration per page (in rupees)	Title of the Book	Remuneration per page (in rupees)
1.	Dr. H. C. Sastry	Ancient India Part-I	6.62	Indian Epigraphy	11.65
2.	„	Ancient India Part-II	7.36		
3.	„	Asoka and his inscriptions	7.24		
4.	H. K. Trivedi	Principles of International Trade	8.00	Principles of Economics	14.50

Sr. No.	Name of the Author	Title of the Book	Remu-neration per page (in rupees)	Title of the Book	Remu-neration per page (in rupees)
5.	Dr. M. N. Desai	Metallic Erosion	10.34	Physical Chemistry	14.66
6.	Dr. J. J. Trivedi	Petro-Chemistry	7.74	Chronotography and Tracer technic	11.94
7.	N. C. Dixit & Dave	Cartography	8.00	Physical and Eco-nomical Geography of China and Japan	13.11
8.	R. K. Dhariya	Eighteen Fifty seven	7.90	History of Modern India	13.08
9.	P. H. Pandya & I. H. Sheth	Series and Sequences (Maths)	7.75	Abstract Algebra	14.59
10.	R. K. Shah	Valency	7.38	Inorganic Chemistry (Part-I)	12.76
				Inorganic Chemistry (Part-II & III)	15.47
11.	B. C. Desai	Scientific Thinking	7.40	Comparative study of Religion	11.70
12.	P. D. Pathak	Thermodynamics (Translation)	7.77	An Introduction of Thermodynamics (Translation)	8.37
13.	Prof. P. D. Vaidya M. M. Patel E. M. Balsora	Physics Vols. I to III	5.63	Molecular spectra (by M. M. Patel)	14.11
				Atomic Spectra (By M. M. Patel)	11.23

Printing and binding also account for a considerable part of the cost of production of books. According to the guidelines of the Government of India, the Board will publish books by getting them printed in Government or private presses which are suitable for the job and whose rates are competitive.

Under the existing procedure, no tenders are invited by the Board by giving wide publicity for the printing and binding work, but the work is entrusted to one or more of the thirty seven printing presses who have offered to undertake the work at different rates. Government stated (June 1974) that the Board would be asked to invite tenders henceforth.

The Board does not sell its publications directly. The sales are effected through a dealer who was appointed as sole distributor on commission basis without inviting any public tenders. The dealer had stipulated that if the responsibility for storage of books is also entrusted to him, the commission payable would be 33 per cent of the sale price and if the Board undertakes the responsibility for storage, the commission would be 30 per cent of the sale price. The Board had accepted the latter condition and since the expenditure on storage has to cover rent of buildings, purchase of storage racks, and on disinfectants and other antipest measures etc. it is not known whether the entire expenditure would be covered by 3 per cent of the sale price. The details of expenditure on these items are not made available to audit. The agreement entered into with the sole selling agent is for a period of five years from 14th August 1970 to 13th August 1975.

At the end of October 1973, 1.66 lakhs copies of books valued Rs. 21 lakhs were lying unsold.

The agreement with the sole selling agent does not provide for minimum sales guarantee. To boost up the sales, Government have requested the Universities and colleges in Gujarat to avail of the Board's publications for students and libraries.

According to the terms of contract with the sole selling agent, the accounts of sales are to be settled half-yearly in April and October. This indicates that sales realisations are made over to the Board long after the sales are made. This is disadvantageous to the Board, in as much as the Board's amounts are locked up with the selling agent.

Further it was also noticed that part of the realisations were made long after the six monthly settlement of accounts as indicated below:—

Period of settlement	Amount due	(Amount in lakhs of rupees)	
		Actual realisation with dates	
Period ending 31st March 1971	0.07	0.07	4th May 1971
30th September 1971	Account not rendered		
31st March 1972	0.37	0.08 0.09 0.20	5th May 1972 5th June 1972 26th September 1972
30th September 1972	0.46	0.25 0.21	1st January 1973 23rd February 1973
31st March 1973	0.66	0.06 0.30 0.30	paid in advance 28th May 1973 6th August 1973
30th September 1973	0.93	0.60 0.27 0.06	paid on due date 17th November 1973 12th December 1973

The scheme envisages creation of a revolving fund by the State Government out of the sale proceeds of the Books so that the Board's current and future needs could be met out of the initial investment. The entire sale proceeds of the Board's publications upto the end of March 1973 amounting to Rs. 1.52 lakhs after paying the commission to the sole distributor have been credited to the fund by the Board itself. As the Board is being financed entirely by the State Government the retention of the sale proceeds by the Board instead of by Government is not in accordance with the guide lines of the Government of India.

96. Publication of school text books by the Gujarat State Board of School Text Books

In Gujarat the scheme of nationalisation of school text books was implemented in July 1969 with the setting up of an autonomous body, viz., Gujarat State Board of School Text Books, and this Board was registered as a Society under Societies' Registration Act 1860 in October 1969. The main objects for which the Board is established are:—

(i) promotion of education in general and of primary and secondary education in particular,

(ii) production of school text books, books for teachers and work books for pupils,

(iii) encouragement and procurement of expert authors with knowledge and experience of modern methods of education to write text books on various subjects in different languages to meet the requirements of the *curricula* and syllabi, prescribed by Government,

(iv) establishment and maintenance of libraries to facilitate research in general and in *curricula*, syllabi and text book production in particular and

(v) production of standard books at reasonable prices *i. e.* on no profit no loss basis and make them available in time.

The entire expenditure of the Board was met out of the loans received from the Government from time to time and also out of the sale proceeds of the text books. Between October 1969 and March 1970, the Government paid to the Board loans aggregating Rs. 22 lakhs. During 1971-72 and 1972-73, loans aggregating Rs. 57 lakhs were also paid to the Board by the Government. While the former loan is interest-free, the question of charging interest on the latter loan, is under the consideration of the Government (July 1973). The entire loan of Rs. 79 lakhs has been utilised progressively on purchase of paper, printing of text books etc. by March 1973. The terms and conditions of the loans have not so far

(July 1973) been finalised. Though orders sanctioning the loan stipulated that loans should be repaid out of the sale proceeds of text books, the Board has not so far (July 1973) repaid any portion of the loan. Government stated (December 1973) that in accordance with the recommendations of the Financial Advisory Committee of the Board, on account of the expanding programme of printing and publication as well as the need to maintain a buffer stock of printing paper to ensure timely publication of text books, it would not be possible for the Board to start repayment of loan till the full programme of publication of text books of standards I to X is covered. This was expected to be achieved by 1975-76. The sale proceeds of text books received by the Board to the end of December 1972 amounted to Rs. 88.11 lakhs.

The Board decided (July 1969) to arrange for the publication of text books from standard V to VII in a phased manner from the academic year 1970-71 onwards as per revised syllabus and the aim of the Board was to make available the text books required by the pupils by April/May preceding the academic year. The position about the number of books to be published in each academic year, the number of books actually released for sale in various months and the number of books under print (July 1973) is indicated in the table given below:—

Academic year	Standard	No. of text books to be published by April/May	No. of text books actually released to the pupils								
			April/May	June	July	August	September	October	November	December	Not printed (July 1973)
1970—71	V	26	Nil	6	3	8	..	3	5	1	..
1971—72	VI	26	Nil	3	10	9	2	..	..	2	..
1972—73	VII	26	17	7	2	..	..	..	..	..	..
1973—74	VIII	34	11	13	5	..	..	..	..	..	5
1973—74	I to IV	34	13	15	5	..	..	..	..	..	1

The delay in the publication of text books was attributed by the Board to paucity of qualified translators and dearth of printing presses for printing books in different languages.

The revised syllabus for standards I to IV was introduced by Government from the academic year 1969-70, but the publications of text books for these standards as per the revised syllabus was entrusted to private publishers only and the Board commenced publication of the books for these standards only in 1973-74.

There was criticism about the quality of text books and Government, therefore, appointed a Committee in December 1971 for evaluating the text books published by the Board and for suggesting measures for improving the quality of text books. Out of 64 titles published by the Board till March 1972, the Committee, evaluated 13 selected titles which included title mainly published in Gujarati and Hindi for standards V and VI and categorised them as follows in its report submitted in December 1972:—

Sr. No.	Categorisation	No. of text books
1.	Satisfactory	3
2.	Just average, usable	3
3.	Text books which can be used after sufficient improvement is carried out with reference to the suggestion of the Committee.	4
4.	Text books which require total revision (<i>viz.</i> arithmetic for standard V & Gujarati text book & Science text book (in English) for standard VI	3

The Board has decided to bring out revised editions of the three text books, which were recommended for complete revision, (*Vide* serial No. 4 above) with effect from the academic year 1974-75. About 13.38 lakh copies of text books (which required complete revision) have already been sold and about 1.31 lakh copies of such books (valued Rs. 2.11 lakhs) were lying in stock with the Board at the end of July 1973.

Though the aim of the Board is to function on 'no-profit--no-loss' basis, the Board has earned the following profits for the three years ending December 1972:—

Year	Profit (in lakhs of rupees)
1970	3.28
1971	0.20
1972	0.46
Total	3.94

The amount of Rs. 3.94 lakhs was transferred to "Special Reserve Fund" as seen from the Balance sheet of the Board as at the end of December 1972.

Government stated (December 1973) that the profit is utilised in absorbing the rising cost of providing text books, so that their sale price is kept unchanged.

CHAPTER IX

OUTSTANDING AUDIT OBSERVATIONS AND INSPECTION REPORTS

97. Outstanding audit observations

The irregularities and defects noticed in Audit are reported to the departmental authorities. Periodical reports of outstanding audit observations are forwarded to the State Directorate of Accounts and Treasuries for taking necessary steps to expedite their settlement. The financial rules of Government require that departmental officers should attend to audit observations promptly; the Public Accounts Committee has also been repeatedly stressing the need for quick disposal of the observations.

Year-wise analysis of audit observations issued upto March 1973 which were not settled upto 30th September 1973 is given below:—

Year of issue	Civil departments		Commercial departments/ activities		Revenue Receipts		Total	
	Number of observations	Amount (In lakhs of rupees)	Number of observations	Amount (In lakhs of rupees)	Number of observations	Amount (In lakhs of rupees)	Number of observations	Amount (In lakhs of rupees)
1968—69 and earlier years	5,739	3,53.93	..	..	..	..	5,739	3,53.93
1969—70	2,144	2,06.31	..	..	..	..	2,144	2,06.31
1970—71	6,016	3,34.66	..	..	5	0.01	6,021	3,34.67
1971—72	6,418	3,57.41	..	..	12	0.15	6,430	3,57.56
1972—73	14,048	14,52.19	..	..	127	2.08	14,175	14,54.27
Total	34,365	27,04.50	..	..	144	2.24	34,509	27,06.74

The broad nature of observations, their number and amounts are shown below:—

Nature of observation	Civil departments		Commercial departments/activities		Revenue receipts	
	Number of observations	Amount (In lakhs of rupees)	Number of observations	Amount (In lakhs of rupees)	Number of observations	Amount (In lakhs of rupees)
Sanction for establishments not received	181	6.53	..	..	..	..
Sanction not received for contingent and miscellaneous expenditure	150	8.45	..	..	..	..
Detailed bills for lump sum drawals not received	4,680	15,39.37	..	..	..	..
Vouchers not received	925	44.84	..	..	..	..
Payees' receipts not received	19,693	10,66.45	..	..	..	..
Advances paid to Government servants not recovered	7,819	13.22	..	..	..	..
Payments to contractors/suppliers not in conformity with contracts and agreements	16	0.14	..	..	..	..
Overpayments or amounts disallowed in Audit not recovered	106	0.29	..	..	..	..
Sanction to write-off of losses etc. not received	1	0.17	..	..	..	..
Other reasons	794	25.04	..	..	144	2.24
Total	34,365	27,04.50	..	..	144	2.24

The amounts held under objection for want of detailed contingent bills represent advances drawn on abstract contingent bills for which detailed accounts have not been submitted. The detailed contingent bills (containing full particulars of expenditure incurred) with supporting sub-vouchers and payees' receipts are required to be submitted to the Accountant General during the month following the month of drawal of advance. Delay in furnishing detailed bills results in large expenditure escaping audit scrutiny for long. Besides, there is also likelihood of serious irregularities remaining undetected for long.

The amounts held under objection for want of vouchers and receipts represent expenditure incurred which could not be admitted in Audit as the disbursing officers did not submit vouchers, supporting accounts and/or

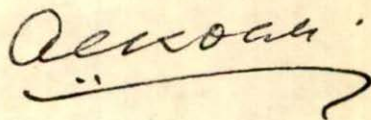
receipts of the payees. Consequently, it cannot be verified that the amounts have been properly spent. Non-submission or delay in submission of these documents may result in misappropriation, unauthorised expenditure etc. remaining undetected.

98. Outstanding inspection reports

Important irregularities and defects in the accounts noticed during local audit and inspections are included in inspection reports which are sent to the departmental officers and heads of departments and also to Government, where necessary. The points raised in the reports should be settled as expeditiously as possible. Unless such reports receive prompt attention there is likelihood of irregularities persisting.

Settlement of 7,802 inspection reports containing 22,637 paragraphs issued upto 31st March 1973 was pending at the end of September 1973 as shown below:—

Year of issue	Civil departments		Commercial departments/activities		Revenue receipts	
	Number of inspection reports	Number of paragraphs	Number of inspection reports	Number of paragraphs	Number of inspection reports	Number of paragraphs
1968—69 and earlier years	2,246	5,814	4	4	4	5
1969—70	1,006	2,662	3	4	6	8
1970—71	1,350	3,420	6	16	13	17
1971—72	1,409	5,271	6	21	14	29
1972—73	1,677	5,103	..	..	58	263
Total	7,688	22,270	19	45	95	322



(A. L. KOHLI)
Accountant General, Gujarat

Countersigned



(A. BAKSI)
Comptroller and Auditor General of India

Ahmedabad,
The

19 OCT 1974

28 OCT 1974

New Delhi,
The

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18 OCT 1934

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APPENDIX—I

(Reference : Paragraph 10)

*Outstanding certificates of utilisation of grants-in-aid on
30th September 1973*

Department	1969-70 and earlier years		Year				(in lakhs of rupees)	
			1970-71		1971-72		Total	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Panchayats and Health	844	2,08.69	656	3,98.96	1125	9,09.53	2625	15,17.18
Education and Labour	261	13,68.38	310	17,18.75	509	18,00.64	1080	48,87.77
Agriculture, Forests and Co-operation	228	15.40	1075	1,19.36	1239	1,68.20	2542	3,02.96
Public Works	..	..	..	..	373	8,04.39	373	8,04.39
Industries, Mines and Power	21	1.59	53	5.41	100	4.01	174	11.01
Revenue	267	2,51.42	59	1,38.30	77	49.64	403	4,39.36
Total	1621	18,45.48	2153	23,80.78	3423	37,36.41	7197	79,62.67

APPENDIX

(Reference :

Unnecessary/excessive/inadequate

Sr. No.	Grant/Appropriation number and name	Original grant appropriation
---------	-------------------------------------	------------------------------

1

2

3

I—UNNECESSARY

GRANTS

PUBLIC WORKS DEPARTMENT

- | | | |
|----|---|---------|
| 1. | 18- Famine Relief pertaining to Public Works Department | 3,98.20 |
| 2. | 69—Capital Outlay on Ports | 2,35.10 |

HOME DEPARTMENT

- | | | |
|----|-----------|----------|
| 3. | 46—Police | 16,65.54 |
|----|-----------|----------|

AGRICULTURE, FORESTS AND CO-OPERATION DEPARTMENT

- | | | |
|----|--|----------|
| 4. | 56—Agriculture | 10,59.28 |
| 5. | 57—Animal Husbandry | 3,88.54 |
| 6. | 99—Loans and Advances pertaining to Agriculture, Forests and Co-operation Department | 3,34.86 |

II—EXCESSIVE SUPPLEMENTARY

GENERAL ADMINISTRATION DEPARTMENT

- | | | |
|----|------------------------------------|-------|
| 1. | 1—Parliament and State Legislature | 30.76 |
|----|------------------------------------|-------|

II

Paragraph 12)

supplementary grants/appropriations

(in lakhs of rupees)

Supplementary grant/ appropriation			Total grant/ appropriation	Expenditure	Excess + Saving—
Amount	Month				
4	5		6	7	8
SUPPLEMENTARY GRANTS					
26.09	August December March	1972 1972 1973	4,24.29	3,96.71	— 27.58
15.98	August March	1972 1973	2,51.08	2,11.16	— 39.92
84.34	August December March	1972 1972 1973	17,49.88	16,61.18	— 88.70
38.33	August December March	1972 1972 1973	10,97.61	8,79.40	—2,18.21
52.65	August December March	1972 1972 1973	4,41.19	3,36.50	—1,04.69
61.45	August March	1972 1973	3,96.31	2,56.72	—1,39.59

GRANTS/APPROPRIATIONS

9.41	August December	1972 1972	40.17	31.90	— 8.27
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Sr. No.	Grant/Appropriation number and name	Original grant/ appropriation
1	2	3
GRANTS		
FINANCE DEPARTMENT		
2.	11—Pensions and Other Retirement Benefits pertaining to Finance Department	3,12.09
3.	86—Loans and Advances pertaining to Finance Department	79.15
PUBLIC WORKS DEPARTMENT		
4.	19—Other Revenue Expenditure pertaining to Public Works Department	86.87
REVENUE DEPARTMENT		
5.	27—Famine Relief pertaining to Revenue Department	1,05.56
6.	28—Other Revenue Expenditure pertaining to Revenue Department	1,68.68
PANCHAYATS AND HEALTH DEPARTMENT		
7.	94—Loans and Advances pertaining to Panchayats and Health Department	82.11
AGRICULTURE, FORESTS AND CO-OPERATION DEPARTMENT		
8.	78—Capital Outlay on Industrial and Economic Development	2,80.59
9.	80—Capital Outlay on Forests	1,37.90
10.	81—Capital Outlay on Schemes of Government Trading pertaining to Agriculture, Forests and Co-operation Department	56.15
CIVIL SUPPLIES DEPARTMENT		
11.	63—Other Revenue Expenditure pertaining to Civil Supplies Department	2,87.92
12.	82—Capital Outlay on Schemes of Government Trading pertaining to Civil Supplies Department	16,80.05

II-(Contd.)

(in lakhs of rupees)

Supplementary grant/ appropriation		Total grant/ appropriation	Expenditure	Excess + Saving -
Amount	Month			
4	5	6	7	
57.91	March 1973	3,70.00	3,51.12	— 18.88
61.00	March 1973	1,40.15	1,27.04	— 13.11
13.50	August 1972 December 1972	1,00.37	89.69	— 10.68
38,04.00	December 1972	39,09.56	25,23.59	— 13,85.97
52.25	August 1972 December 1972 March 1973	2,20.93	1,98.79	— 22.14
64.06	August 1972 March 1973	1,46.17	1,33.60	— 12.57
1,13.32	August 1972 December 1972 March 1973	3,93.91	3,24.78	— 69.13
1,16.90	August 1972 March 1973	2,54.80	1,72.60	— 82.20
1,95.92	August 1972 December 1972 March 1973	2,52.07	1,82.84	— 69.23
58.61	August 1972 December 1972 March 1973	3,46.53	3,03.20	— 43.33
46,62.00	December 1972 March 1973	63,42.05	53,83.76	— 9,58.29

Sr. No.	Grant/Appropriation number and name	Original grant/ appropriation
1	2	3
APPROPRIATIONS		
CIVIL SUPPLIES DEPARTMENT		
13	105— <i>Interest on debt and other obligations pertaining to Civil Supplies Department</i>	..
14	107— <i>Public Debt-Floating Debt</i>	..
GRANTS III—INADEQUATE SUPPLEMENTARY		
1	20—Public Works	24,44.17
2	67—Capital Outlay on Public Works	7,37.04
PANCHAYATS AND HEALTH DEPARTMENT		
3	31—Medical	9,88.50
4	32—Public Health	12,03.43
5	102—Famine Relief pertaining to Panchayats and Health Department	..
AGRICULTURE, FORESTS AND CO-OPERATION DEPARTMENT		
6	61—Other Revenue Expenditure pertaining to Agriculture, Forests and Co-operation Department	84.70
APPROPRIATION		
FINANCE DEPARTMENT		
7	106— <i>Public-Debt- Floating Debt</i>	..

II (Concl.)

(in lakhs of rupees)

Supplementary grant/ appropriation			Total grant/ appropriation	Expenditure	Excess + Saving —
Amount	Month				
4	5		6	7	8
7.00	March	1973	7.00	5.93	- 1.07
27,26.00	March	1973	27,26.00	23,85.97	- 3,40.03
GRANTS/APPROPRIATION					
5,61.07	August December March	1972 1972 1973	30,05.24	31,13.22	+ 1,07.98
1,97.10	August December March	1972 1972 1973	9,34.14	9,53.22	+ 19.08
60.82	August December March	1972 1972 1973	10,49.32	10,89.79	+ 40.47
12.75	August December March	1972 1972 1973	12,16.18	14,79.45	+ 263.27
35.00	August	1972	35.00	57.18	+ 22.18
77.84	December March	1972 1973	1,62.54	1,88.29	+ 25.75
23,83.00	March	1973	23,83.00	52,52.00	+ 28,69.00

APPENDIX III

(Reference : Paragraph 14)

Saving of 10 per cent or more in voted grants/appropriations

Sr. No.	Number and name of grant/appropriation	Total grant/appropriation	Saving	Percentage of saving
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(in lakhs of rupees)

I—SAVING OF 20 PER CENT OR MORE OF THE TOTAL GRANT/APPROPRIATION

GRANTS

GENERAL ADMINISTRATION DEPARTMENT

1.	1—Parliament and State Legislature	40.17	8.27	21
2.	83—Loans and Advances pertaining to General Administration Department	21.80	21.61	99

PUBLIC WORKS DEPARTMENT

3.	68—Expenditure on Capital for Gujarat	2,16.00	69.14	32
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REVENUE DEPARTMENT

4.	27—Famine Relief pertaining to Revenue Department	39,09.56	13,85.97	35
5.	70—Compensation to Land holders	30.00	19.78	66
6.	71—Capital outlay on other works pertaining to Revenue Department	19.81	10.39	52

PANCHAYATS AND HEALTH DEPARTMENT

7.	73—Capital Outlay on Schemes of Government Trading pertaining to Panchayats and Health Department	5.00	5.00	100
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EDUCATION AND LABOUR DEPARTMENT

8.	42—Pensions and other Retirement Benefits pertaining to Education and Labour Department	6.00	6.00	100
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INDUSTRIES, MINES AND POWER DEPARTMENT

9.	76—Capital Outlay on Multipurpose River Schemes	4,01.20	3,53.70	88
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AGRICULTURE, FORESTS AND CO-OPERATION DEPARTMENT

10.	56—Agriculture	10,97.61	2,18.21	20
11.	57—Animal Husbandry	4,41.19	1,04.69	24

APPENDIX III (Contd.)

Sr. No.	Number and name of grant/ appropriation	Total grant/ appropriation	Saving	Percentage of saving
GRANTS				
(in lakhs of rupees)				
12.	77—Capital Outlay on Agriculture	16.48	8.32	50
13.	80—Capital Outlay on Forests	2,54.80	82.20	32
14.	81—Capital Outlay on Schemes of Government Trading pertaining to Agriculture, Forests & Co-operation Department	2,52.07	69.23	27
15.	99—Loans and Advances pertaining to Agriculture, Forests and Co-operation Department	3,96.31	1 39.59	35
APPROPRIATIONS				
REVENUE DEPARTMENT				
1.	28—Other Revenue Expenditure pertaining to Revenue Department	16.56	9.27	56
2.	91—Public Debt-Permanent Debt	25.00	7.51	30
II—SAVING BETWEEN 10 AND 20 PER CENT OF THE TOTAL GRANT/ APPROPRIATION				
GRANTS				
GENERAL ADMINISTRATION DEPARTMENT				
1.	5—Other Revenue Expenditure pertaining to General Administration Department	52.21	9.99	19
PUBLIC WORKS DEPARTMENT				
2.	19—Other Revenue Expenditure pertaining to Public Works Department	1,00.37	10.68	11
3.	69—Capital Outlay on Ports	2,51.08	39.92	16
REVENUE DEPARTMENT				
4.	28—Other Revenue Expenditure pertaining to Revenue Department	2,20.94	22.14	10
PANCHAYATS AND HEALTH DEPARTMENT				
5.	72—Capital Outlay on Public Health	4,77.00	53.26	11
HOME DEPARTMENT				
6.	47—Other Revenue Expenditure pertaining to Home Department	2,15.43	38.72	18

APPENDIX III (Concl'd.)

Sr. No.	Number and name of grant/appropriation	Total grant/appropriation	Saving	Percentage of saving
GRANTS				
(in lakhs of rupees)				
INDUSTRIES, MINES AND POWER DEPARTMENT				
7.	75—Capital Outlay on Industrial and Economic Development	2,55.53	28.11	11
AGRICULTURE, FORESTS AND CO-OPERATION DEPARTMENT				
8.	78—Capital Outlay on Industrial and Economic Development	3,93.91	69.13	18
CIVIL SUPPLIES DEPARTMENT				
9.	63—Other Revenue Expenditure pertaining to Civil Supplies Department	3,46.53	43.33	13
10.	82—Capital Outlay on Schemes of Government Trading pertaining to Civil Supplies Department	63,42.05	9,58.29	15
APPROPRIATIONS				
REVENUE DEPARTMENT				
1.	22—Land Revenue	99.60	11.51	12
CIVIL SUPPLIES DEPARTMENT				
2.	107—Public Debt-Floating Debt	27,26.00	3,40.03	12

APPENDIX IV

(Reference : Paragraph 15)

Grants/Appropriations where unsurrendered savings were in excess of Rs. 20 lakhs in each case

Sr. No.	Number and name of grant/appropriation	Total grant/appropriation	Saving	Amount surrendered	Amount not surrendered (and its percentage to total saving)
		(in lakhs of rupees)			
GRANTS					
PUBLIC WORKS DEPARTMENT					
1.	66—Capital Outlay on Irrigation and Navigation	41,02.68	89.95	..	89.95 (100)
2.	68—Expenditure on Capital for Gujarat	2,16.00	69.14	35.17	33.97 (49)
REVENUE DEPARTMENT					
3.	27—Famine Relief pertaining to Revenue Department	39,09.56	13,85.97	12,26.56	1,59.41 (12)
4.	28—Other Revenue Expenditure pertaining to Revenue Department	2,20.94	22.14	..	22.14 (100)
5.	92—Loans and Advances pertaining to Revenue Department	8,78.80	36.53	10.46	26.07 (71)
PANCHAYATS AND HEALTH DEPARTMENT					
6.	72—Capital outlay on Public Health	4,77.00	53.26	..	53.26 (100)
EDUCATION AND LABOUR DEPARTMENT					
7.	39—Education	58,23.90	1,13.03	19.57	93.46 (83)
HOME DEPARTMENT					
8.	46—Police	17,49.88	88.70	46.83	41.87 (47)

APPENDIX IV (Concl'd.)

Sr. No.	Number and name of grant/appropriation	Total grant/appropriation	Saving	Amount surrendered	Amount not surrendered (and its percentage to total saving)
GRANTS (in lakhs of rupees)					
INDUSTRIES, MINES AND POWER DEPARTMENT					
9.	97—Loans and Advances pertaining to Industries, Mines and Power Department	21,19.96	28.40	7.09	21.31 (75)
AGRICULTURE, FORESTS AND CO-OPERATION DEPARTMENT					
10.	56—Agriculture	10,97.61	2,18.21	1,95.38	22.83 (10)
CIVIL SUPPLIES DEPARTMENT					
11.	82—Capital Outlay on Schemes of Government Trading pertaining to Civil Supplies Department	63,42.05	9,58.29	4,99.00	4,59.29 (48)
APPROPRIATION					
FINANCE DEPARTMENT					
12.	7—Interest on Debt and Other Obligations pertaining to Finance Department	20,82.06	23.11	..	23.11 (100)

APPENDIX—V

APPENDIX

(Reference :

Cases of misappropriation of money etc. reported upto 31st March 1973

Sr. No.	Name of the Department	Upto 1964-65		1965-66		1966-67		1967-68	
		No.	Amount	No.	Amount	No.	Amount	No.	Amount
1.	Agriculture, Forests and Co-operation	5	0.69	1	0.18	1	0.02	..	..
2.	Civil Supplies	2	0.30	4	0.12	2	0.04	1	0.47
3.	Education and Labour	4	1.45	2	2.18	..	..	1	0.02
4.	Finance	..	..	..	..	..	..	..	..
5.	Home	1	0.06	..	..	1	0.03	1	0.19
6.	Industries, Mines and Power	..	..	..	..	..	..	..	..
7.	Legal	2	1.01	..	..	..	..	..	..
8.	Panchayats and Health	6	0.10	1	0.05	1	0.06	2	0.14
9.	Public Works	5	0.99	..	..	..	..	1	0.04
10.	Revenue								
	(i) Land Revenue and Tagavi dues	22	0.99	11	0.43	2	0.13	9	0.26
	(ii) Other Revenues	4	0.33	3	0.12	..	..	2	0.12
	Total ..	51	5.92	22	3.08	7	0.28	17	1.24

V

Paragraph 41)

and outstanding at the end of September 1973

(Amount in lakhs of rupees)

1968—69		1969—70		1970—71		1971—72		1972—73		Total	
No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
1	0.05	1	0.01	..	..	..	..	..	..	9	0.95
1	0.05	2	0.18	..	..	..	..	..	..	12	1.16
1	0.17	4	0.18	..	..	2	0.07	..	..	14	4.07
1	2.70	..	..	1	0.02	..	..	..	..	2	2.72
3	0.30	1	0.08	2	0.15	..	..	2	0.23	11	1.04
..	..	1	0.02	..	..	..	..	1	0.02	2	0.04
1	0.19	..	..	..	..	..	..	..	..	3	1.20
3	0.31	1	0.02	2	0.07	2	0.02	2	0.80	20	1.57
2	0.27	1	0.15	3	0.07	5	0.98	5	0.79	22	3.29
10	1.14	7	0.14	5	0.40	14	0.59	3	0.06	83	4.14
2	0.10	4	0.20	5	0.66	5	0.31	5	0.20	30	2.04
25	5.28	22	0.98	18	1.37	28	1.97	18	2.10	208	22.22

APPENDIX

(Reference :

Cases of misappropriation etc. pending on 30th September 1973

Sr. No.	Department	Awaiting completion of investigation		Pending in court of law	
		Number	Amount	Number	Amount
1.	Agriculture, Forests and Co-operation	3	0.39	4	0.53
2.	Civil Supplies	..	..	4	0.73
3.	Education and Labour	5	0.37	3	0.11
4.	Finance	2	2.72	..	..
5.	Home	3	0.30	3	0.31
6.	Industries, Mines and Power	2	0.04	..	..
7.	Legal	1	0.17	1	0.19
8.	Panchayats and Health	7	0.21	2	0.06
9.	Public Works	15	2.24	1	0.31
10.	Revenue				
	(i) Land Revenue and Tagavi dues	18	0.80	3	0.79
	(ii) Other Revenues	4	0.12	9	0.80
	Total	60	7.36	30	3.83

VI

Paragraph 41)

and the stage at which they are

(Amount in lakhs of rupees)

Orders of recovery issued but recovery is pending		Information about recovery of amount ordered to be recovered is awaited		Other reasons		Total	
Number	Amount	Number	Amount	Number	Amount	Number	Amount
1	0.02	1	0.01	..	..	9	0.95
1	0.17	2	0.05	5	0.21	12	1.16
2	1.39	3	2.19	1	0.01	14	4.07
..	..	..	..	..	..	2	2.72
2	0.07	3	0.36	..	..	11	1.04
..	..	..	..	..	..	2	0.04
..	..	1	0.84	..	..	3	1.20
7	1.13	2	0.14	2	0.03	20	1.57
..	..	1	0.42	5	0.32	22	3.29
9	0.72	4	0.13	49	1.70	83	4.14
7	0.70	3	0.04	7	0.38	30	2.04
29	4.20	20	4.18	69	2.65	208	22.22

APPENDIX VII

(Reference : Paragraph 42)

Write-off, remission of revenue etc.

(Amount in lakhs of rupees)

Sr. No.	Department	Write-off of losses, irrecoverable revenues, duties, advances etc.		Waiver of recovery	
		Number of cases	Amount	Number of cases	Amount
1.	Home	3	0.17	..	..
2.	General Administration	1	0.03	..	..
3.	Revenue	806	3.79	1	0.07
4.	Agriculture, Forests and Co-operation	11	2.08	3	1.25
5.	Public Works	3	0.23	..	..
6.	Panchayats and Health	11	0.16	3	..*
7.	Civil Supplies	1690	238.81	..	..
Total		2525	245.27	7	1.32

*Less than Rs. 5000.

APPENDIX VIII

(Reference : Paragraph 64)

Cases of pending assessments at the end of March 1972 and March 1973

Period	March 1972		March 1973	
	Bombay Sales Tax Act	Central Sales Tax Act	Bombay Sales Tax Act	Central Sales Tax Act
	Gujarat Sales Tax Act		Gujarat Sales Tax Act	
Financial years and corresponding Samvat and Calendar years				
Upto 31-12-1959	6	..	..	..
1-1-1960 to 31-3-1960	2	1	..	..
1960—61	4	3	..	1
1961—62	11	12	9	3
1962—63	42	25	11	3
1963—64	86	61	17	3
1964—65	129	116	36	4
1965—66	320	320	65	10
1966—67	447	582	118	63
1967—68	2,542	2,269	185	108
1968—69	8,662	6,956	598	340
1969—70	82,222	24,554	13,474	4,255
1970—71	93,871	49,037	49,270	25,504
1971—72	..	..	94,682	49,806
Total	1,88,344	83,936	1,58,465	80,100

APPENDIX

(Reference :

Synoptic statement showing the financial results of Departmentally

Sl. No.	Name of the concern	Period of Accounts	Government capital	Mean capital	Free reserve
1	2	3	4	5	6
1.	Mechanical Cultivation Scheme, Baroda	1972—73	9.71	10.35	..
2.	Boring and Tractor Organisation, Rajkot	1972—73	16.44 (-)	6.93	..
3.	Schemes for purchase and distribution of amonium sulphate and other fertilizers	1971—72	(-) 43.03	(-) 6.21	31.65
4.	(a) Fair Price Shop Scheme (Districts other than Dangs)	1972—73	(-)470.64	(-)390.70	..
	(b) Fair Price Shop Scheme (Dangs District)	1972—73	(-) 5.15	(-) 2.76	..
5.	Cattle breeding Farm, Thara (Banaskantha District)	1972—73	8.84	4.65	..
6.	Cattle Breeding Farm, Morvi	1972—73	4.51	3.33	..
7.	Cattle Breeding Farm, Bhuj	1972—73	20.89	19.45	..
8.	Veraval Port	1972—73	225.12	219.91	54.71
9.	Mandvi (Kutch) Port	..	64.34	60.98	10.96
10.	Okha Port	..	245.96	236.63	1.07
11.	Bhavnagar Port	..	606.06	583.38	95.33
12.	Mahuva Port	..	42.74	42.30	4.83
13.	Bedi Port	..	250.49	243.11	52.80
14.	Porbandar Port	..	443.34	417.04	72.58
15.	Broach Port	..	185.82	154.41	20.09
16.	Navalakhhi Port	..	113.91	105.58	23.09

IX

Paragraph 78)

managed Government Commercial and Quasi-Commercial Undertakings

(in lakhs of rupees)

Total of Col. No. 4 & 6	Block assets (net)	Depre- ciation	Net profit(+) Net Loss (-)	Interest charged added back	Total	Percentage of return on mean capital
7	8	9	10	11	12	13
9.71	0.85	0.28	(-) 0.06	0.62	0.56	5.41
16.44	2.16	0.58	(+) 14.85	0.32	15.17	..
(-) 11.38	..	..	(+) 2.18	..	2.18	..
(-) 470.64	121.43	(-) 6.31	290.36	5.91	296.27	..
(-) 5.15	1.26	(-) 0.07	(-) 0.005	0.02	0.015	..
8.84	4.29	0.29	(-) 0.95	..	(-) 0.95	..
4.51	1.27	0.09	(-) 2.02	0.11	(-) 1.91	..
20.89	1.78	0.06	(-) 2.53	..	(-) 2.53	..
279.83	226.04	54.71	(-) 20.76	13.53	(-) 7.23	..
75.30	64.96	10.96	(-) 6.80	3.87	(-) 2.93	..
247.03	288.29	1.07	(-) 12.92	14.75	(+) 1.83	0.77
701.39	725.02	95.33	(-) 75.46	36.17	(-) 39.29	..
47.57	47.63	4.83	(-) 3.90	2.61	(-) 1.29	..
303.29	291.81	52.80	(-) 29.63	15.61	(-) 14.02	..
515.92	456.82	72.58	(-) 38.44	26.38	(-) 12.06	..
205.91	185.32	20.09	(-) 16.63	9.71	(-) 6.92	..
137.00	117.03	23.09	(-) 7.11	6.61	(-) 0.50	..

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