



REPORT OF THE
COMPTROLLER AND
AUDITOR GENERAL
OF INDIA

FOR THE YEAR
1974-75

GOVERNMENT OF ORISSA
(CIVIL)



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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 1974-75 together with other points arising from audit of financial transactions of the Government of Orissa. It also includes :—

- (i) certain points of interest arising from the Finance Accounts for the year 1974-75 ; and
- (ii) comments on Balimela Dam Project.

2. The Report containing the observations of Audit on Statutory Corporations, Government Companies and the Orissa State Electricity Board and the Report containing the observations of Audit on Revenue Receipts are presented separately.

3. The cases mentioned in the present Report are among those which came to notice in the course of test audit of accounts during the year 1974-75 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 1974-75 have also been included, wherever considered necessary.

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

CHAPTER 1

GENERAL

1. 1. Summary of transactions

Receipts, expenditure and surplus/deficits during 1974-75 are given below with corresponding figures of the preceding year:—

	1973-74*	1974-75
	(In crores of rupees)	
(i) Revenue—		
Revenue receipts	1,74.62	2,27.37
Revenue expenditure	2,12.46	2.23.51
Revenue surplus(+)/deficit (—)	—37.84	+3.86
(ii) Public debt (net) increase (+) / decrease(—)	+57.02	+ 41.38
(iii) Loans and Advances (net) increase(—) / decrease(+)	—0.13	—1.55
(iv) Contingency Fund (net) increase (+) / decrease(—)	—0.14	—0.71
(v) Public Account (net) increase(+)/ decrease(—)	+26.72	+11.33
(vi) Capital expenditure (net) increase(—) / decrease(+)	—38.22	—44.93
Net surplus(+)/deficit(—)	+7.41	+9.38
Opening cash balance	—21.64	—14.23
Net surplus (+) / deficit(—)	+7.41	+9.38
Closing cash balance	—14.23	—4.85**

The closing cash balance of *minus* Rs. 4.85 crores comprises a *minus* balance of Rs.5.87 crores with the Reserve Bank of India and *plus* balance of Rs.1.02 crores with the treasuries.

*For facilitating comparison with corresponding figures for 1974-75, the figures for 1973-74 shown in this column are recast to the extent necessary according to the revised classification adopted from 1974-75; the figures for 1973-74, therefore, differ in some cases from the figures shown for that year in the Audit Report for 1973-74.

**There is a difference of Rs. 0.02 crore between the figures reflected in the accounts (Rs.—5.87 crores) and those intimated by the Reserve Bank (Rs.—5.85 crores) regarding "Deposits with the Reserve Bank" (included in the cash balance). The discrepancy is under reconciliation.

The transactions during the year 1974-75 resulted in an overall surplus of Rs.9.38 crores. This improvement in the financial position reduced the cash balance from *minus* Rs.14.23 crores at the beginning of the year to *minus* Rs. 4.85 crores at the end of the year.

1.2. Revenue surplus/deficit

(a) *Revenue receipts*—The actuals of revenue receipts for 1974-75 compared with (i) the budget estimates and (ii) the budget estimates *plus* additional taxation during the year along with the corresponding figures for 1972-73 and 1973-74 are shown below:—

Year	Budget	Budget <i>plus</i> additional taxation	Actuals	Variation between columns (4) and (3)	
				Amount of increase(+)/ decrease(—)	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
(In crores of rupees)					
1972-73 ..	1,63.57	1,63.57	1,68.13	+4.56	3
1973-74 ..	1,75.79	1,75.79	1,74.62	—1.17	1
1974-75 ..	2,30.07	2,30.07	2,27.37	—2.70	1

The decrease in the revenue (Rs. 2.70 crores), as compared with the budget estimates, was mainly under Grants from Union Government (Rs.4.63 crores) due to less receipt of grants for Centrally sponsored schemes; this was partly offset by increase in tax revenue raised by the State (Rs.0.17 crore) chiefly of sales tax and increase in the share of net proceeds under Taxes on Income and Estate Duty received from the Government of India (Rs. one crore) and increase under non-tax revenue (Rs.0.72 crore) chiefly due to more adjustment of interest from the commercial schemes undertaken in the State.

(b) *Expenditure on revenue account*—The expenditure on revenue account as compared with (i) the budget estimates and (ii) the budget estimates *plus* supplementary provisions along with corresponding figures for 1972-73 and 1973-74 are shown below:—

Year	Budget	Budget <i>plus</i> Supple- mentary	Actuals	Variation between columns (4) and (3)	
				Amount of decrease	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
(In crores of rupees)					
1972-73 ..	1,77.26	2,05.71	1,92.78	12.93	6
1973-74 ..	2,06.79	2,29.94	2,12.46	17.48	8
1974-75 ..	2,31.44	2,56.75	2,23.51	33.24	13

(c) The year ended with a revenue surplus of Rs.3.86 crores as against the anticipated revenue deficit of Rs.1.37 crores; the State was having revenue deficit continuously from 1970-71. The accumulated revenue deficit of the State at the end of 1974-75 was Rs. 1,56.06 crores. The revenue deficit/surplus of the State as compared with that anticipated in the budget for the three-year-period ending 1974-75 together with the accumulated revenue deficit at the end of the each financial year is given below:—

Year	Deficit(—) anticipated in the budget	Actual revenue deficit(—)/ surplus(+)	Variation during the year more(+) less (—)	Accumulated revenue deficit(—) at the end of the year
		(In crores	of rupees)	
1972-73	.. —13.69	—24.65	—10.96	—1,22.08
1973-74	.. —31.00	—37.84	—6.84	—1,59.92
1974-75	.. —1.37	+3.86	+5.23	—1,56.06

The improvement in the revenue position of the State in 1974-75 compared with the Budget estimates was mainly due to decrease in the expenditure on revenue account (13 per cent of budget estimate *plus* supplementary) and the realisation of revenue being only 1 per cent less than that anticipated in the budget.

Dispensing with the practice of appropriating from revenue for amortisation of market loans from 1974-75 resulted in a reduction of expenditure of Rs. 6.37 crores during 1974-75 compared with the previous year.

1.3. Revenue receipts

1.3.1. The revenue receipts during 1974-75 (Rs.2,27.37 crores) increased by Rs.52.75 crores (30 per cent) over those of 1973-74 (Rs.1,74.62 crores). A comparative analysis of revenue receipts during 1973-74 and 1974-75 together with an analysis of the increase in 1974-75 over 1973-74 is given below:—

1973-74	1974-75	Increase (+)/ decrease (—) during 1974-75 over 1973-74
		Amount percentage

(In crores of rupees)

(i) Receipts from Government of India—

State's share of divisible Union Taxes ..	46.41	47.24	+0.83	2
Grants under Article 275 of the Constitution	18.90	56.97	+38.07	201
Other grants ..	25.28	24.69	—0.59	2
Total—(i) ..	90.59	1,28.90	+38.31	42

	1973-74	1974-75	Increase(—)/ decrease(+) during 1974-75 over 1973-74	
			Amount	Percentage
(In crores of rupees)				
<i>(ii) Revenue raised by the State—</i>				
<i>Tax Revenue—</i>				
Taxes on Income and Expenditure ..	0.06	0.06	..	..
Taxes on Property and Capital transactions	5.79	6.81	+1.02	18
Taxes on Commodities and Services ..	36.36	43.56	+7.20	20
<i>Non-Tax Revenue—</i>				
Interest receipts, Dividends and Profits	14.23	19.26	+5.03	35
Other non-tax revenue ..	27.59	28.78	+1.19	4
Total(ii) ..	84.03	98.47	+14.44	17
Total—Receipts ..	1,74.62	2,27.37	+52.75	30

The increase of Rs. 52.75 crores in the revenue receipts of the State during 1974-75 over that of 1973-74 was mainly due to increased grants from Government of India on the basis of recommendation of the sixth Finance Commission under Article 275 of the Constitution (Rs. 38.07 crores), increased receipt under sales tax on account of better realisation (Rs. 4.84 crores), additional resources mobilisation under Motor Vehicle Taxes (Rs. 1.05 crores) and more adjustment of interest on commercial schemes of the State (Rs. 5.34 crores).

1.3.2. *Taxation measures*

No new taxation measures were introduced during the year. Measures taken for additional resources mobilisation comprised revision of rates of registration fee, increase in the rates of motor vehicle tax, surcharge on entertainment tax, revision of rates of court fee, enhancement of electricity duty, levy of compulsory basic water rate, tax on foreign liquor, revision of rates of sales tax and increase in the rate of royalty on bamboo and other forest produce.

From the above measures other than from revision of rate of registration fees, Government anticipated additional resources of Rs. 7.82 crores during 1974-75; against this, Rs. 5.21 crores were collected. An additional revenue of Rs. 0.10 crore was realised from the revision of rate of registration fees.

1.3.3. Arrears in collection of revenue, interest and receipts

According to the information furnished by Government, arrears in collection of revenue, interest and other receipts on the 31st March 1975 were Rs. 51.34 crores (52 per cent of the annual tax and non-tax revenue) against Rs. 45.32 crores as at the end of March 1974. Cases of heavy arrears as at the end of 1973-74 and 1974-75 are indicated below :—

	Arrears as on 31st March	
	1974	1975
	(In crores of rupees)	
Sales Tax ..	7.87	10.72
Land Revenue ..	3.15	3.12
Electricity duties ..	1.25	2.23
Taxes on Motor Vehicles ..	7.44(a)	9.47(b)
Forest ..	5.98	5.27
Electricity revenue ..	1.96	2.81
Irrigation (Water rates) ..	(c)	1.71
Police ..	1.10	1.35
Guarantee fees ..	1.03	1.05
Interest ..	10.68	10.50

More information on the revenue receipts of Government will be found in the Report of the Comptroller and Auditor General of India for the year 1974-75, Government of Orissa—Revenue Receipts.

1.4. Expenditure on revenue account

In 1974-75, the expenditure on revenue account (Rs. 2,23.51 crores) increased by Rs. 11.05 crores (5 per cent) over that in 1973-74 (Rs. 2,12.46 crores). The increase was the net result of increases under certain heads partly offset by decreases under other heads. A comparative analysis of the expenditure figures for 1974-75 and the previous year by broad groups of Government activity showing the main variations and the reasons therefor is given below :—

	1973-74	1974-75	Increase(+) decrease(—) with reference to 1973-74	
			Amount	Percentage
	(In crores of rupees)			
<i>General Services—</i>				
Appropriation for reduction or avoidance of debt	7.14	0.77	—6.37	89

The decrease was due to the decision of Government to discontinue the practice of appropriating from revenue for amortisation of market loans.

(a) Arrears are to end of March 1973.

(b) Arrears are to end of March 1974.

(c) Figures are not available.

	1973-74	1974-75	Increase(+) decrease(-) with reference to 1973-74	
			Amount	Percentage
	(In crores of rupees)			
Police	10.12	11.98	+1.86	18

The increase was mainly due to revision of scales of pay and more expenditure for strengthening the police administration.

Public Works	..	7.16	4.50	-2.66	37
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The decrease was due mainly to reduction of expenditure under construction and repairs of buildings, machinery and equipment, less requirement of stock and reduction of expenditure under Central Plan schemes.

Social and Community Services—

Education	..	34.76	46.79	+12.03	35
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The increase was primarily on account of increase in the amount of National Loan Scholarships, block grants to Universities, grants to non-Government educational institutions for primary, secondary and college education and implementation of the recommendations of the Pay Committee on revision of pay scales.

Medical	..	8.47	10.21	+1.74	21
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The increase was due to revision of scales of pay and house rent allowance, encashment of leave salary, enhancement of travelling and dearness allowance norms, increase in rate of stipends for house surgeons, post-graduate students and increase in diet and medicine charges.

Social Security and Welfare		8.82	11.92	+3.10	35
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The increase was due mainly to more Plan outlay on Centrally sponsored schemes of welfare of schedule caste and tribes and family and child welfare.

Relief on account of Natural Calamities		12.50	3.85	-8.65	69
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The decrease was due to less requirement.

Economic Services—

Agriculture		5.77	7.44	+1.67	29
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The increase was due mainly to more expenditure on high yielding varieties cropping programme, commercial crops and on agricultural education.

	1973-74	1974-75	Increase(+) decrease(-) with reference to 1973-74	
			Amount	Percentage

(In crores of rupees)

Community Development	11.20	8.80	-2.40	21
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The decrease was due mainly to larger recoveries effected during the year on account of stock utilised on works undertaken by the Rural Engineering Organisation.

Multipurpose River Projects	7.09	10.56	+3.47	49
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The increase was due mainly to arrear interest charges of past years for Balimela Dam Project.

Irrigation, Navigation, Drainage and Flood Control Projects	7.97	10.11	+2.14	27
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The increase was due mainly to more interest charges in respect of commercial irrigation projects which were calculated at a higher percentage.

Roads and Bridges	3.10	7.10	+4.00	129
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The increase was due mainly to larger expenditure on maintenance and repairs of State highway and district roads and other roads.

Road and Water Transport Services	3.74	0.54	-3.20	86
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The decrease was due to the formation of the Orissa State Road Transport Corporation from May 1974.

1.5. Capital expenditure

(a) Capital expenditure during the three years ending 1974-75 as compared with (i) the budget estimates and (ii) the budget estimates plus supplementary provision is shown below :—

Year	Budget	Budget plus supplementary	Actuals	Variation between columns (4) and (3)	
				Amount of decrease	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
(In crores of rupees)					
1972-73	.. 29.22	36.92	32.07	4.85	13
1973-74	.. 39.71	52.22	38.22	14.00	27
1974-75	.. 42.06	53.65	44.93	8.72	16

(b) An analysis of the Capital expenditure during 1974-75 by broad groups of Government activity together with the progressive capital outlay up to 1974-75 is given below :—

	Expenditure during 1974-75	Progressive outlay up to 1974-75
(In crores of rupees)		
Capital expenditure on—		
<i>General Services—</i>		
Public Works ..	1.58	19.31
<i>Social and Community Services—</i>		
Education, Art and Culture ..	0.01	5.07
Medical ..	0.07	1.96
Public Health, Sanitation and Water Supply ..	0.73	6.40
Housing ..	1.79	23.01
Other Social and Community Services ..	0.11	0.16
<i>Economic Services—</i>		
<i>General Economic Services—</i>		
Co-operation ..	2.02	16.10
Other General Economic Services ..	0.16	0.16
<i>Agricultural and Allied Services—</i>		
Agriculture ..	0.45	3.89
Minor Irrigation, Soil Conservation and Area Development ..	5.64	36.35
Food and Nutrition ..	1.56	—0.90
Forest ..	1.32	6.00
Other Agricultural and Allied Services ..	0.06	2.86
<i>Industry and Minerals—</i>		
Industrial Research and Development ..	1.34	22.56
Village and Small Industries ..	0.17	7.18
Mining and Metallurgical Industries ..	0.13	9.55
Other Industries ..	..	1.00

	Expenditure during 1974-75	Progressive outlay up to 1974-75
(In crores of rupees)		
<i>Water and Power Development—</i>		
Multipurpose River Projects ..	11.10	1,44.60
Irrigation, Navigation, Drainage and Flood Control Projects	10.01	1,03.01
Power Projects ..	0.01	3.98
Other Water and Power Development Services	0.01	0.01
<i>Transport and Communications—</i>		
Ports, Light Houses and Shipping ..	0.01	17.18
Roads and Bridges ..	6.60	53.85
Road and Water Transport Services ..	..	6.00
Other Transport and Communication Services	0.05	0.05
Total ..	44.93	4,89.34

(c) Sources from which capital expenditure and other expenditure were met

The sources from which the capital expenditure (Rs. 44.93 crores) and the net outgo under "Loans and Advances" (Rs. 1.55 crores) were met during 1974-75 are given below : —

	Amount (In crores of rupees)
Net addition to Public Debt ..	41.38
Contingency Fund (Net) ..	—0.71
Public Account (Net) ..	11.33
Revenue surplus ..	3.86
Increase in cash balance ..	—9.38
Total ..	46.48

1.6. Public Debt

1.6.1. The public debt of Government increased by Rs. 41.38 crores during 1974-75. An analysis of the loans raised and discharged during the year under the several categories of loans is given below :—

	Debt raised	Debt discharged	Net increase(+) decrease(-)
(In crores of rupees)			
I. Internal debt of the State Government—			
Market loans bearing interest ..	14.36	..	+14.36
Market loans not bearing interest ..	..	7.29	-7.29
Loans from the Life Insurance Corporation of India	1.09	0.43	+0.66
Loans from the National Agricultural Credit Fund of the Reserve Bank of India	0.23	0.42	-0.19
Loans from the State Bank of India ..	8.00	4.00	+4.00
Ways and Means Advances from the Reserve Bank of India—			
Ways and means advances ..	5.40	0.02	+5.38
Overdrafts from the Reserve Bank of India ..	3.67	3.67	..
Loans from other institutions—			
Loans from the National Co-operative Development Corporation	0.45	0.35	+0.10
Total (I) ..	33.20	16.18	+17.02
II. Loans and Advances from the Central Government—			
Non-Plan loans ..	11.21	0.81	+10.40
Loans for State Plan Schemes ..	25.43	..	+25.43
Loans for Central Plan Schemes ..	0.32	..	+0.32
Loans for Centrally Sponsored Schemes ..	0.54	..	+0.54
Pre-1974 loan ..	..	12.33	-12.33
Total (II) ..	37.50	13.14	+24.36
Total—Public Debt ..	70.70	29.32	+41.38

No law under Article 293 of the Constitution has been passed by the Legislature of the State laying down the limit within which Government may borrow on the security of the Consolidated Fund of the State.

1.6.2. *Debt position of Government*

At the end of 1974-75, the outstanding public debt of the State was Rs. 6,61.31 crores. An analysis of the debt, with corresponding figures at the end of the preceding two years is given below:—

	Public debt on the 31st March		
	1973	1974	1975
	(In crores of rupees)		
Internal debt of the State Government—			
Market loans ..	74.06(a)	80.52(a)	87.59
Ways and means advances ..	..	..	5.38
Loans from National Agricultural Fund of the Reserve Bank of India	3.01	3.53	3.34
Loans from the Life Insurance Corporation of India	12.66	13.36	14.02
Loans from the State Bank of India ..	..	4.00	8.00
Loans from National Co-operative Development Corporation	3.32	3.74	3.84
Loans from the Khadi and Village Industries Commission of India	0.12	0.12	0.12
Loans and Advances from the Government of India	4,69.73	5,14.66(b)	5,39.02
Total ..	<u>5,62.90</u>	<u>6,19.93</u>	<u>6,61.31</u>

1.6.3. *Market loans*

During 1974-75 Government raised a fresh market loan of Rs. 14.33 crores. The loan bears 6 per cent interest and was issued at a discount of one rupee for every hundred rupees of the loan. The loan is repayable at par in 1984. Out of the loans raised, Rs. 13.79 crores were subscribed in cash, Rs. 0.39 crore by conversion of 4½ per cent Orissa Government Loan, 1974 and the remaining amount of Rs. 0.15 crore represents 1 per cent discount credited to "Market Loan" by debit to "Interest Payment".

The total market loans either raised or adjusted during 1974-75 were Rs. 14.36 crores and the amount repaid was Rs. 7.29 crores; the net increase during the year was Rs. 7.07 crores.

(a) Excludes Rs. 0.04 crore lying under deposit head during the respective years pending transfer to "Permanent Debt" on issue of scrips. The amount was adjusted against "Market Loans" 1980 and 1981 during 1974-75 on issue of scrips.

(b) This is Rs. 0.01 crore more than the figure indicated in the Report for 1973-74. A loan of Rs. 0.01 crore advanced by the Union Government to a private College was subsequently treated as a loan to the State Government after the management of the College was taken over by the State Government.

1.6.4. *Ways and means position of Government*

(a) Under an agreement with the Reserve Bank of India, Government has to maintain with the Bank a minimum cash balance of Rs. 30 lakhs on all working days. If the balance falls below this agreed minimum on any day, the Bank gives ways and means advance limited to a maximum of Rs. 3.60 crores to make good the deficiency. In addition, special ways and means advances not exceeding Rs. 4.40 crores are made available by the Bank against the securities held by the State Government. The ordinary and special ways and means advances carry interest at one per cent below the Bank rate. Both the advances carried interest at 8 per cent during 1974-75 (from 23rd July 1974).

If, even after the maximum advances are given, the cash balance falls below the prescribed minimum, the deficiency is left uncovered; it is treated as overdraft on which interest is payable at a higher rate. During 1974-75 this rate was 9 per cent from 23rd July 1974. If the State Government overdraws its account continuously for a period of more than seven days, the Bank is at liberty to suspend payments pertaining to the Government and stop withdrawals from the currency chests at non-banking treasuries.

(b) The extent to which the State Government was able to maintain the minimum balance with the Reserve Bank of India during the three years ending 1974-75 is shown below :—

Number of days on which the minimum balance was maintained—	During the year		
	1972-73	1973-74	1974-75
(i) Without obtaining any advance ..	282	301	356
(ii) By taking normal and special ways and means advances	57	64	5
(iii) By taking overdrafts ..	26	Nil	4

(c) *Treasury bills*

Treasury bills of the Government of India of Rs. 1,24.21 crores were rediscounted on 188 occasions to make up the deficiency in the cash balance.

(d) *Ways and means advances*

During 1974-75, normal ways and means advances of Rs. 3.60 crores were obtained on 4 occasions and special ways and means advances of Rs. 1.80 crores were obtained on 3 occasions by the Government from the Reserve Bank of India. Of these, Rs. 0.02 crore were repaid on the 31st March 1975 leaving a balance of Rs. 5.38 crores (this was repaid on the 1st April 1975). Interest of Rs. 1.18 lakhs was paid in 1975-76 on these advances obtained during the year.

(e) Overdrafts

Between 27th and 30th March 1975, the cash balance of the Government with the Reserve Bank was below the prescribed minimum, the maximum amount of overdraft being Rs. 3.37 crores. The overdrafts were repaid during the year; an amount of Rs. 0.20 lakh was paid to the Bank as interest on this account.

1.6.5. Loans from the State Bank of India

Government is availing of cash credit advance from the State Bank of India for operation of the State Trading Scheme in food grains. The balance cash credit accommodation of Rs. 4 crores outstanding at the end of 1973-74 was repaid during the year and a fresh advance of Rs. 8 crores was availed of in March 1975 which remained outstanding at the end of the year. Interest of Rs. 4.26 lakhs was paid on this account during the year.

1.6.6. Loans and advances from the Union Government

Loans received from the Union Government and outstanding at the end of 1974-75 (Rs. 5,39.02 crores) formed 82 per cent of the total public debt of the State Government (Rs. 6,61.31 crores).

Following the recommendations of the Finance Commission, 1973 the outstanding balances in respect of all Central loans to the State Government as at the end of 1973-74 were consolidated into separate groups of loans repayable over 15, 20, 25 and 30 years on terms and conditions fixed for the consolidated loan and were classified as "Pre-1974 loans". The loans received by the State Government during 1974-75 under different schemes, items, etc., are to be repaid on terms fixed for each loan and are classified according to the different categories of Plan scheme loans and non-Plan scheme loans. Interest paid on the Central loans during 1974-75 was Rs. 20.77 crores. The table below shows the transactions, balances at the beginning and at the end of 1974-75 and the interest paid in respect of different categories of loan during the year:—

(1)	Balance as on the 1st April 1974	Loans received during the year	Loans discharged during the year	Balance as on the 31st March 1975	Interest paid during the year
(1)	(2)	(3)	(4)	(5)	(6)

(In crores of rupees)

*(1) Pre-1974 loans —**(i) Loans to be repaid on the original terms and conditions —*

Share of small Savings collection	34.86	..	2.28	32.58	1.72
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(1)	Balance as on the 1st April 1974	Loans received during the year	Loans discharged during the year	Balance as on the 31st March 1975	Interest paid during the year
(2)	(3)	(4)	(5)	(6)	(6)
(In crores of rupees)					
Loans in lieu of Centralised Market borrowings	8.00	..	..	8.00	0.36
Loans for Hirakud Dam Project —					
Stage I	.. 82.42	..	..	82.42	2.95
Other loans —					
Loans for Paradip Port ..	0.94	..	0.94	..	0.10
(ii) Loans in respect of which terms of repayment have been liberalised —					
Other Consolidated Loans	3,81.49	..	9.11	3,72.38	15.62
(iii) Loans in respect of which repayment is to be made to the Government of India only to the extent of one- half of the principal amount recovered by the State Government. No interest is payable on these loans —					
Consolidated Rehabilitation and Resettlement loans	2.81	..	..	2.81	..
(iv) Loans to be written off —					
Other loans —					
Loans for Paradip Port	4.14	..	..	4.14	..
(2) 1974-75 loans —					
Non-Plan loans	.. ..	11.21	0.81	10.40	0.02
State Plan Scheme loans	..	25.43	..	25.43	..
Central Plan Scheme loans	..	0.32	..	0.32	..
Centrally sponsored scheme loans	..	0.54	..	0.54	..
Total	.. 5,14.66	37.50	13.14	5,39.02	20.77

Of the loan of Rs. 37.50 crores received during the year, Rs. 25.43 crores were block loans for State Plan schemes, Rs. 7.65 crores were towards share of Small Savings collection, Rs. 3.31 crores were short-term loans and the remaining Rs. 1.11 crores were for other purposes.

Between June and November 1974, Rs. 4.24 crores were received from the Union Government as ways and means advances for Centrally sponsored schemes. The total sanctions for these schemes during the year were for Rs. 5.99 crores (grants : Rs. 5.45 crores and loans Rs. 0.54 crore). The balance of Rs. 1.75 crores after adjustment of the ways and means advances of Rs. 4.24 crores was paid to the State Government in cash in March 1975.

1.6.7. Other debt and obligations

In addition to public debt, the net balance at the credit of State Provident Funds, local funds, civil deposits and earmarked funds such as sinking funds, reserve funds and other deposits, to the extent of which these have not been separately invested but are merged with the general cash balance of the State Government, also constitutes liability of the State Government. Taking into account the regular public debt and these liabilities together, the debt position of the State at the end of each of the three years ending 1974-75 was as follows:—

	Total debt on the 31st March		
	1973	1974	1975
	(In crores of rupees)		
Public debt ..	5,62.90	6,19.93	6,61.31
Provident Funds ..	27.39	33.33	38.93
Interest bearing obligations such as deposits of depreciation reserve funds	4.91	4.91	4.91
Non-interest bearing obligations such as deposits of local funds, civil deposits and other earmarked funds	56.55	67.63	63.54
Total ..	6,51.75	7,25.80	7,68.69

1.6.8. *Amortisation of debt*

(a) *Arrangement for amortisation of public debt*

The arrangements for amortisation of public debt during 1974-75 were as follows :—

(i) *Market Loans*

Sinking funds created for market loans raised by Government consist of two components viz., sinking fund (amortisation) and sinking fund (depreciation). Up to 1973-74, the sinking funds (amortisation) were fed annually by contributions from revenue at rates decided by Government from time to time. Following the recommendation of the Sixth Finance Commission, Government dispensed with the practice of appropriating amounts from revenue to these sinking funds for repayment of market loans from 1974-75. Appropriation from revenue to the sinking funds (depreciation) has also been discontinued in respect of loans raised from 1971-72 onwards. Appropriation from revenue for depreciation continues in respect of loans raised up to 1970-71 at the rate of 1½ per cent of the total nominal value of the loans raised. In addition, interest realised on investments made out of the balances in the sinking funds is also credited to these funds. Repayments of the market loans on maturity are made from "Public Debt" account under "Internal debt"; the accumulations in the respective sinking funds of the market loans due for discharge are transferred to the "Miscellaneous Government Accounts".

(ii) *Loans from the Life Insurance Corporation of India*

Government makes lump sum contributions from revenue at the rate decided by it to the Sinking fund for amortisation of the loans.

(iii) *Loans and advances from the Union Government*

Government had been making lump sum contributions up to 1973-74 from revenue to the sinking funds created for loans received from the Union Government for (a) Industrial Housing Scheme and for (b) share out of the proceeds of market borrowings in lieu of open market loans, 1975. From 1974-75 the practice has been discontinued; these loans are to be repaid directly from the Public Debt account and the balances in the sinking funds are to be transferred to the "Miscellaneous Government Accounts" in the year in which the repayment of the loans falls due.

(iv) *Other Public Debts*

Repayment of all other public debts are made from the Debt head from 1974-75 as and when these fall due for discharge.

(b) *Sinking Funds*

During 1974-75, Rs. 0.77 crore were appropriated from revenue for credit to the sinking funds for amortisation of debt and Rs. 8.09 crores were transferred from the sinking funds to "Miscellaneous Government Account" on

account of the loans due for discharge during the year. The balances in these sinking funds at the commencement and close of 1974-75 are shown below:—

	Balance as on the 1st April 1974	Additions during 1974-75			Withdrawals during the year 1974-75	Closing balance as on the 31st March 1975
		Contribution from revenue	Interest from investments, etc.	Total		
(1)	(2)	(3)	(4)	(5)	(6)	(7)
(In crores of rupees)						
(i) Sinking fund for Internal Debt of the State Government—						
(a) Market loans—						
Amortisation ..	35.79	..	0.83	36.62	7.05	29.57
Depreciation ..	4.89	0.70	..	5.59	1.04	4.55
(b) Loans from Life Insurance Corporation of India	0.55	0.07	..	0.62	..	0.62
(ii) Sinking funds for Loans and Advances from Union Government—						
(a) Industrial Housing Scheme	0.17	..	0.01	0.18	..	0.18
(b) Loans in lieu of market loans, 1975	5.81	..	..	5.81	..	5.81
Total ..	<u>47.21</u>	<u>0.77</u>	<u>0.84</u>	<u>48.82</u>	<u>8.09</u>	<u>40.73</u>

Of the total accumulation of Rs. 40.73 crores, Rs. 13.86 crores were invested by Government. The balance of Rs. 26.87 crores was merged with the general cash balance of the State.

1.6.9. Interest on public debt and other obligations

The net burden of interest charges on public debt and other interest bearing obligations of the State on the revenue during 1974-75 and the preceding year was as follows:—

	1973-74	1974-75
(In crores of rupees)		
Outstanding gross Public debt and other obligations	7,25.80	7,68.69
(1) Interest paid by the Government on public debt and other obligations—		
(a) Internal debt of the State Government ..	4.48	4.83
(b) Loans and advances from the Central Government	21.67	20.77
(c) Other obligations ..	2.72	1.82
Total ..	<u>28.87</u>	<u>27.42</u>

1973-74 1974-75
(In crores of rupees)

(2) <i>Deduct</i> —Interest received on loans and advances given by the State Government to Public Sector and other undertakings, local bodies, co-operative Societies and cultivators, interest realised on investment of cash balance and other interest receipts	2.39	2.12
(3) Net burden of interest charges on revenue ..	26.48	25.30
(4) (a) Percentage of gross interest to total revenue receipts	17	12
(b) Percentage of net interest to total revenue receipts	15	11

In addition, there were book adjustments of interest charges shown as interest receipts by charge to departmental commercial undertakings amounting to Rs. 17.93 crores. Taking these also into account, the net burden of interest on revenue during 1974-75 would be Rs. 7.37 crores (3 per cent of the total revenue).

1.7. Loans and advances

1.7.1. (a) The disbursement of loans and advances by the State Government in 1974-75 as compared with (i) the budget estimates and (ii) the budget estimates *plus* supplementary provisions along with the corresponding figures for 1972-73 and 1973-74, are shown below:—

Year	Budget	Budget <i>plus</i> supple- mentary	Actuals	Variation	
				Amount of de- crease(—)	Per- centage
(1)	(2)	(3)	(4)	(5)	(6)
(In crores of rupees)					
1972-73	.. 4.04	12.80	11.62	— 1.18	9
1973-74	.. 8.41	10.20	8.28	— 1.92	19
1974-75	.. 9.21	10.06	9.71	— 0.35	3

The loan (Rs. 9.71 crores) advanced during the year 1974-75 consisted mainly of loans to Orissa State Electricity Board (Rs. 3.65 crores), loans and advances to Government servants (Rs. 1.66 crores) and loans to co-operatives (Rs. 2.54 crores).

(b) The budget and actuals of recoveries of loans and advances for three years ending 1974-75 are given below:—

Year	Budget	Actuals	Variation	
			Amount of decrease(—)	Percentage
(1)	(2)	(3)	(4)	(5)
(In crores of rupees)				
1972-73	7.22	5.62	—1.60	22
1973-74	13.63	8.15	—5.48	40
1974-75	9.00	8.16	—0.84	9

The recoveries during 1974-75 (Rs. 8.16 crores) were mainly from Government servants (Rs. 2.98 crores), Co-operatives (Rs. 1.94 crores), the Industrial Development Corporation of Orissa (Rs. 0.87 crores), agriculturists (Rs. 0.82 crore) and the Orissa State Electricity Board (Rs. 0.57 crore).

(c) The outstanding balances under loans and advances at the end of 1974-75 and the preceding year together with the increase/decrease in the outstanding balances during 1974-75 as compared with 1973-74, are analysed below:—

	On 31st March 1974	On 31st March 1975	Increase(+) decrease(—) over 1973-74
(In crores of rupees)			
Loans for Power Projects—			
Loans to Orissa State Electricity Board—			
..			
(i) Cash loans for financing Power Projects	13.84	16.92	+3.08
(ii) Value of assets transferred as loan	65.50	65.50	..
Loans for Social Security and Welfare—			
Relief measures	13.44	13.44	..
Rehabilitation Schemes	2.08	2.13	+0.05
Loans to Co-operative Societies—			
..			
Orissa State Co-operative Land Development Bank	3.21	2.70	—0.51
Other Co-operatives	5.60	6.70	+1.10
Loans for Industrial Research and Development—			
Industrial Development Corporation of Orissa	9.05	8.17	—0.88

	On 31st March 1974	On 31st March 1975	Increase(+) decrease(-) over 1973-74
(In crores of rupees)			
Loans for housing—			
Orissa State Housing Board ..	1.30	1.35	+0.05
Other Housing Schemes ..	5.25	5.51	+0.26
Loans for Agriculture ..	-3.60	-4.01	-0.41
Loans for Road and Water Transport Services—			
Orissa State Commercial Transport Corporation	2.10	2.10	..
Loans for Urban Development ..	1.71	1.64	-0.07
Loans for Village and Small Scale Industries ..	1.64	1.49	-0.15
Loans for Education, Art and Culture ..	1.24	1.38	+0.14
Loans for Mining and Metallurgical Industries—			
Orissa Mining Corporation ..	1.26	1.15	-0.11
Loans to Government Servants ..	5.65	4.34	-1.31
Other Loans and Advances ..	1.84	2.15	+0.31
Total ..	1,31.11	1,32.66	+1.55

1.7.2. Arrears in recovery of loans

(a) Loans and advances of which detailed accounts are kept in Audit office

The detailed accounts of loans and advances to municipalities, corporations, etc., market committees, Government servants and to loanees under the State Aid to Industries Act are maintained by the Audit office; the total balance of these loans outstanding on 31st March 1975 was Rs. 6.33 crores. In these cases the borrowers are responsible for crediting to Government the amounts due towards repayment of loan and payment of interest by due dates, as per terms and conditions of the loans. The cases of default in repayment of loan or payment of interest are periodically

reported to controlling authorities for suitable action. Recovery of Rs. 1.40 crores : (principal : Rs. 1.06 crores and interest : Rs. 0.34 crores) was overdue at the end of March 1975 as shown below:—

	Arrears as on the 31st March 1975	
	Principal	Interest
	(In crores of rupees)	
Loans to Municipalities, Corporations, etc. ..	0.83	0.23
Loans under State Aid to Industries Act ..	0.23	0.11
	1.06	0.34
Total ..	1.06	0.34

Out of the arrears of Rs. 1.40 crores, recovery of Rs. 1.02 crores towards principal (Rs. 0.73 crore) and interest (Rs. 0.29 crore) was in arrears for three years or more.

(b) *Loans of which detailed accounts are maintained by officers of State Government*

The detailed accounts of all classes of loans and advances except those mentioned in sub-paragraph (a) above are maintained by officers of the State Government; the total balance of these loans outstanding at the end of March 1975 was Rs. 1,26.33 crores. According to the the financial rules of Government, departmental officers are required to intimate to Audit by 31st May each year the arrears (as on the 31st March) in recovery of principal and interest of loans and advances the detailed accounts of which are maintained by them. Such information for the period ending 31st March 1975 has been received from eight departments (April 1976); the information received shows that recovery of Rs. 11.78 crores (principal : Rs. 1.62 crores and interest : Rs. 10.16 crores) was in arrears. A brief analysis of the arrears is given below:—

	Arrears on the 31st March 1975	
	Principal	Interest
	(In crores of rupees)	
Loans for power projects—		
Loans to Orissa State Electricity Board ..	..	9.42
Loans to Co operative Societies ..	1.35	0.56

Arrears on the
31st March 1975
Principal Interest
(In crores of rupees)

Loans for Community Development—

Community Development Programme ..	0.25	0.18
Loans for Road and Water Transport Services ..	0.01	..
Miscellaneous loans ..	0.01	..
	—	—
Total ..	1.62	10.16
	—	—

1.7.3. *Acceptance of balances of loans*

(a) The balances of loans, of which detailed accounts are maintained in the Audit office, are communicated to the departmental officers concerned every year for verification and acceptance. The acceptance of such balances of loans as on the 31st March 1975 was not received (December 1975) in 1,338 cases (total balances : Rs. 3 crores); the earliest of these outstanding acceptances dates back to 1966-67.

(b) In cases where detailed accounts of loans are maintained by departmental officers, these officers are required to certify at the end of each year that the balances shown as recoverable in their records agree with those shown outstanding in the books of the Audit office ; for this purpose they are required to reconcile the transactions recorded in their books with those appearing in the books of the Audit office. Reconciliation has not been done in several cases and consequently acceptances of balances worked out in the Audit office have not been received in 173 cases for Rs. 11.58 crores ; some of these relate to 1962-63.

1.8. Investment of Government

(a) *Investment in Government commercial activities—*

Investment in statutory corporations / boards, Government Companies, Joint Stock Companies and Co-operative Institutions—(i) In 1974-75 Government invested Rs. 4,44.64 lakhs in the share capital of six existing Government companies (Rs. 3,00.70 lakhs) and in the share capital of co-operative institutions and banks (Rs. 1,43.94 lakhs). In addition,

Rs. 61.69 lakhs were invested in the debentures of co-operatives. The investments made during 1974-75 include investments of Rs. 2.40 lakhs in the following two new co-operatives :—

	Amount (Rupees in lakhs)
(1) Berhampur milk producers Co-operative Society, Berhampur.	0.40
(2) State Warehousing Corporation ..	2.00
Total ..	2.40

Details of these investments are given in statement No. 14 of Finance Accounts for 1974-75.

(ii) The total investment of Government from the Consolidated Fund as well as from the earmarked funds in the share capital and debentures of statutory corporations/boards, Government companies, joint-stock companies and co-operatives at the end of 1972-73, 1973-74 and 1974-75 were Rs. 53.62 crores, Rs. 57.88 crores and Rs. 62.37 crores respectively. Dividend and interest received therefrom during 1972-73, 1973-74 and 1974-75 were Rs. 0.47 crore, Rs. 0.30 crore and Rs. 0.24 crore respectively; these formed 0.9 per cent, 0.5 per cent and 0.4 per cent of the total investment of Government at the end of these years. Further details are given in Appendix I.

(iii) According to the information furnished (December 1975) by Government, 13 companies in which Government invested Rs. 23.68 lakhs have been liquidated to end of March 1975 and 16 other companies in which Government invested Rs. 28.02 lakhs are under liquidation. Information regarding co-operatives liquidated or under liquidation and about realisation or write off of Government investment in those companies and co-operative societies has not been received from Government (April 1976).

(b) *Other investments*

(i) By the end of 1974-75 Government had invested Rs. 13.86 crores from the balances of earmarked funds in securities of the Government of India (Rs. 4.62 crores), ten other State Governments (Rs. 5.65 crores) and in debentures and bonds (Rs. 3.59 crores) of seven institutions.

Details of these investments are given in statement no. 7 of the Finance Accounts for the year 1974-75. The face value of these securities was Rs. 14 crores and the market value thereof was Rs. 13.87 crores at the end of 1974-75.

Interest realised during 1974-75 on these investments was Rs. 83.94 lakhs forming 6.1 per cent of the investment made.

(ii) In addition, Rs. 0.97 crore was held in the cash balance investment account at the end of 1974-75, of which Rs. 0.65 crore was invested in the securities of the Government of India and the balance of Rs. 0.32 crore represented investments made by the *ex-princely* States of Orissa brought to Government account. Interest realised on these investments during 1974-75 was Rs. 3.78 lakhs.

(iii) Investments in Government of India treasury bills are also made from the cash balance investment account. The State Government held treasury bills of Government of India of face value of Rs. 2.07 crores at the beginning of the year. During 1974-75 treasury bills of the face value of Rs. 1,25.02 crores were purchased for Rs. 1,21.58 crores on 18 occasions. All the treasury bills held by Government were re-discounted for Rs. 1,24.21 crores on 188 occasions to meet the deficiency in the cash balance of Government. Interest realised from the treasury bills re-discounted during the year was Rs. 57.99 lakhs.

1.9. Guarantees

(a) Under Section 6 of the State Financial Corporation Act, 1951, the shares of the State Financial Corporation are to be guaranteed by the State Government as to the repayment of principal and payment of annual dividend. Again, under Section 7 of the Act, the bonds and debentures of the State Financial Corporation are to be guaranteed by the State Government as to the repayment of principal and payment of interest. The amounts guaranteed on behalf of the Orissa State Financial Corporation by the State Government on the 31st March 1975 under Section 6 and 7 *ibid* were Rs. 1 crore and Rs. 3.98 crores respectively.

Under section 66 of the Electricity (Supply) Act, 1948, the State Government may guarantee in such manner as it thinks fit the repayment of the principal and payment of interest of any loan proposed to be raised by the State Electricity Board or of either the principal or the interest. The amount covered by the guarantee given on behalf of the Orissa State Electricity Board by the State Government as on the 31st March 1975 under the Act was Rs. 58.74 crores.

Apart from the above, the State Government had guaranteed (to third parties) to the end of 1974-75 the repayment of loans/bonds and payment of interest thereon, repayment of share capital and payment of minimum dividend thereon, cash credits, etc., on behalf of 15 Government companies, 7 Joint-stock companies, 112 co-operative banks and institutions, 14 Municipalities, 3 Notified Area Councils and 2 private parties. The maximum amount guaranteed on their behalf to the end of 1974-75 was Rs. 68.32 crores, against which loans, etc., actually raised by them were for Rs. 45.80 crores.

No law under Article 293 of the Constitution has been passed by the State Legislature laying down the limits within which Government may give guarantees on the security of the Consolidated Fund of the State.

Further details of the guarantees are given in Statement no. 6 of Finance Accounts 1974-75.

(b) Government charges from the parties a guarantee commission at rates ranging from 0.01 per cent to 1 per cent of the guarantee. On certain guarantees no fee is charged. The outstanding guarantee commission due on the 31st March 1975 was Rs. 1,05.25 lakhs from the Orissa State Electricity Board (Rs. 67.14 lakhs), Orissa State Financial Corporation (Rs. 1.02 lakhs), Industrial Development Corporation of Orissa (Rs. 22.22 lakhs), Orissa Mining Corporation (Rs. 7.26 lakhs), 13 other Government companies (Rs. 1.22 lakhs), Orient Spinning Mills Limited (Rs. 1.06 lakhs), Indian Metal and Ferro Alloys Limited (Rs. 1.29 lakhs) and 4 other joint stock companies (Rs. 0.54 lakh), co-operatives (Rs. 1.07 lakhs), Municipalities and Notified Area Councils (Rs. 2.35 lakhs) and private parties (Rs. 0.08 lakh).

(c) In 1969-70 Government constituted a Guarantee Reserve Fund to meet the liability arising out of the guarantees given by it. Contributions to the Fund are made from revenue annually from the Consolidated Fund. Interest on investments made out of the balances in the Fund and recoveries from the parties are credited to this Fund. During 1974-75, Rs. 10.00 lakhs were contributed from Revenue and Rs. 2.54 lakhs were paid from the Fund in discharging the guarantee obligations. The balance at the credit of the Fund at the end of 1974-75 was Rs. 15.21 lakhs. The total payments made by Government to the end of 1974-75 in discharging the guaranteed liabilities in respect of loans raised by third parties were Rs. 83.76 lakhs. Details were given in Appendix III of the Report of the Comptroller and Auditor General of India for the year 1973-74 of the guarantee obligations of Rs. 81.22 lakhs met by Government up to 1973-74. Government met guaranteed liabilities of Rs. 2.54 lakhs during 1974-75 in respect of four parties *vide* details given in Appendix II.

Information about recoveries made from the principal debtors has not been received from Government (April 1976).

(d) Guarantees given by Government include guarantee for repayment of capital raised by Orissa State Financial Corporation and for payment of minimum dividend at 3.5 per cent on initial share capital of Rs. 50 lakhs and at 4 per cent on the additional capital of Rs. 50 lakhs. In order to fulfil the guarantee under section 6 of the State Financial Corporation Act, 1951, Government paid Rs. 14.87 lakhs to the end of 1974-75. The subventions paid are to be repaid by the Corporation out of its future profits; no amount has been repaid by the Corporation so far (April 1976).

1.10. Multipurpose River Projects

The capital outlay of Government in Multipurpose River Projects to end of 1974-75 was Rs. 1,44.60 crores and constitutes the largest single component (29 per cent) of Government's capital expenditure. This comprised outlay of Rs. 69.22 crores on irrigation scheme (Rs. 68.34 crores) and power scheme (Rs. 0.88 crore) of the Hirakud Dam Project exclusive of the assets of the power scheme transferred to the Orissa State Electricity Board, Rs. 67.92 crores on Balimela Dam Project which has become revenue earning, Rs. 6.08 crores on Rengali Multipurpose River Project, Rs. 1.15 crores on Potteru Irrigation Project and Rs. 0.23 crore on Bhimkund Irrigation Project which are under construction. During 1974-75, Rs. 11.10 crores were invested mainly on Balimela Dam Project (Rs. 7.44 crores) and Rengali Project (Rs. 3.38 crores).

Hirakud Dam Project and Balimela Project were commissioned in 1960-61 and 1973-74, respectively. The losses incurred in the working of the two projects up to 1973-74 were mentioned in para 1.12 of the Report of the Comptroller and Auditor General of India for the year 1973-74 (Civil). The losses on the two projects during 1974-75 were Rs. 1,18.33 lakhs and Rs. 62.93 lakhs respectively *vide* table below :—

Year	Loss	
	Hirakud Dam Project	Balimela Dam Project
(In lakhs of rupees)		
1972-73	.. 2,51.95	..
1973-74	.. 2,98.21	58.47
1974-75	.. 1,18.33	62.93

1.11. Financial results of Irrigation Projects

(a) To end of 1974-75, Government had undertaken 3 major and 29 medium and other commercial irrigation projects. Of these, 2 major and 10 medium and other commercial irrigation projects (total capital outlay: Rs. 78.21 crores) have become revenue earning and the remaining projects (total capital outlay : Rs. 13.72 crores) are under construction. Besides, Rs. 11.32 crores have been invested on minor irrigation works (commercial) (Rs. 0.12 crore), non-commercial irrigation works (Rs. 10.47 crores) and navigation projects (Rs. 0.02 crore) and on flood control and anti-sea erosion projects (Rs. 0.71 crore) to end of 1974-75. In 1974-75, Rs. 10.01 crores were spent on these irrigation projects of which Rs. 9.28 crores were spent on commercial irrigation works. The progressive capital outlay of Rs. 1,03.01 crores (gross : Rs. 1,03.25 crores *minus* expenditure transferred to revenue : Rs. 0.24 crore) to end of 1974-75 on irrigation works formed 20 per cent of the total capital outlay of Government.

The irrigation projects on which Rs. 1 crore or more have been invested are given below :—

	Amount (In crores of rupees)
1. Delta Irrigation Project ..	44.46
2. Salandi Irrigation Project ..	14.66
3. Budha-budhiani Irrigation Project ..	1.56
4. Salia Irrigation Project ..	3.95
5. Dhanai Irrigation Project ..	1.69
6. Salki Irrigation Project ..	1.97
7. Darjang Irrigation Project ..	4.11
8. Godahada Irrigation Project ..	3.69
9. Bahuda Irrigation Project ..	1.35
10. Pitamahal Irrigation Project ..	2.03
11. Uttei Irrigation Project ..	1.18
12. Khadakhai Irrigation Project ..	1.08
13. Bhaskal Dam Project ..	1.35
14. Orissa Canal Project ..	2.76

(b) Some details of the 9 irrigation projects out of the aforesaid 14 irrigation projects in the State in which Government has invested Rs. 1 crore or more, as furnished by the department, are given below ; the relevant information in respect of the remaining five projects was not furnished (April 1976).

Sl. No.	Name of the project	Estimated cost as administratively approved by Government/Direct Capital outlay	Year of commencement/year of completion	Date water let for irrigation
(1)	(2)	(3)	(4)	(5)
		(Rupees in crores)		
<i>Productive</i>				
1.	Delta Irrigation Project	34.34	1955	1959-
		44.46	Under Construction	
<i>Unproductive</i>				
2.	Salandi Irrigation Project	13.07	1961-62	1967-
		14.66	Under construction	
3.	Bahuda Irrigation Project	1.59	1962	1965-
		1.35	1973-74	
4.	Budha-budhiani Irrigation Project	1.49	1961	1966-
		1.56	1973-74	
5.	Salki Irrigation Project	1.66	1958-59	1961-
		1.97	1973-74	
6.	Darjang Irrigation Project	0.82	1960	1965-
		4.11	Under construction	
7.	Dhanai Irrigation Project	1.32	1959	1965-
		1.69	1973-74	
8.	Salia Irrigation Project	0.70	1960	1971-
		3.95	1973-74	
9.	Orissa Canal Project	2.72	1865	189
		2.76	1895	

Irrigation potential created 1974-75	Extent to which the created potential has been utilised during 1974-75	District in which irrigated land situated	Principal crops grown on irrigated land
<u>Kharif</u> <u>Rabi</u>	<u>Kharif</u> <u>Rabi</u>		
(6)	(7)	(8)	(9)
(In thousands of hectares)			
<u>277.37</u> 80.95	<u>277.37</u> 80.95	Cuttack and Puri	Rice, Jute, Mung and Potato
<u>36.54</u> 16.18	<u>36.54</u> 9.71	Balasore	Rice
<u>6.15</u> 0.61	<u>6.15</u> 0.61	Ganjam	Rice
<u>2.95</u> 0.81	<u>2.95</u> 0.38	Puri	Rice
<u>18.50</u> 2.02	<u>12.53</u> 0.30	Phulbani	Rice
<u>4.27</u> 1.22	<u>4.27</u> 1.22	Dhenkanal	Rice
<u>3.80</u> 1.42	<u>3.80</u> 0.36	Ganjam	Rice
<u>4.45</u> 2.73	<u>4.45</u> 2.05	Puri and Ganjam	Rice
<u>27.60</u> 7.00	<u>27.60</u> 7.00	Cuttack and Balasore	Rice, Jute, Mung and Potato

(c) Of the 32 commercial irrigation schemes taken up by Government 12 projects were opened for service by the end of 1974-75. The following table shows the working results of the Orissa Canal Project during 1974-75 and the two preceding years—

	1972-73	1973-74	1974-75
	(In lakhs of rupees)		
Gross revenue ..	60.40	52.78	5.88(a)
Working expenses ..	31.60	42.95	30.78
Net revenue(+)/loss(—) before charging interest ..	+28.80	+9.83	—24.90
Interest on capital ..	9.03	9.03	9.03
Net revenue(+)/loss(—) after charging interest ..	+19.77	+0.80	—33.93

Of the remaining eleven other commercial irrigation projects, financial results of Bahuda, Budha-budhiani and Baghua Irrigation Projects and Rushikulya system could not be worked out for want of relevant information from the departmental authorities. The financial results of the remaining seven schemes including the two major irrigation projects, Delta Irrigation Scheme and Salandi Irrigation Project for 1974-75 are given below:—

	Amount (Rupees in lakhs)
Gross revenue ..	21.85
Working expenses ..	67.17
Net revenue(+)/loss(—) before charging interest ..	—45.32
Interest on capital ..	5,44.53
Net revenue(+)/loss(—) after charging interest ..	—5,89.85

1.12. Financial results of power projects

After formation of Orissa State Electricity Board in March 1961, all completed transmission and distribution systems and generating assets of Hirakud system and Talcher Thermal Scheme have been transferred to the Board. Assets provisionally valued at Rs. 65.50 crores had been transferred to the Board to end of 1974-75 and the amount treated as loan to the Board in Government account; the value of assets transferred to the Board has not been finally settled so far (April 1976). In addition, Government has given Rs. 16.92 crores as cash loan to the Board for financing power schemes. Government has also invested Rs. 2.64 crores in the debentures floated by the Board and has guaranteed the loan raised by the Board to the extent of Rs. 58.74 crores which has been utilised by it in full. Besides, assistance of Rs. 1.70 crores has been extended to the Board during 1974-75 as subvention for carrying out rural electrification schemes.

(a) Reasons for the fall in revenue are awaited from the department (March 1976).

1.13. Grants

(a) In 1974-75, Rs. 41.38 crores were paid as grants to non-Government bodies, institutions and individuals against Rs. 31.13 crores paid in 1973-74; this formed 18 per cent of Government's total expenditure on revenue account against 15 per cent during 1973-74. An analysis of the grants paid during 1974-75 is given below:—

Department and bodies/ authorities	Amount (In crores of rupees)
(1) Education—	
Assistance to non-Government bodies and local bodies for primary, secondary and college education and Universities for non-technical education	33.29
(2) Community Development and Panchayat Raj—	
Assistance to Panchayati Raj institutions	3.79
(3) Irrigation and Power—	
Assistance to Orissa State Electricity Board	1.70
(4) Urban Development—	
Assistance to Municipalities, Corporations, etc.	1.61
(5) Labour, Employment and Housing—	
Assistance to Orissa Housing Board	0.02
(6) Forest and Animal Husbandry—	
Grants to Panchayati Raj institutions from the proceeds of Kendu leaves.	0.97
Total	41.38

Some of the important points noticed in the course of audit of these bodies, etc., by Audit as well as by the Examiner of Local Accounts, an officer of the State Government, are mentioned in Chapter 7.

(b) The chief beneficiaries of the grants were the Panchayati Raj institutions which received Rs. 23.57 crores (57 per cent) during 1974-75 for the purposes as shown below:—

Department and purpose of grant	Amount (In crores of rupees)
Education—	
Primary and Secondary Education	.. 18.81
Community Development and Panchayati Raj—	
Community and Rural Development	.. 3.79
Forest and Animal Husbandry—	
Grants from proceeds of Kendu leaves	.. 0.97
Total	.. <u>23.57</u>

(c) *Utilisation certificates*

Under the financial rules, in all cases in which conditions are attached to grants, utilisation certificates to the effect that the grants have been utilised for the purposes for which they were paid are required to be furnished by the departmental officers to the Accountant General within a reasonable time.

At the end of September 1975, 64,930 certificates for Rs. 1,17.04 crores were awaited for grants paid up to the 31st March 1974. Of these, 35,816 certificates (Rs. 66.10 crores) relate to grants paid up to the 31st March 1972. The remaining 29,114 certificates (Rs. 50.94 crores) relate to grants paid during the period from the 1st April 1972 to the 31st March 1974 as shown below:—

	Utilisation certificates					
	Due		Received		Outstanding	
	Number	Amount (Rupees in crores)	Number	Amount (Rupees in crores)	Number	Amount (Rupees in crores)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1st April 1972 to 31st March 1973	16,720	26.25	2,080	2.73	14,640	23.52
1st April 1973 to 31st March 1974	16,016	29.95	1,542	2.53	14,474	27.42
Total	.. 32,736	56.20	3,622	5.26	29,114	50.94

Department-wise and year-wise details of certificates outstanding as on the 30th September 1975 are given in Appendix III.

The utilisation certificates have not been received although considerable time has passed after the grants were paid. In the absence of such certificates it is not possible to state even in a broad way to what extent the recipients spent the grants for the purpose or purposes for which these were given.

1.14. Plan Outlay

The following table shows the approved Plan outlay for 1974-75, the provision made for State Plan Schemes (budget estimates *plus* supplementary) and the actual expenditure thereon during the year :—

	Amount (Rupees in crores)
Total Plan outlay approved ..	59.62
Estimates for Plan Schemes (budget <i>plus</i> supplementary) ..	73.14
Actual expenditure ..	55.95

An analysis of the variation between the estimates and actuals is given below :—

	Estimates	Actuals	Variation decrease(—) increase(+)
	(In crores of rupees)		
(1) <i>Expenditure on revenue account—</i>			
Education ..	3.81	2.27	—1.54
Social Security and Welfare ..	2.94	2.22	—0.72
Agriculture ..	2.57	1.75	—0.82
Other services ..	12.28	9.48	—2.80
Total ..	21.60	15.72	—5.88
(2) <i>Expenditure on Capital Account—</i>			
Co-operation ..	2.71	1.59	—1.12
Minor Irrigation, Soil Conservation and Area Development ..	5.54	5.49	—0.05
Multipurpose River Projects ..	9.69	8.43	—1.26
Irrigation, Navigation Drainage and Flood Control Projects ..	14.49	8.62	—5.87
Roads and Bridges ..	6.66	6.07	—0.59
Other Services ..	7.41	3.77	—2.64
Total ..	46.50	34.97	—11.53
(3) Loans and advances ..	5.04	5.26	+0.22
Grand Total ..	73.14	55.95	—17.19

The shortfall was mainly under Irrigation, Navigation, Drainage and Flood Control Projects (Rs. 5.87 crores), Education (Rs. 1.54 crores), Multi-purpose River Projects (Rs. 1.26 crores) owing to less receipt of Central Assistance and Co-operation (Rs. 1.12 crores) due to less investment in credit co-operatives owing to reduced sanction and reduced ceiling to observe economy.

During 1974-75, the State Government received from the Government of India grants (Rs. 13.04 crores) and loans (Rs. 25.43 crores) for implementation of State Plan Schemes.

The budget estimates for 1974-75 also included Rs. 18.27 crores for schemes forming part of the Central and Centrally Sponsored Schemes of the State. The State Government received Rs. 0.86 crore as loan and Rs. 9.69 crores as grants for Central Plan and Centrally Sponsored Plan Schemes during the year. The expenditure against this Plan outlay under broad groups of activities compared with the estimates is given below :—

	Budget estimates	Actuals	Variation decrease(—) increase(+)
(In crores of rupees)			
Social Security and Welfare	6.31	1.86	—4.45
Family Planning ..	3.13	1.91	—1.22
Community Development ..	1.62	1.27	—0.35
Public Health, Sanitation and Water-Supply	1.50	1.41	—0.09
Agriculture ..	1.21	0.95	—0.26
Roads and Bridges ..	1.02	0.24	—0.78
Other Services ..	3.48	2.07	—1.41
Total ..	18.27	9.71	—8.56

The shortfall was mainly under Social Security and Welfare (Rs. 4.45 crores) and Family Planning (Rs. 1.22 crores) and was due to less receipt of Central Assistance.

1.15. Orissa Contingency Fund

The corpus of the Orissa Contingency Fund (established under the Orissa Contingency Fund Act, 1967) at the commencement of 1974-75 was Rs. 2 crores and was raised to Rs. 5 crores by an Ordinance in October 1974. The Ordinance was not confirmed by an Act of the Legislature and Rs. 3 crores were refunded to the Consolidated Fund during the year ; the corpus of the Fund was, thus, again reduced to Rs. 2 crores. The

balance at the credit of the Fund at the beginning of the year was Rs. 1,60.50 lakhs. The unrecouped amount of Rs. 39.50 lakhs during 1973-74 was refunded to the Fund during the year. During 1974-75, Rs. 3,27.10 crores were advanced afresh, of which Rs. 2,16.39 lakhs were recouped during the year; Rs. 1,10.71 lakhs under 10 grants remained unrefunded till the close of the year. The year ended with a credit balance of Rs. 89.29 lakhs in the Fund.

1.16. Public Account

(a) The net transactions and balances of Government in the Public Account excluding transactions and balances closed to Government account during 1974-75 with the corresponding figures for the preceding year under broad categories are given below :—

1	Opening balance as on the 1st April 1973	Net transactions during		Closing balance as on the 31st March 1975
		1973-74	1974-75	
	2	3	4	5
(In crores of rupees)				
(1) Small Savings, Provident Fund, etc.	Cr. 27.39	5.94	5.59	Cr. 38.92
(2) Reserve Funds—				
Reserve Funds bearing interest, depreciation Reserve Funds, Accident Reserve Fund and Amenities Reserve Fund	Cr. 4.92	—0.01	..	Cr. 4.91
Reserve Funds not bearing interest—Sinking Funds	Cr. 26.66	6.74	—6.53	Cr. 26.87
Other Reserve Funds ..	Cr. 0.82	0.14	0.04	Cr. 1.00
(3) Deposits and Advances—				
Deposits not bearing interest—				
Civil Deposits ..	Cr. 18.63	2.64	—0.66	Cr. 20.61
Deposits of Local Funds ..	Cr. 9.86	1.19	3.11	Cr. 14.16
Other Deposits ..	Cr. 0.95	—0.01	—0.05	Cr. 0.89
Advances ..	Dr. 5.45	—1.40	—6.00	Dr. 12.85
(4) Suspense and Miscellaneous—				
Suspense ..	Dr. 3.58	—2.80	3.60	Dr. 2.78
Other Accounts ..	Dr. 17.47	14.00	2.22	Dr. 1.25
(5) Remittances ..	Dr. 23.45	—0.76	2.84	Dr. 21.37
Total—Public Account ..	Cr. 39.28	25.67	4.16	Cr. 69.11

The increase of Rs. 29.83 crores in the Public Account over the years 1973-74 and 1974-75 was chiefly due to increase in the Provident Fund balances of the Government employees during the two years (Rs. 11.53 crores), more realisation of securities invested in the previous years in the cash balance investment account (Rs. 16.22 crores) and increased deposits by Local Funds (Rs. 4.30 crores).

(b) Advances

The debit balance of Rs. 12.85 crores at the end of 1974-75 under "Civil Advances" consisted mainly of special advance of Rs. 12.83 crores given for distribution of fertilisers, seeds, manures, pesticides, equipments, etc. During 1974-75, advances of Rs. 5.87 crores for purchase of fertilisers were made raising the outstanding balance to Rs. 8.36 crores on this account. The departmental officers are responsible for recovery of these advances ; no amount was credited to Government during the year on account of such recovery.

(c) Depreciation Reserve Fund—Electricity Schemes

Mention was made in paragraph 1.23 (c) of the Report of the Comptroller and Auditor General of India for the year 1973-74 (Civil) of the credit balance of Rs. 4.82 crores in the Depreciation Reserve Fund of the Electricity Schemes created while the schemes were under operation by the State Government. These schemes were transferred to the Orissa State Electricity Board but decision on closing the funds has not been communicated by Government so far (April 1976).

CHAPTER 2

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

2.1. Summary

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

	Grants/ charged appropriation	Expenditure	Saving		
			Amount	Percentage	
(In crores of rupees)					
Voted—					
Original ..	307.02	359.23	319.58	39.65	11
Supplementary ..	52.21				
Charged—					
Original ..	73.93	74.76	61.66	13.10	18
Supplementary ..	0.83				
Total ..		433.99	381.24	52.75	12

The overall saving (Rs. 52.75 crores) was the result of saving of Rs. 61.61 crores in 25 grants (Rs. 48.51 crores) and 22 charged appropriations (Rs. 13.10 crores), partly off-set by excess of Rs. 8.86 crores in 4 grants.

(b) Further details are given below:—

	Revenue	Capital	Loans and advances	Transfer to the Contingency Fund	Public debt	Total
(In crores of rupees)						
Authorised to be spent (Grants and charged appropriations)						
Original ..	245.98	89.59	9.21	..	36.17	380.95
Supplementary (January 1975 and March 1975)	32.24	16.95	0.85	3.00	..	53.04
Total ..	278.22	106.54	10.06	3.00	36.17	433.99
Actual expenditure (Grants and charged appropriations)						
Shortfall ..	26.47	19.08	0.35	..	6.85	52.75
Percentage ..	10	18	3	..	19	12

2.2. Excess over grants requiring regularisation

Excess of Rs. 8.75 crores in 3 grants in the revenue section and Rs. 0.11 crore in one grant in the capital section, details of which are given below, requires regularisation under Article 205 of the Constitution :—

Sl. No.	Number and name of grant	Total grant	Expenditure	Excess
		Rs.	Rs.	Rs.
Revenue Section				
WORKS DEPARTMENT				

1. 7-Expenditure relating to the Works Department

Original	..	18,39,57,000	} 18,92,31,000	24,54,40,791	5,62,09,791
Supplementary	..	52,74,000			

Reasons for the excess have not been intimated (April 1976).

Excess occurred under this grant during 1973-74 (Rs. 7,78.63 lakhs), 1972-73 (Rs. 6,06.41 lakhs) and 1971-72 (Rs. 1,95.26 lakhs) also.

URBAN DEVELOPMENT DEPARTMENT

2. 13-Expenditure relating to Urban Development Department.

Original	..	6,48,92,000	} 7,56,38,000	8,97,65,630	1,41,27,630
Supplementary	..	1,07,46,000			

Reasons for the excess have not been intimated (April 1976).

Excess occurred under this grant in 1972-73 (Rs. 43.02 lakhs) also.

RURAL DEVELOPMENT DEPARTMENT

3. 17-Expenditure relating to the Rural Development Department

Original	..	6,29,08,000	} 7,23,82,000	8,95.85,499	1,72,03,499
Supplementary	..	94,74,000			

The excess was due mainly to purchase of more stock materials and rise in prices of stock materials purchased.

Excess occurred under this grant in 1973-74 (Rs. 77.97 lakhs), 1972-73 (Rs. 1,71.20 lakhs) and 1971-72 (Rs. 2,56.03 lakhs) also.

Sl. No.	Number and name of grant	Total grant Rs.	Expenditure Rs.	Excess Rs.
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Capital Section

FINANCE DEPARTMENT

1.	5-Expenditure relating to the Finance Department			
	Original ..	71,00,000	3,86,00,000	3,96,79,054
	Supplementary ..	3,15,00,000			10,79,054

Reasons for the excess have not been intimated (April 1976).

2.3. Supplementary grants/charged appropriations

The supplementary provision of Rs. 53.04 crores was obtained under 63 grants (Rs. 52.21 crores) and 30 charged appropriations (Rs. 0.83 crore). Of the total supplementary grants and charged appropriations, Rs. 31.54 crores were obtained under 43 grants in the revenue section and Rs. 20.67 crores were obtained under 20 grants in the capital section; supplementary appropriations of Rs. 0.70 crore and Rs. 0.13 crore were also obtained for expenditure under 23 and 7 charged appropriations in the revenue and capital sections respectively.

The details of significant cases of unnecessary, excessive or inadequate supplementary grants/charged appropriations are given below :—

(i) Unnecessary supplementary grants

In the following cases the supplementary grants (exceeding Rs. 5 lakhs in each case) of Rs. 2,84.16 lakhs (revenue : Rs. 2,62.66 lakhs under 8 grants and capital : Rs. 21.50 lakhs under 2 grants) remained wholly unutilised as the expenditure did not come even up to the original provision :—

Number and name of grant	Original grant	Supplementary grant	Expenditure	Saving
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(In lakhs of rupees)

Revenue Section

1.	3-A-Expenditure relating to the Excise Department	57.75	9.18	55.94	10.99
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The shortfall was due mainly to non-fixation of pay in the revised scales of pay.

2.	4-Expenditure relating to the Law Department	97.54	9.87	96.92	10.49
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The shortfall was due mainly to less requirement of funds for revision of scales of pay.

Number and name of grant	Original grant	Supple- mentary grant	Expenditure	Saving
			(In lakhs of rupees)	
3. 5-Expenditure relating to the Finance Department	12,73.41	5.06	5,13.96	7,64.51

The shortfall was due mainly to non-fixation of pay in the revised scales of pay of some Government employees and option by certain Government employees to retain pre-revised scales of pay.

4. 6-Expenditure relating to the Commerce Department	2,01.84	21.24	1,87.13	35.95
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The shortfall was due mainly to post-budget decision to divert the provision of the Main press for completing building at Madhupatna for the press to print forms (Rs. 17.06 lakhs) and non-receipt of Central assistance for schemes—survey and investigation of Chilka lake, Hirakud reservoir, estuaries of tidal rivers and passengers launch service in Chilka lake (Rs. 14.58 lakhs).

5. 11-Expenditure relating to the Tribal and Rural Welfare Department	10,94.90	87.29	6,47.34	5,34.85
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The shortfall was due mainly to post budget reduction of Plan ceiling (Rs. 4,63.93 lakhs).

6. 19-Expenditure relating to the Industries Department	3,82.72	19.40	3,45.26	56.86
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The shortfall was due mainly to cancellation of Indian International Trade Fair 1974 (Rs. 16.60 lakhs), maintenance of skeleton staff, non-preferment of certain claims by some heads of institutions, curtailment of expenditure and non-sanction of some posts (Rs. 6.75 lakhs), non-implementation of revised pay scales (Rs. 2.66 lakhs), posts kept vacant (Rs. 2.32 lakhs), non-payment of grants to Orissa Khadi and Village Industries Board (Rs. 1.61 lakhs), post-budget decision to meet expenditure from Public Works budget (Rs. 2 lakhs) and non-sanction of schemes (Rs. 1.26 lakhs).

7. 22-Expenditure relating to the Forest and Animal Husbandry Department	9,69.21	49.23	9,24.69	93.75
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The shortfall was due mainly to late sanction/non-sanction of 5 Animal Husbandry schemes (Rs. 12.66 lakhs) and 8 Forestry schemes (Rs. 33.22 lakhs), non-sanction of funds for research (Rs. 6.04 lakhs), late receipt of Government orders for departmental working of bamboo coupes (Rs. 6.67 lakhs), reduction of Plan ceiling (Rs. 5.91 lakhs) and less expenditure on Similipal Tiger reserve (Rs. 5.36 lakhs).

Number and name of grant	Original grant	Supplementary grant	Expenditure	Saving
(In lakhs of rupees)				
8. 23-Expenditure relating to the Agriculture and Co-operation Department	13,88.26	61.39	11,70.89	2,78.76

The shortfall was due mainly to restricted expenditure owing to non-receipt of Central assistance (Rs. 56.29 lakhs), non-sanction of schemes relating to Balimela catchment, vegetable seed production and departmental major works (Rs. 45.34 lakhs), reduction of Plan ceiling (Rs. 40.24 lakhs), economy measures (Rs. 54.42 lakhs) and less requirement (Rs. 14.14 lakhs).

Capital Section

9. 13-Expenditure relating to the Urban Development Department	1,29.89	16.14	1,00.07	45.96
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The shortfall was mainly under (i) Urban Water supply scheme (Rs. 15.00 lakhs) due to reduction in Plan ceiling, (ii) construction of Government residential buildings (Rs. 21.18 lakhs) and (iii) Police Housing scheme (Rs. 3.51 lakhs); reasons for the savings under items (ii) and (iii) have not been intimated (April 1976).

10. 20-Expenditure relating to the Irrigation and Power Department	38,98.89	5.36	31,09.16	7,95.09
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The shortfall, which was partly off-set by excess under other heads, was due to reduction in Plan outlay (Rs. 3,58.53 lakhs), non-receipt of grants from Government of India for Potteru Irrigation Project (Rs. 3,39.10 lakhs), non-requirement of funds (Rs. 1,10.34 lakhs), non-entertainment of full complement of regular and work-charged staff (Rs. 40.19 lakhs), non-finalisation of tenders (Rs. 35.93 lakhs), non-execution/delay in starting of works (Rs. 15.29 lakhs) and non-receipt of machinery (Rs. 8.00 lakhs).

(ii) *Supplementary grants which proved excessive*

In the revenue section, out of the total supplementary provision of Rs. 22,16.24 lakhs, Rs. 12,31.42 lakhs were utilised leading to a saving of Rs. 9,84.82 lakhs. In the capital section, out of the total supplementary grant of Rs. 13,17.48 lakhs under 6 grants, Rs. 5,36.46 lakhs were utilised and the balance Rs. 7,81.02 lakhs remained unutilised. The details of these cases are given below :—

Number and name of grant	Original grant	Supplementary grant	Expenditure	Saving
	(In lakhs of rupees)			

Revenue Section

1. 1-Expenditure relating to the Home Department	14,86.00	2,51.07	15,76.05	1,61.02
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Reasons for the saving have not been intimated (April 1976).

2. 10-Expenditure relating to the Education Department	41,97.70	9,61.73	47,88.22	3,71.21
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The shortfall was due mainly to less expenditure under the scheme "Special Employment Programme" (Rs. 55.57 lakhs), less assistance to local bodies and non-Government primary and secondary schools (Rs. 1,39.53 lakhs) due mainly to belated appointment of teachers and non-implementation of schemes, restricted expenditure due to reduction of Plan ceiling (Rs. 25.89 lakhs) and non-sanctioning of grants for preparation and production of text books (Rs. 18.05 lakhs).

3. 12-Expenditure relating to the Health and Family Planning Department	15,02.63	1,09.12	15,60.10	51.65
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The shortfall was due to less receipt of Central assistance towards Family Planning (Rs. 1,21.64 lakhs); this was partly off-set by excess under certain heads.

4. 18-Expenditure relating to the Community Development and Panchayati Raj Department	9,23.79	2,88.99	10,74.85	1,37.93
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The shortfall was due mainly to delayed implementation of revised scales of pay and unfilled vacancies (Rs. 62.99 lakhs), less allocation for tribal and rural welfare programmes (Rs. 28.50 lakhs) and non-utilisation of provision by drawing officers (Rs. 18.33 lakhs), reasons for which have not been intimated (May 1976).

5. 20-Expenditure relating to the Irrigation and Power Department	24,25.15	6,05.33	27,67.47	2,63.01
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The shortfall was mainly under "Interest" (Rs. 2,51.29 lakhs) owing to non-receipt of Central assistance for Bhimkund and Rengali Projects (Rs. 41.79 lakhs); the reasons for the balance saving of Rs. 2,09.50 lakhs have not been intimated (April 1976).

Capital Section

6. 1-Expenditure relating to the Home Department	11.05	15.39	14.86	11.58
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Reasons for the shortfall have not been intimated (April 1976).

7. 3-Expenditure relating to the Revenue Department	34.00	40.00	66.09	7.91
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The shortfall was mainly due to non-finalisation of compensation cases in respect of some major estimates on account of certain legal and technical difficulties.

Number and name of grant	Original grant	Supplementary grant	Expenditure	Saving
			(In lakhs of rupees)	
8. 7-Expenditure relating to the Works Department	5,88.02	2,73.80	7,65.06	96.16

The shortfall was mainly due to reduction in Plan outlay (Rs. 30.00 lakhs), non-receipt of Central assistance (Rs. 22.32 lakhs), less requirements (Rs. 22.18 lakhs), non-construction of office buildings and staff quarters (Rs. 8.55 lakhs) and non-receipt of administrative approval (Rs. 2.36 lakhs).

9. 9-Expenditure relating to the Supply Department	22,50.96	4,50.00	23,07.47	3,93.49
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Reasons for the shortfall have not been intimated (April 1976).

10. 19-Expenditure relating to the Industries Department	1,99.48	1,14.84	2,89.20	25.12
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The shortfall, which was partly off-set by excess under certain heads, was due to the decision to invest in Orissa Tyres through Industrial Promotion and Investment Corporation (Rs. 14.00 lakhs), non-receipt of allocation for rural industries project from Government of India (Rs. 16.20 lakhs) and cancellation of India International Trade Fair (Rs. 3 lakhs).

11. 23-Expenditure relating to the Agriculture and Co-operation Department	8,37.49	4,23.45	10,14.18	2,46.76
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The shortfall was due mainly to less receipt of loan assistance to credit co-operatives from the Reserve Bank of India (Rs. 1,03.15 lakhs), reduced sanction and less requirement (Rs. 68.39 lakhs), non-purchase of shares/debentures in co-operative institutions in order to observe economy in Plan expenditure (Rs. 52.38 lakhs) and non-release of Central assistance (Rs. 13.96).

(iii) *Inadequate supplementary grants*

In the following 4 cases the supplementary grants (exceeding Rs. 5 lakhs in each case) of Rs. 5,69.94 lakhs proved inadequate ; the final uncovered excess in these grants was Rs. 8,86.20 lakhs. Reasons for excess to the extent received are given in paragraph 2.2.

Sl. No.	Number and name of grant	Original grant	Supplementary grant	Expenditure	Excess
				(In lakhs of rupees)	
Revenue Section					
1.	7-Expenditure relating to the Works Department	18,39.57	52.74	24,54.41	5,62.10
Capital Section					
2.	13-Expenditure relating to the Urban Development Department	6,48.92	1,07.46	8,97.66	1,41.28
3.	17-Expenditure relating to the Rural Development Department	6,29.08	94.74	8,95.85	1,72.03
4.	4-Expenditure relating to the Finance Department	71.00	3,15.00	3,96.79	10.79

2.4. Unutilised provision

(i) Rupees 52.75 crores remained unutilised in 25 grants (Revenue : Rs. 20.23 crores in 22 grants, capital : Rs. 19.42 crores in 23 grants) and 22 charged appropriations (revenue : Rs. 6.24 crores in 19 charged appropriations, capital : Rs. 6.86 crores in 8 charged appropriations). In 18 grants and 4 charged appropriations, the savings (more than Rs. 2 lakhs in each case) were more than 10 per cent of the total provision *vide* details given in Appendix IV.

(ii) Some of the major schemes where the provision remained substantially/wholly unutilised other than those mentioned in paragraph 2.3. are shown below :—

Sl. No.	Grant number and group head/scheme	Provision	Saving	
			Amount	Percentage

(In lakhs of rupees)

Revenue Section

1.	3-Expenditure relating to Revenue Department—Social Security and Welfare—State Plan—Other Programme—Minimum needs Programme	40.00	31.08	78
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The reasons for the saving have not been intimated (April 1976).

2.	7-Expenditure relating to the Works Department—(1) Roads and Bridges—Centrally sponsored Plan—District and other Roads—Other roads—Development of infrastructure in coastal fishing villages	78.00	78.00	100
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Saving was due to non-approval of the scheme by Government of India.

3.	10-Expenditure relating to the Education Department—Centrally sponsored Plan scheme—University and other higher education—Book promotion	20.37	16.87	83
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The saving was due mainly to non-sanction of grants for preparation and production of text books.

Sl No.	Grant number and group head/scheme	Provision (In lakhs of rupees)	Saving	
			Amount	Percentage
4.	14-Expenditure relating to the Labour, Employment, and Housing Department. Medical—State Plan—Allopathy—Employees State Insurance Scheme	12.18	10.73	88

The saving was due mainly to non-opening of Employees State Insurance dispensaries and hospitals owing to non-sanction by Employees' State Insurance Corporation (Rs. 5.99 lakhs), non-payment of remuneration to part time specialists owing to non-receipt of concurrence from the Health Department (Rs. 4.72 lakhs).

Capital Section

5.	7-Expenditure relating to the Works Department—Capital outlay on Housing—(i) Special Non-Plan—Police Housing Scheme—Buildings—Public Works	17.24	16.77	97
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Saving was due mainly to non-receipt of Central assistance.

(ii) Centrally sponsored Plan Schemes—Roads of inter-State Importance—Major works—Construction of bridge over the river Subarnarekha on Balasore-Kharagpur Road	17.24	8.01	46
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Saving was due to non-receipt of Central assistance.

6.20-Expenditure relating to Irrigation and Power Department—Capital outlay on Multipurpose Projects—(i) Potteru Irrigation Project	4,05.94	3,54.08	87
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The project was sanctioned for Rs. 14,81.24 lakhs and is fully financed by the Government of India. The project is under execution from 1972-73 ; the total expenditure incurred on the project to end of 1974-75 was Rs. 1,14.94 lakhs. Saving was mainly due to non-receipt of grants from the Government of India (Rs. 3,39.10 lakhs).

Sl No.	Grant number and group head/scheme	Provision	Saving	
			Amount	Percentage

(In lakhs of rupees)

(ii) Rengali Irrigation Project—

Irrigation Scheme ..	51.00	26.16	51
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The project is under execution from 1972-73. The irrigation scheme is estimated to cost Rs. 90.92 lakhs. The reasons for the saving have not been intimated (April 1976).

(iii) Anandapur Barrage ..	2,25.01	1,79.20	71
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The project is estimated to cost Rs. 21.94 crores. The total expenditure incurred on the project was Rs. 1.92 crores to end of 1974-75. Saving was due to reduction in Plan outlay.

(iv) Delta Irrigation Project—

Stage I ..	1,00.00	29.69	30
Stage II ..	3,17.31	65.21	20

The project was estimated to cost Rs. 34.34 crores ; this is reported (September 1969) to be under revision to Rs. 68.38 crores. The expenditure on the project to end of 1974-75 was Rs. 44.46 crores. Saving was due mainly to reduction in Plan outlay.

(v) Medium Irrigation Projects—

(a) Dahuka Irrigation Project	40.00	16.19	40
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The project is estimated to cost Rs. 1,36.60 lakhs. Expenditure to end of 1974-75 was Rs. 76.49 lakhs. Saving was due mainly to reduction in Plan outlay.

(b) Bahuda Irrigation Project	30.00	21.93	73
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The project is estimated to cost Rs. 2,05.85 lakhs. Expenditure to end of 1974-75 was Rs. 1,34.92 lakhs. Saving was due mainly to reduction in Plan outlay.

(c) Dhanai Irrigation Project	20.00	15.06	75
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The project was estimated to cost Rs. 1,52.57 lakhs. Expenditure to end of 1974-75 was Rs. 1,68.60 lakhs. Saving was due to reduction in Plan outlay.

(d) Baghua Irrigation Project	40.00	15.30	38
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The project is estimated to cost Rs. 1,35.00 lakhs. Expenditure to end of 1974-75 was Rs. 76.49 lakhs. Saving was due mainly to reduction in Plan outlay.

Sl No.	Grant number and group head/scheme	Provision (In lakhs of rupees)	Saving	
			Amount	Percentage
(e)	Saipal Irrigation Project	40.00	12.51	31
The project is estimated to cost Rs. 2,12.12 lakhs. Expenditure to end of 1974-75 was Rs. 43.12 lakhs. The reasons for the saving have not been intimated (April 1976).				
(f)	Pilla Salki Irrigation Project	10.00	8.87	89
The project is estimated to cost Rs. 1,81.00 lakhs. Expenditure to end of 1974-75 was Rs. 1.14 lakhs. The reasons for the saving have not been intimated (April 1976).				
(g)	Ongo Irrigation Project	65.00	36.45	56
The project is estimated to cost Rs. 4,64.45 lakhs. Expenditure to end of 1974-75 was Rs. 49.13 lakhs. Saving was due to non-finalisation of tenders.				
(h)	Dadarghati Irrigation Project	40.00	19.96	50
The project is estimated to cost Rs. 2,50.00 lakhs. Expenditure to end of 1974-75 was Rs. 24.79 lakhs. Saving was due to reduction in Plan outlay.				
(i)	R a m i a l a Irrigation Project	35.01	24.39	70
The project is estimated to cost Rs. 4,38.51 lakhs. Expenditure to end of 1974-75 was Rs. 12.77 lakhs. The reasons for the saving have not been intimated (April 1976).				
(j)	Nesa Irrigation Project	28.00	23.01	82
The project is estimated to cost Rs. 44.71 lakhs. Expenditure to end of 1974-75 was Rs. 4.99 lakhs. Saving was due to reduction in Plan outlay.				
(k)	Dumerbahal Irrigation Project	10.00	8.22	82
The project is estimated to cost Rs. 1,95.02 lakhs. Expenditure to end of 1974-75 was Rs. 1.78 lakhs. Saving was due mainly to non-receipt of machinery in time.				
7.	24-Expenditure relating to Mining and Geology Department—Capital outlay in Mining and Metallurgical Industries - State Plan—Mineral Exploration and Development	55.00	42.00	76
Saving was due to reduction in Plan ceiling.				

2.5. Advances from Contingency Fund

A Contingency Fund of Rs. 2 crores has been placed at the disposal of the Governor to enable advances to be made from it for meeting unforeseen expenditure pending authorisation of such expenditure by the State Legislature.

The advances from the Fund can be made only to meet unforeseen expenditure not provided in the budget, which is of such an emergent character that postponement of it, till the vote of the Legislature is taken, would be undesirable.

Fifty-one sanctions were issued by Government during 1974-75 advancing Rs. 3,45.32 lakhs from the Contingency Fund ; against these sanctions, Rs. 3,27.10 lakhs were drawn during the year.

The more important points arising out of expenditure from the Contingency Fund are mentioned below—

(i) Out of the drawal of Rs. 3,27.10 lakhs, Rs. 1,10.71 lakhs in respect of 10 grants (under 16 major heads) were not recouped to the Fund during the year.

(ii) Two sanctions involving Rs. 3.17 lakhs issued in December 1974 and February 1975 were cancelled in March 1975 ; no reasons were assigned for cancellation of one of the sanctions (Rs. 2.83 lakhs).

(iii) In respect of two sanctions involving Rs. 45.76 lakhs, the amount sanctioned was in excess of actual requirement as detailed below—

Date of Sanction	Amount of advance		Difference
	Sanctioned	Drawn	
	Rs.	Rs.	Rs.
9th September 1974 ..	27,76,000	22,36,923	5,39,077
27th January 1975 ..	18,00,000	9,93,176	8,06,824
Total ..	45,76,000	32,30,099	13,45,901

2.6. Transfer of assets to companies and statutory bodies

Orissa Lift Irrigation Corporation was registered during 1973-74 as a fully-owned Government Company. Although the assets of the then existing Lift Irrigation Organisation of Government were transferred to the company on its formation with effect from October 1973, no grant has been obtained from the Legislature for the investment in the company to cover the net value of the assets transferred.

Orissa State Road Transport Corporation was established under the Road Transport Corporation Act, 1950 in May 1974. The assets and liabilities of the then existing State Transport Services were transferred to the Corporation with effect from May 1974. No grant has been obtained from the Legislature for investment in the Corporation to cover the net value of the assets transferred.

Pending determination of the value of these assets and liabilities and decision regarding the terms and conditions of transfer, capital expenditure incurred thereon continues to be borne in the Government accounts (April 1976).

2.7. Non-receipt of explanations for savings/excesses

During the year, explanations for variations between the amounts of grants/charged appropriations and the actual expenditure were called for from the controlling officers in respect of 1,666 sub-heads. Explanations for variations were received in 408 cases and are awaited (April 1976) in the remaining 1,258 cases which formed 76 per cent of the number of sub-heads for which variations were to be explained.

Departments which have not (April 1976) furnished explanations for variation in a large number of cases are Irrigation and Power (219 sub-heads), Works (207 sub-heads), Agriculture and Co-operation (190 sub-heads), Forest and Animal Husbandry (134 sub-heads), Industries (118 sub-heads), Health and Family Planning (82 sub-heads), Home (74 sub-heads) and Urban Development (62 sub-heads).

2.8. Issue of sanctions towards the close of the year

(a) Mention was made in paragraph 29 of the Report of the Comptroller and Auditor General of India for the year 1970-71 of issue of sanctions towards the close of the year resulting in drawal of funds not required for immediate utilisation. Despite instructions issued by Government (February 1972) directing the departments not to issue sanctions towards the close of the year, 535 sanctions for Rs. 14,93.60 lakhs for grants and 886 sanctions for Rs. 1,83.56 lakhs for other expenditure were issued during March 1975. The number of sanctions

issued on the last three days (29th to 31st March 1975) alone was 77 in respect of grants (Rs. 1,53.66 lakhs) and 81 in respect of other expenditure (Rs. 13.33 lakhs).

A few illustrative cases of drawals not required for immediate utilisation/cases of unnecessary withdrawals are given below :—

Drawing Officer	Amount drawn Date of drawal (Rupees in lakhs)	Purpose of drawal	Remarks
(1)	(2)	(3)	(4)
1. Inspector of Schools Cuttack	1.39 (31st March 1975)	Grants for pay and allowances of primary School teachers.	Rupees 0.37 lakh disbursed between March—May 1976, Rs. 0.88 lakh refunded into treasury in March 1976 and Rs. 0.14 lakh remained undischursed (May 1976).
	1.17 (31st March 1975)	Ditto	The amount was disbursed between April 1975 and March 1976.
	6.57 (31st March 1975)	Ditto	Rupees 3.68 lakhs were disbursed between March—May 1976, Rs. 2.42 lakhs refunded into treasury in March 1976 and Rs. 0.47 lakh remained undischursed (May 1976).
	2.31 (31st March 1975)	Ditto	The amount was disbursed between April—December 1975.
2. District Inspector of Schools, Bargarh	0.50	Ditto	Rupees 0.34 lakh were disbursed in January 1976 and Rs. 0.16 lakh were credited in April 1976 to the compulsory deposit account of the teachers concerned.

(b) Rules prescribe that no money should be drawn from the treasury unless it is required for immediate disbursement. Two cases are mentioned below :—

(i) Rupees 16.44 lakhs were drawn by two departments (details given below) from the treasury through abstract contingent bills on the last day of the financial year 1974-75 on the basis of sanctions issued in the last week of the financial year and placed under "Revenue

Deposit" for expenditure in the subsequent financial year *vide* details given below :—

Department	Amount drawn (Rupees in lakhs)	Purpose	Remarks
(1)	(2)	(3)	(4)
1. Tribal and Rural Welfare	10.00	For intensive tribal Development programme	The amount was withdrawn from Revenue Deposit in July 1975 and sent to Collectors in August 1975 in the form of bank drafts; information regarding utilisation of the amount has not been received (May 1976).
2. Revenue	6.44	For construction of wells in blocks	The amount was withdrawn in April 1975 and sent to block development officers through bank drafts; information regarding utilisation of the amount has not been received (May 1976).

(ii) *Education Department*

A provision of Rs. 1,50,000 was made in the budget for 1974-75 for supply of 30,000 sets of nationalised text books and writing materials free of cost to 30,000 children in all the newly opened 500 lower primary schools and 1,500 upper primary schools.

Although the academic session for 1974-75 was from July 1974 to June 1975, Government sanctioned the expenditure in February 1975 by which time the session was almost over. The allotment was distributed by the Director of Public Instruction (Schools) to the district inspectors of schools in March 1975 indicating the number of students in Class I and Class IV of each educational district, who were to be supplied with the text books and writing materials. The district inspectors of schools were instructed to draw the amounts from the treasury by 31st March 1975 and to purchase the required number of sets of nationalised text books from the nearest sale centre or from the sale centres attached to the office of the district inspector of schools and the writing materials from the open market after observing usual procedure.

None of the District Inspectors could supply the text books and writing materials as they were out of stock. Out of Rs. 1.50 lakhs drawn by the district inspectors before 31st March 1975, Rs. 0.88 lakh remained unutilised (June 1976).

2.9. Personal Ledger Accounts

Personal ledger accounts have been opened within the Consolidated Fund of the State under orders of Government in special circumstances where the normal procedure of drawal of funds from treasury by presentation of bills is held to be unworkable. The arrangement is generally confined to schemes of a commercial nature. Under the general instructions issued by Government in January 1965, the administrators of personal ledger accounts opened within the Consolidated Fund are required to render monthly compiled accounts to the Accountant General by the 10th of the following month with the supporting vouchers.

There were (March 1975) 166 such personal ledger accounts within the Consolidated Fund of the State. Of these, only 49 accounts pertaining to the following schemes are currently operative :—

Name of the Scheme	Number of accounts	Balance to end of March 1975
		(In lakhs of rupees)
Grain purchase scheme ..	14	8,35.34
Government trading in kendu leaves ..	20	1,20.94
Purchase and distribution of quality seeds to cultivators.	1	1,25.37
Government cold storage ..	6	34.18
Government tanneries ..	2	—4.02
Exploitation and marketing of fish ..	6	11.65
Total ..	49	11,23.46

Of the 117 inoperative accounts, 22 accounts relating to two schemes had a *minus* balance of Rs. 7.61 lakhs. The balance in the remaining 95 accounts totalled to Rs. 4,23.56 lakhs. These accounts were yet to be formally closed (May 1976).

Some points noticed during a general study of the functioning of the personal ledger accounts fed from the Consolidated Fund are given below :—

(i) The monthly accounts prescribed by Government were not submitted to Audit regularly by the Administrators; the extent of arrears up to March 1975 (as in June 1976) in this regard was as follows :—

Name of the scheme	Number of personal ledger accounts	Number of monthly accounts awaited	Period to which the accounts relate
Grain purchase scheme ..	14	2,583	January 1959 to March 1975
Government trading in Kendu leaves	20	65	April 1973 to March 1975
Government cold storage ..	6	289	April 1970 to March 1975
Government tanneries ..	2	63	May 1970 to March 1975
Total ..		3,000	

(ii) Monthly accounts in respect of the "Grain purchase Scheme", to the extent received from the administrators, were not supported by vouchers except in the case of 5 out of 42 accounts submitted by one of the 14 administrators. The matter was reported to Government in September 1975; further developments are awaited (April 1976).

(iii) Due to heavy accumulation of arrears in submission of monthly accounts and non-compilation of *pro forma* accounts of the schemes for long periods, it was not possible to assess the working of the schemes and the proper utilisation of funds in the personal ledger accounts.

(iv) Reconciliation of balances held in personal ledger accounts as per the administrators' records with those as per the treasury records communicated to the administrators was in arrears. Acceptances of balances by the administrators were awaited (June 1976) in the following cases :—

Scheme	Period
Grain purchase scheme ..	From 1959 onwards in respect of one account
	As at the end of March 1975 in four cases

Scheme	Period
Government trading in Kendu leaves ..	As at the end of March 1975 in four cases
Purchase and distribution of quality seeds to cultivators	From March 1971 onwards
Government cold storages ..	As at the end of March 1975 in two cases
	Since inception (between 1965-66 and 1973-74) in other four cases
Government Tannery, Boudh ..	As at the end of March 1974 and March 1975

CHAPTER 3
CIVIL DEPARTMENTS
SECTION A

AGRICULTURE AND CO-OPERATION DEPARTMENT

3.1. Agricultural farms

3.1.1. *Introductory*

At the beginning of the First Five-Year Plan (1951-52 to 1955-56) there were 30 departmental farms (1,600 hectares) in the State. The number of farms at the beginning of the Fourth Five-Year Plan (1969-70 to 1973-74) was 95 (4,125 hectares). No new farm was established during the Fourth Plan but 3 farms were transferred to the Orissa University of Agriculture and Technology and part of another was transferred to the Union Government for establishing a cattle breeding station. Thus, at the end of the Fourth Plan, there were 92 farms with an area of 4,046 hectares; this comprised 87 seed multiplication farms and 5 progeny orchards.

3.1.2. *Farm area and its utilisation*

A general examination of records in respect of 35 farms with area of over 50 acres each showed the utilisation of land (July 1975) as follows :—

	(In hectares)
Gross geographical area	.. 3,251.56
Area under Roads and Buildings	.. 337.44
Area unfit for cultivation	.. 332.45
Area to be reclaimed	.. 483.71
Area available for cultivation	.. 2,097.96
Area actually under cultivation—	
<i>Kharif</i>	.. 1,501.65
<i>Rabi</i>	.. 639.18

Of the land available for cultivation, the area actually under field crops (July 1975) was 72 per cent and represented 46 per cent of the total geographical area.

3.1.3. *Finance and accounts*

A proposal was mooted by the department in 1968 to declare these farms as commercial but final decision is still awaited (March 1976). Accounts showing the financial results of the farms were not prepared.

The working results of nine farms, compiled by Audit in the course of test check on the basis of information collected from the departmental officers, showed that the farms suffered cash deficits (without taking into account non-recurring expenditure of capital nature, depreciation, interest and other overheads but including opening and closing balances of stocks) totalling Rs. 40.12 lakhs over a period of five years ending 1973-74 as shown below :—

Year	Receipts	Expenditure	Deficit
	(In lakhs of rupees)		
1969-70	21.90	31.83	9.93
1970-71	22.44	29.81	7.37
1971-72	24.04	30.29	6.25
1972-73	22.90	31.17	8.27
1973-74	26.11	34.41	8.30
Total	117.39	157.51	40.12

The deficits were heavy in the following farms :—

Name of the farm	1969-70	1970-71	1971-72	1972-73	1973-74
	(In lakhs of rupees)				
1. Similiguda	3.90	1.70	1.73	1.97	2.72
2. Sukinda	1.62	1.48	1.80	1.40	2.32
3. Lachida	0.87	1.06	1.12	1.86	0.67
4. Gambharipalli	1.08	0.97	*	1.27	0.31
5. Balimela	0.48	0.74	0.41	0.69	0.62
6. Deras	0.75	0.76	0.05	0.49	0.92

A technical committee constituted by the Government in 1972 (and reconstituted by the Director of Agriculture in 1973) to examine the working of the agricultural farms observed (September 1973) *inter alia* that "a number of seed farms are located in places cut off from transport facilities, without any scope for developing irrigation and are far away from other amenities" and also that "some farms, because of their location, lack of scope for developing irrigation facilities and extremely poor soil condition have performed very poorly". The Committee further recommended that "such farms should be closed down". No farm has, however, been closed down so far (March 1976).

* earned a surplus of Rs. 0.007 lakh

3.1.4. Performance of Similiguda mixed farm (District Koraput)

The farm (total area 904.61 hectares or 2235 acres approximately) was established in 1963 with a variety of objectives including operation of a mixed farm with agriculture and animal husbandry as complementary activities and evolution of a pattern of mixed farming which a private farmer could follow. Up to March 1974 capital investment of Rs. 38.46 lakhs was made on the farm as shown below :—

	Amount (In lakhs of rupees)
Cost of private land ..	0.17
Reclamation, etc. ..	7.66
Fencing ..	1.28
Irrigation ..	2.84
Machinery ..	6.61
Buildings ..	17.04
Seed Processing Units ..	1.25
Other items ..	1.61
Total ..	38.46

The farm incurred a deficit of Rs. 28 lakhs up to March 1974. The following reasons were given (November 1974) by the departmental officers for the deficit :—

- (a) poor soil conditions and undulating terrain,
- (b) inadequate irrigation facilities,
- (c) under-utilisation of the farm capacity,
- (d) apathy of the farm staff, low efficiency of labour and poor management, and
- (e) loss due to thefts and pilferages.

The deficit occurred mainly in respect of two activities—vegetable garden and fruit orchard.

The vegetable garden was started in 1963-64 with the object of supplying vegetables to the industrial township at Sunabeda. Revenue expenditure of Rs.11.65 lakhs (establishment : Rs.5.27 lakhs, contingencies : Rs.6.38 lakhs) was incurred on the garden during the period 1969-70 to 1974-75, against which the value of production raised in the period was Rs.0.99 lakh and the amount realised by sale of the produce as per records furnished to audit was Rs.0.28 lakh. The department was not able to explain (August 1975) the reasons for the low level of production or the difference between the value of production and the sale proceeds realised.

A fruit orchard was established in 1963-64. During the period 1969-70 to 1974-75 revenue expenditure of Rs.11.75 lakhs was incurred on the orchard against which the income was stated to be Rs.0.24 lakh. Out of 13,495 fruit trees planted in the orchard 8,252 trees perished (4,245 by disease and 4,007 trees on account of other reasons), 3,479 trees were uprooted and 1,764 trees only were left standing (August 1975). The following reasons were given (July 1974) by the Director of Agriculture for the poor performance of the orchard:—

- (a) Sloping land helping quick run-off of rain water during monsoon thereby causing soil erosion and water logging conditions in the lower reaches of the slope,
- (b) heavy growth of weeds near the base of the trees and smothering of trees by wild climbers, and
- (c) poor farm management and negligence on the part of farm staff.

3.1.5. Other matters of interest

(i) Attempts to provide irrigation by way of lift irrigation pumps and construction of tanks failed in some cases as illustrated below:—

(a) A well was excavated (1970) to a depth of 25 feet by the Lift Irrigation Organisation at a cost of Rs. 0.13 lakh to provide irrigation to Arkabali farm. It was left incomplete for want of funds and, as per the report of the District Agricultural Officer in July 1972 to the Director of Agriculture, the well required to be dug further by about 6 feet. The farm authorities reported (January 1973) that it could irrigate only one acre of land during *rabi* and five acres during *kharif* against the total cultivable area of 123 acres in the farm.

(b) An expenditure of Rs.0.18 lakh was incurred (up to June 1973) on the construction of a well and its electrification to provide irrigation to Khariar farm. The well was dug up to 20 feet and was left incomplete (September 1975).

(c) In the Paljhar farm, lift irrigation pump sets were installed (June 1968) to provide irrigation to an ayacut of 100 acres. In August 1969, the Director of Agriculture informed the Collector, Phulbani that "the irrigation channels have broken down over a major length of the work" and "the project is unable to irrigate even an area of 11 acres". In February 1975, the Deputy Director of Agriculture, Southern Range observed that "the lift irrigation project installed at a cost of Rs.63,000 has become a failure". Proposals to revive the existing lift irrigation points were stated by him to be under consideration of the Lift Irrigation Department; decision taken on the proposals was awaited (March 1976).

(d) Kodigam minor irrigation project was taken up by the Rural Engineering Organisation in 1965 with the main object of providing irrigation to the Similiguda farm and was completed in 1970. The project, originally estimated to cost Rs. 15 lakhs, actually cost Rs.28.62 lakhs. The cultivable command area of the project was 1,455 acres. Of this area, 505 acres fall outside the farm boundary. The remaining area of 950 acres to be irrigated by the project formed part of the Similiguda farm; the area irrigated was, however, reported (September 1970 and November 1974) to be 126 acres inclusive of 100 acres transferred (1972) to the Central Cattle Jersey Breeding Farm. Thus, only 26 acres of the farm were served by the minor irrigation project. It was explained (January 1975) by the Deputy Director, Agriculture (Mixed Farm) that the shortfall in the area irrigated was due to defects in construction of the canal, viz., (i) higher elevation and undulations in the bed level, (ii) leakage at main dam and aqueducts, (iii) high seepage losses in the canal and (iv) absence of even gradient from head sluice to tail end.

(e) To irrigate those areas of the Similiguda farm which are at higher elevation than the water level of the Kodigam minor irrigation project, it was proposed (1964) to set up lift irrigation points. The scheme envisaged installation of 10 lift irrigation points with an ayacut of 1,050 acres. Later, taking into account the field conditions the designs were modified (December 1968) so as to install seven lift irrigation points with an ayacut of 410 acres. Of these, 14 pumps at five points with an ayacut of 286 acres were installed and commissioned (1972) at a cost of Rs.2.55 lakhs. The remaining lift irrigation points were not installed (December 1975) pending revision of estimates and provision of funds. During 1973-74, the points installed could supply water to 47 acres of cropped area. It was stated that though the design discharge was 1 cusec for each of the 10 Horse Power pump sets, the actual capacity was much less. Against design capacity of 14 cusecs the actual discharge was 3.75 cusecs. The

low discharge was explained (December 1975) by the Joint Director of Agriculture as due to defective installation of the pumps by the Lift Irrigation Department.

(ii) According to the information made available by the department an amount of Rs.37.54 lakhs had been placed at the disposal of the Rural Engineering Organisation to end of 1973-74 for construction of buildings in 9 large sized farms. Some of the buildings remained incomplete long after commencement of construction *vide* examples given below:—

(a) In Paljhar farm, construction of a composite godown taken up in 1960-61 remained incomplete (July 1975). A sum of Rs.0.21 lakh had been spent on the construction (July 1975). Construction of four residential quarters which was started between 1966-67 and 1969-70 was left incomplete after incurring an expenditure of Rs.0.23 lakh. No reasons were available (September 1975) for non-completion of the works.

(b) Rupees 1.02 lakhs were deposited with the Rural Engineering Organisation in 1965-66 for construction of an office-cum-godown in Dhanai farm. The work which was stated to have been started in 1967 has not been completed (September 1975).

(c) A sum of Rs. 4.68 lakhs was deposited with the Rural Engineering Organisation between 1967 and 1971 for construction of buildings (residential as well as non-residential) and fencing for the Kuliposh farm. Fencing had not been taken up and the buildings are yet to be completed (September 1975).

(iii) During 1966-67, 30 tenements were constructed by the Relief and Rehabilitation Department at a cost of Rs.0.59 lakh for settling refugee families in the Similiguda farm area. As no refugee family could be settled, the buildings were taken over by the farm in November 1974. The Deputy Director in charge of the farm reported (January 1975) that the buildings were in a dilapidated condition and unfit for occupation.

(iv) In five farms, out of 35 tractors available (purchased between 1957 and 1965), 25 only were in working condition (position in 1973-74) and these had been operated during 1973-74 for 537 hours each on an average against the prescribed normal working hours of 1,000 per tractor per year. In six farms, 28 power tillers purchased between 1962 and 1967 had been operated for 2,813 hours in all during the three years from 1971-72 to 1973-74 against 58,800 hours for which they could normally have been worked. Fourteen of these tillers placed at Deras, Paljhar, Gambharipalli and Similiguda had been completely idle during the entire period of three years.

In the Similiguda farm, out of 18 tractors, 9 were idle throughout the year during 1971-72, 8 during 1972-73 and 7 during 1973-74. Out of 33 pumps available, 27 were out of order (position in December 1975) since 1972-73 and out of 73 sprayers (power and hand compressed), 59 out of order (position in December 1975). These equipments remained idle reportedly for want of spare parts and funds.

(v) *Non-utilisation of produce as seeds*

A sizeable part of the production in the seed multiplication farms remained unutilised as seeds and was eventually disposed of, in public auction, for consumption. The following table shows the quantities utilised as seeds as against the total production in some of the farms :—

Name of farm	Category of seeds	Production during 1969-70 and 1973-74	Quantity utilised as seeds	Percentage
(1)	(2)	(3)	(4)	(5)
(In quintals)				
Sukinda ..	Paddy	14,677	8,925	61
	Ragi	99	24	24
Kuliposh ..	Paddy	6,396	2,196	35
	Groundnut	132	58	44
	Wheat	670	152	23
Paljhar ..	Paddy	3,638	2,514	69

The points mentioned above were reported to the Government in November 1975; its reply is awaited (June 1976).

3.2. Land reclamation and hiring of tractors

Mention was made in the Audit Reports for 1962 (Paragraph 51), 1966 (paragraph 120) and 1968 (Paragraph 33) of the working of the scheme for land reclamation and hiring of tractors. As already reported, the object of the scheme was to procure heavy machinery and tractors and make them available for use in agricultural operations departmentally or on hire basis. The scheme was to be run on "no profit no loss" since 1967.

Pro forma accounts of the scheme for the period 1967-68 to 1969-70 disclosed a loss of Rs.3.20 lakhs; *pro forma* accounts for the scheme have not been prepared since 1970-71. Revenue receipts and expenditure (excluding interest on capital and depreciation on machinery and equipment) during the period 1970-71 to 1974-75 were Rs.30.72 lakhs and Rs. 55.20 lakhs respectively resulting in a deficit of Rs.24.48 lakhs.

In 1967-68, the department had 9 bull-dozers and 69 wheel type tractors. During 1967-68 to 1971--72 the department acquired 3 bulldozers, 21 wheel type tractors by purchase and 6 bulldozers, 13 wheel type tractors by transfer from other projects. The area of land reclaimed, bulldozers and tractors hired out and the percentage of their utilisation in the period of 8 years prior to 1967-68 and in 8 years from 1967-68 to 1974-75 are compared below:—

	During the years	
	From 1959-60 to 1966-67	From 1967-68 to 1974-75
Area of land reclaimed (in acres)	13,489	9,090
Machinery hired out— Bull dozers	7	9 in 1967-68 and between 15 and 18 in other years
Tractors	69	Between 69 and 103
Percentage of utilisation (average) of working hours to capacity—		
Bulldozers	48.42	25.72
Tractors	Not available	37.66

The percentage of utilisation in terms of hours varied from 12.6 to 32.9 in respect of bulldozers and from 27.2 to 44.6 in respect of tractors during 1967-68 to 1974-75. The Directorate of Agriculture and Food Production stated that the seasonal nature of agricultural operations was one of the main reasons for low utilisation; there was not enough demand during the *rabi* season. In addition, the low utilisation of machines was explained by the Directorate of Agriculture and Food Production (December 1974) as due to the following factors:—

(i) *Heavy machinery (bulldozers)*—

- (a) The machinery utilised under the scheme was old most of which had outlived its utility.
- (b) It had not been possible to carry out timely repairs to the machinery, which was mostly imported, for want of imported spare parts.
- (c) Though there was good demand for the machinery for reclamation work, demand was scattered and the transportation of such heavy machines was difficult.
- (d) Inadequate facilities for repairing the machinery which went out of order in remote areas.

- (e) The working season was limited.
 - (f) Absenteeism of operators during the peak season.
- (ii) *Wheel type tractors*—
- (a) Lack of demand.
 - (b) Absenteeism of operators during the peak season.
 - (c) Non-availability of spare parts for some of the makes of the tractors for carrying out timely repairs.
 - (d) Competition from private firms whose terms of hire were more attractive in respect of credit, rates, etc.

As in April 1976, hire charges amounting to Rs. 6.04 lakhs were due from private parties (Rs. 0.77 lakh) and from Government departments (Rs. 5.27 lakhs); the year wise break-up of the arrears due was not available with the Director of Agriculture and Food Production.

The matter was reported to the Government in December 1975; its reply is awaited (June 1976).

3.3. Disposal of cashewnuts

The Joint Director, Soil Conservation, invited tenders in June 1974 for disposal of 2,400 quintals of cashewnuts held at various centres in the State. Fourteen tenders were received. Based on the recommendation of the tender committee, the Director of Agriculture and Food Production proposed (September 1974) to Government acceptance of the highest offer of Rs. 9.14 lakhs (at Rs. 385 per quintals for 1,720 quintals at 4 centres and at Rs. 370 per quintal for 680 quintals at 5 other centres).

In January 1975, the highest bidder asked for refund of the earnest money on the grounds that he had not heard anything about his tender even after 6 months and he was not interested in taking the stock offered for sale as the next fruit bearing season (February to June) was fast approaching.

Government ordered (February 1975) disposal of the entire quantity at a uniform rate of Rs. 385 per quintal, 50 per cent of the stock to be given to the highest bidder and balance 50 per cent to be given to other manufacturers of cashew kernels (including 200 quintals to the Fruit Preservation Organisation, a departmental undertaking); if other manufacturers failed to lift the stock offered, the balance quantity was also to be offered to the highest bidder. Neither the highest bidder (who had withdrawn his offer) nor any of the others came forward to lift the stocks on these terms. As the second highest bidder was also unwilling to lift the stocks, Government ordered in April 1975 sale of the entire stock to the third highest bidder at Rs. 310 per quintal. The third highest tenderer also declined to purchase the stock on the ground that the market rate had then fallen. Government

ordered (April 1975) that the Fruit Preservation Organisation should take the entire quantity and market it after processing. Government estimated a net receipt of Rs. 6.22 lakhs after allowing for the expenditure on processing, marketing and overheads.

The Deputy Director of Agriculture, Fruit Preservation reported (December 1975) that a total quantity of 2,249 quintals of raw cashewnuts had been lifted from different centres, were processed and kept for sale; of the quantity of 517.27 quintals of processed nuts (estimated), 65.12 quintals could be sold up to December 1975 at rates fixed by Government and the entire sale proceeds of Rs. 0.83 lakh realised had been utilised to meet the cost of transportation and processing. The low volume of sales was reportedly due to the market price during the preceding five months (July to November) being very low.

The matter was reported to the Government in September 1975; its reply is awaited (June 1976).

3.4. Purchase of a private orchard

To establish a progeny orchard for production of grafts (mainly mango, guava, cocconut and casurina), a private orchard having an area of 8.05 acres at Ballibogoda (District Ganjam) was purchased by Government in 1964 at a cost of Rs. 0.27 lakh.

According to the information furnished by the District Agriculture Officer, Berhampur in December 1975, against the target of production of 6,750 grafts during the period of five years (1966-67 and 1968-69 to 1971-72), 1,895 grafts were produced. Information regarding the number of grafts produced during the remaining six years (1964-65, 1965-66, 1967-68 and 1972-73 to 1974-75) was not furnished (March 1976).

The receipts accrued from the orchard during the period of 11 years from 1964-65 to 1974-75 were reported to be Rs. 0.07 lakh as against the expenditure of Rs. 0.73 lakh on pay and allowances of staff and contingencies.

A sum of Rs. 0.07 lakh placed with the Rural Engineering Organisation as early as in March 1965 for completing an existing incomplete building and for fencing the orchard remained unutilised and the work has not yet been taken up (December 1975).

The department reported that the poor performance of the orchard was due to the following reasons:—

- (a) Most of the trees were old, diseased and declined in bearing.
- (b) There was no proper irrigation facility available in the orchard.
- (c) There was no approach to the orchard site for about $3\frac{1}{2}$ miles.
- (d) Soil was poor.

The matter was brought to the notice of the Government in September 1973. To avoid further loss, Government asked the Director of Agriculture (December 1974) to dispose of the orchard. Further action is awaited (May 1976).

3.5. Procurement and distribution of seeds

3.5.1. *Introductory*

Mention was made in paragraph 34 of the Report of the Comptroller and Auditor General of India for 1969-70 of the working of the scheme of procurement and distribution of seeds up to 1969-70. The operation of the scheme for the subsequent period up to 1974-75 was test checked in audit in September 1975. The points noticed are mentioned below.

3.5.2. *Procurement of substandard quality seeds*

(a) During 1973-74, 2,574 quintals of wheat seeds were supplied by the State Farm Corporation to different agriculture districts in accordance with the instructions of the Director of Agriculture and Food Production.

The District Agriculture Officer, Bhawanipatna reported in December 1973, that the entire quantity of 200 quintals of wheat seeds (cost: Rs. 0.40 lakh) received by him was completely infested. A sample of 500 grams of these infested seeds was sent (December 1973) to the Chief Marketing Manager, State Farm Corporation, who was asked to take back the stock; no reply was received (September 1975).

District Agriculture Officer, Khariar reported (February 1974) to the Director of Agriculture and Food Productions that the consignment of 213 quintals of wheat seeds (cost:Rs. 0.48 lakh) received by him pertained to the year 1971-72 and was not from fresh stocks of 1973-74 (as per the package markings on the bags), and that 10 per cent of the consignment was infested with insects. Information about the disposal of this consignment is awaited (June 1976).

(b) The total procurement of paddy seeds in 1972-73 (62,950 quintals) included 9,650 quintals of salt-resistant paddy procured from another State. The Deputy Director of Agriculture, Baripada Range reported (August 1972) that the seeds procured from the other State contained chaff and other foreign material and were not fit for seed purposes. According to the information available from District Agriculture Officers, Kendrapara and Mayrubhanj, a quantity of 1,401 quintals (cost: Rs. 1.89 lakhs) was disposed of for consumption purposes.

3.5.3. *Non-disposal of seeds and shortage*

The total procurement of 17,828 quintals of wheat seeds in 1973-74 included a quantity of 5,543 quintals treated with chemicals (cost:Rs. 12.29

lakhs.). In August 1975 it was reported that 866 quintals of the chemically treated wheat seeds (cost : Rs. 1.75 lakhs) were found short. The balance quantity of 4,677 quintals (cost : Rs. 10.54 lakhs) remained undisposed of and was in damaged condition (December 1975) according to the reports sent by the district agriculture officers.

3.5.4. Accounts

(a) Up to 1969-70 the transactions relating to the scheme were being accounted for in the Public Account under the head "Special Advances". From 1970-71, they are being accounted for within the Consolidated Fund for which a personal ledger account has been opened in favour of Director of Agriculture and Food Production.

The compilation of the seed accounts in respect of the Special Advances has been done up to 1967-68 and is in arrears (September 1975) for the years 1968-69 and 1969-70.

Under the system of accounting in force since 1970-71, the annual accounts are to be finalised before July every year and the profits and losses are to be adjusted to the revenue or service heads as the case may be. For this purpose, the block development officers are required to submit before 15th May the annual stock and sale accounts, the demand, collection and balance statements and statements of profit/loss for the financial year to the district agriculture officers who, in turn, are required to forward them to the Director of Agriculture and Food Production. The compilation of final accounts is in arrears from 1971-72 onwards (December 1975).

(b) Advances

Advances amounting to Rs. 1,75.33 lakhs paid to departmental officers for procurement of seeds were outstanding (September 1975) *vide* details given below:—

Year	Director of Agriculture and Food Production	Other depart- mental officers	Others	Total
(1)	(2)	(3)	(4)	(5)
(In lakhs of rupees)				
1970-71	..	0.05	..	0.06
1971-72	..	2.55	0.02	2.57
1972-73	..	26.45	0.06	26.51
1973-74	26.92	13.88	0.08	40.88
1974-75	34.55	70.66	0.10	1,05.31
	Total	..		<u>1,75.33</u>

It was noticed that certain advances were refunded in full after more than six months as illustrated below:—

Date of advance	Party to whom advanced	Amount (In rupees)	Date of refund	Amount refunded (In rupees)
(1)	(2)	(3)	(4)	(5)
8th November 1971	Water Management Specialist	2,000	21st July 1972	1,839.25
			8th November 1973	160.75
16th August 1972	Deputy Director, Agriculture (Seeds)	1,000	23rd March 1973	1,000.00
30th May 1974	District Agriculture Officer, Balangir	25,000	31st March 1975	25,000.00

The reasons for non-adjustment of the advances or for not refunding the amounts earlier were not stated by the department (June 1976).

(c) *Sale on credit*

The rules do not permit the sale of seeds on credit basis. It was noticed that credit sale had been made in several cases. In the absence of compiled stock accounts, the precise extent of sales on credit and the amounts outstanding could not be ascertained. Information available in respect of 17 districts (out of 29 Agriculture Districts) showed that the credit sales outstanding for recovery pertaining to those districts amounted to over Rs. 13 lakhs for the period from 1970-71 to 1974-75.

The points mentioned above were referred to the Government in January 1976; its reply is awaited (May 1976).

SECTION B

FOREST AND ANIMAL HUSBANDRY DEPARTMENT

3.6. Milk Supply Scheme, Berhampur

3.6.1. Introduction

A milk supply scheme was taken up in 1970-71 at Berhampur in Ganjam district with the object of supplying wholesome milk to the urban consumers at a reasonable rate.

The scheme envisaged installation of a chilling centre and two fully equipped assembly centres with a complement of residential and non-residential buildings. The target was to supply 6,000 litres of milk per day by 1978-79 (21.90 lakh litres during the year) against the estimated requirement of 6,235 litres per day. For collection of milk, 5 milk producers' co-operatives were to be established in the rural neighbourhood. The scheme was estimated to cost Rs. 7.50 lakhs and yield a cash surplus of Rs. 1.73 lakhs up to 1973-74 and Rs. 0.81 lakh during 1974-75.

3.6.2. Implementation of the Scheme

No sanction has been issued for the scheme as a whole but separate sanctions were issued for different components thereof from time to time. Up to end of March 1975, Rs. 7.32 lakhs were spent on the scheme (non-recurring : Rs. 3.50 lakhs and recurring : Rs. 3.82 lakhs including the cost of milk procured during the period) against sanctions for Rs. 11.78 lakhs.

Three primary Co-operative Societies were formed in 1974 for collection of milk but they did not function pending finalisation (December 1975) of requisite formalities. Meanwhile milk is collected by the departmental staff directly from individual producers.

Construction of assembly centres has not been taken up so far (August 1975); the delay was stated to be due to the fact that the land which was taken possession of by the department in February 1973 had not been made available to the Works Department. Construction of a building for the chilling centre and nine residential buildings was taken up in January 1974; the buildings for the chilling centre and one residential building were completed by April 1975. The chilling plant for the centre is yet to be purchased (August 1975).

Pending installation of the chilling plant, the chilling plant donated by UNICEF for the scheme of free supply of milk to pre-school-going children and expectant mothers was installed in July 1975 in an improvised room in the local veterinary dispensary and used for chilling the milk procured under this scheme.

3.6.3. Working results

The table below indicates the quantity of milk supplied since inception of the scheme :—

Year	Target fixed in scheme report	Quantity supplied
	(Litres in lakhs)	
1971-72 ..	0.36	0.06
1972-73 ..	2.92	0.16
1973-74 ..	3.65	0.69
1974-75 ..	2.70	1.04

The department stated (December 1975) that the low quantum of supply was due to lack of transport facilities, non-installation of chilling plant, absence of storing facilities and inadequacy of staff.

The scheme has not been declared commercial and preparation of *pro forma* accounts has not been prescribed (June 1976) to determine the financial results.

The expenditure incurred on procurement of milk and sale proceeds realised are indicated below :

Year	Expenditure on purchase, handling and sale of milk	Sale proceeds realised	Surplus (+) Deficit (—)
(In lakhs of rupees)			
1970-71	0.01	..	—0.01
1971-72	0.75	0.08	—0.67
1972-73	0.69	0.21	—0.48
1973-74	1.25	0.98	—0.27
1974-75	2.24	1.76	—0.48
Total	4.94	3.03	—1.91

The cumulative deficit to end of 1974-75 was Rs. 1.91 lakhs as against the anticipated surplus of Rs. 2.54 lakhs. The Director of Animal Husbandry and Veterinary Services explained (December 1975) that “irregular functioning” of the scheme, fixation of low selling rate of milk, rise in the cost of petrol, oil, salaries of staff, etc., were some of the factors that adversely affected the functioning of the scheme.

3.6.4. Deviations from financial rules

Two instances of deviations from rules were noticed in implementation of the scheme:—

(a) The rules of Government prescribe that all moneys received by Government servants on account of revenues of the State shall be paid in full into the treasury and shall not be appropriated to meet departmental expenditure. Notwithstanding these provisions, sale proceeds amounting to Rs.1.58 lakhs relating to the period from 1973-74 onwards were appropriated (August 1975) for departmental expenditure. This diversion was reported (by the Manager, Milk Supply Scheme) to have been resorted to for want of timely allotment of funds for operation of the scheme.

(b) The financial rules of Government prohibit drawal of money from the treasury in advance of actual requirement. A sum of Rs. 0.52 lakh was drawn in March 1972 from the treasury for purchase of a chilling plant although the necessary purchase formalities had not been finalised. The amount was refunded into the treasury in September 1972.

The matter was reported to the Government in November 1975; its reply is awaited (June 1976).

3.7. Mechanised fishing

3.7.1. Mention was made in paragraph 32 of the Report of the Comptroller and Auditor General for the year 1971-72 of the working, up to the end of 1971-72, of 4 Polish trawlers purchased (February 1970) from the Orissa Fisheries Development Corporation, Limited, at a cost of Rs.14.87 lakhs for deep sea fishing. The working result of the trawlers during 1972-73 (the 3rd year of operation) is indicated in the table given below:—

Particulars	Annual target	Actuals 1972-73
Number of boat-days	800	369
Catch of fish (in tonnes)	1,626	345
Sale proceeds (in lakhs of rupees)	16	3.26
Revenue expenditure (In lakhs of rupees)	11	5.67

3.7.2. The shortfall in the number of boat-days during the year 1972-73 was explained (May 1975) by the department as due to (a) natural calamities like cyclone and bad weather, (b) non-availability of technical operating staff, (c) delay in repairs due to want of funds and (d) non-availability of spare parts for the trawlers.

3.7.3. The loss incurred on operation of the 4 trawlers during the year 1972-73 (excluding depreciation and interest on capital) was Rs.2.41 lakhs as against the anticipated profits of Rs.5 lakhs.

3.7.4. To avoid the recurring loss, the department invited tenders (June 1973) to hire out the 4 trawlers. Only two tenders were received and on the recommendation (August 1973) of a tender committee set up for the purpose, Government accepted (September 1973) the higher tender of Rs. 1 lakh per trawler per annum. The contract for hiring the trawlers for a period of one year was executed in November 1973 and all the 4 trawlers were made over to the tenderer in December 1973.

3.7.5. Before expiry of the lease period (end of November 1974), the lessee requested (January 1974) for extension of the lease for a further period of 5 years and this was recommended (April 1974) by the Director of Fisheries to Government for acceptance, on the same grounds on which the decision to hire out the trawlers was taken earlier. Government turned down the offer on 27th November 1974 (3 days prior to the expiry of the lease period) and instructed the Director of Fisheries to call for fresh tenders at short notice. Tenders were invited (December 1974) by the Director of Fisheries giving a notice period of only 16 days as against the notice period of 35 days on the earlier occasion. Only one tender was received with an offer of Rs. 50,000 for each trawler annually. Government decided in March 1975 to operate the trawlers departmentally. The trawlers returned by the lessee in December 1974 remained idle thereafter for want of repairs and technical personnel. These were sent for repairs in July 1975 and were reported to have been received after repairs in November 1975; the firm who did the repair work submitted a bill for Rs. 19.33 lakhs towards repair charges, which is to be settled (January 1976).

3.7.6. According to the terms of the contract, the lessee was responsible for proper maintenance of the trawlers including repairs and insurance charges. The lessee was informed (September 1973) by the Director of Fisheries that he would be charged the actual cost of repairs. An examination of the trawlers returned by the lessee conducted in December 1974 disclosed that extensive repairs and replacement were necessary. The amount recoverable from the lessee towards the cost of repairs was assessed in February 1975 by the departmental mechanical engineer at Rs. 0.69 lakh. The actual cost of repairs recoverable has not been determined by the department as the repair bill for Rs. 19.33 lakhs has not been settled and no recovery has been made from the lessee so far (December 1975). Rupees 0.55 lakh and rupees 0.10 lakh were outstanding for recovery from the lessee on account of hire charges and insurance premium paid by the department in respect of the trawlers for the period of the lease (December 1975). The security deposit from the lessee available with the department was Rs. 2 lakhs (December 1975).

The matter was reported to the Government in August 1975; its reply is awaited (June 1976).

SECTION C

HOME DEPARTMENT

3.8. Maintenance of unserviceable boats

The Superintendent of Police, Cuttack was provided between 1958 and 1964 with a fleet of vessels comprising 4 power boats and 7 country boats for maintenance of law and order in inaccessible areas of the district during rainy season.

Of the eleven vessels acquired between 1958 and 1964, 10 vessels have been lying unserviceable, 4 boats including one power boat since 1965, 4 other boats including a motor launch since the Cyclone in September 1967, one power boat since September 1970 and another power boat since September 1971. The Superintendent of Police approached (May 1974) the State Port Officer, Cuttack for inspection of the vessels for condemnation. Further developments are awaited (August 1975). Meanwhile, the staff (numbering 26) employed for operation of the vessels continues to be engaged though the vessels have remained inoperative for periods varying from 46 to 94 months. The Superintendent of Police, Cuttack stated (August 1975) that the staff were watching the unserviceable boats pending their replacement by new vessels for which the higher authorities had been approached from time to time. The expenditure on pay and allowances of the idle staff from September 1967 up to June 1975 was Rs. 3.32 lakhs.

The matter was reported to the Government in September 1975 ; its reply is awaited (June 1976).

GENERAL

3.9. Misappropriations, losses, etc.

Cases of misappropriations, losses, etc., of Government money reported to Audit up to the end of March 1975 and on which final action was pending at the end of September 1975 were as follows :—

	Number	Amount (In lakhs of rupees)
Cases outstanding at the end of September 1974	983	88.98
Cases reported during April 1974 to March 1975	140	19.09
Cases disposed of till September 1975 ..	57	2.27
Cases outstanding at the end of September 1975	1,066	1,05.80

Departmentwise and yearwise analysis of outstanding cases are given in Appendix V. The period for which these are pending finalisation is given below :—

	Number	Amount (In lakhs of rupees)
(i) Over five years (1948-49 to 1969-70)	484	61.66
(ii) Between three years and five years (1970-71 and 1971-72).	238	16.35
(iii) Up to three years ..	344	27.79
Total ..	<u>1,066</u>	<u>1,05.80</u>

The reasons for which the cases were outstanding are —

	Number	Amount (In lakhs of rupees)
(i) Awaiting departmental and criminal investigation.	305	34.76
(ii) Departmental action having been started has not been finalised.	450	29.98
(iii) Departmental proceedings having been finalised recovery is in progress.	100	8.74
(iv) Criminal proceedings having been finalised, execution/certificate cases for recovery of the amount are pending.	43	22.00
(v) Awaiting orders for recovery or write off.	102	3.81
(vi) Pending in courts of law.	66	6.51
	<hr/>	<hr/>
Total	1,066	1,05.80
	<hr/>	<hr/>

CHAPTER 4
WORKS EXPENDITURE
SECTION A
IRRIGATION AND POWER DEPARTMENT
BALIMELA DAM PROJECT

Introduction

4.1.1. The Balimela Dam Project in Koraput district is part of the programme for development of Machkund-Sileru river basin. The first effort to utilise the water of this river basin was made under the Machkund Hydro-Electric Project, a joint Andhra Pradesh/Orissa Project, by construction (1944) of a masonry dam at Jalaput and a diversion weir at Machkund. The tail water flow from this Project is joined by a tributary known as Gurupreo at Kondakamberu where the river takes the name of Sileru. For utilisation of these waters, two projects have been undertaken : the Balimela Joint Dam Project at Chitrakonda in Orissa and the Lower Sileru Project at Donkarayi in Andhra Pradesh.

4.1.2. The Balimela Dam Project is a joint venture of the Governments of Orissa and Andhra Pradesh and is governed by the inter-State agreement signed by the Chief Ministers of the two States in September 1962. The main provisions of the agreement are as follows :—

(a) The cost of common works on Balimela Dam Project would be shared equally subject to the share of Andhra Pradesh being limited to Rs. 12 crores.

(b) Half of total inflow into Balimela reservoir would be let out towards Andhra Pradesh share and the other half into the Balimela High Head Power House.

(c) The construction of Balimela Dam would be under a joint Control Board in which Andhra Pradesh and Orissa Governments would have equal representation.

(d) The design and specifications of the Project would be authorised by a Committee of Experts (Board of Consultants).

4.1.3. The object of the Balimela Dam Project is to store and regulate the flow of Sileru waters for generation of power for which two other associated power projects have been undertaken—(i) for generation of power out of the Orissa share of the water, the Balimela Hydro-Electric Power Project (sanctioned in 1966) at Balimela (Orissa) with an installed capacity of 480 M. W. at an estimated cost of Rs. 21.83 crores revised (1975) to Rs. 37.80 crores and (ii) for generation of power out of Andhra Pradesh share of water, the Upper Sileru Power Project at Guntewada (Andhra Pradesh).

The tail water of the Balimela Power house is intended to be used for irrigation of the Malkangiri valley in Orissa, by channelising the water into the Potteru river and constructing a barrage across the river at Surlikonda.

Project Organisation

4.1.4. The Control Board had its first meeting in September 1962. Secretaries of the Irrigation and Power Departments of the Orissa and Andhra Pradesh Governments are members of the Control Board. The Chief Engineers in charge of Electricity in the two States are permanent invitees. A member of the Central Water and Power Commission (now Central Water Commission) has been co-opted as a member. In July 1971, a representative of the Planning Commission also became a member of the Board. The Chairmanship of the Board alternates between the Chief Ministers of the two States. The Chief Construction Engineer, in charge of the Project, functions as Member-Secretary.

The Board performs the following functions :—

- (a) Scrutiny of Project estimates before approval by Government.
- (b) Approval of delegation of powers, both technical and financial.
- (c) Laying down specifications and schedule of rates for various classes of work.
- (d) Approval of all sub-estimates and contracts, the cost of which exceeds the power of sanction of the Chief Construction Engineer.
- (e) Deciding the programme of construction of the different parts of the Project and reviewing the progress of the different units of the Project from time to time.
- (f) Deciding the question of drawal of water from the reservoir.

4.1.5. The Control Board is assisted by a Board of Consultants composed of technical authorities drawn from the Central Water Commission and the Planning Commission. After the designs and specifications of the Dam and or its component works are cleared by the Board of Consultants, approval of the Central Water Commission is obtained.

4.1.6. Project Administration

The work of construction is carried out by the Chief Construction Engineer, now designated as Additional Chief Engineer, Irrigation, who is a full-time officer appointed by the Government of Orissa. Besides one design division and a quality control division under his direct control, there are two circles with 7 divisions for execution of works connected with the Dam.

To deal with acquisition of land, a separate Land Acquisition Organisation has been set up.

The Additional Chief Engineer is assisted by a Financial Adviser and Chief Accounts Officer, who is under the administrative control of the Irrigation and Power Department of Government of Orissa and is directly responsible to the department for exercising control over the financial and accounting transactions of the Project.

Project Estimate

4.1.7. The first comprehensive Project Report was prepared in 1965 at an estimated cost of Rs. 23,81.51 lakhs, rounded off to Rs. 24 crores. Government of Orissa accorded (April 1966) administrative approval only for 50 per cent of this estimate pending approval of the Government of Andhra Pradesh of its share of expenditure, although the entire expenditure was to be incurred initially by Government of Orissa pending reimbursement by Government of Andhra Pradesh.

The Project estimate was revised to Rs. 33,57 lakhs in 1968 and to Rs. 43,48 lakhs in 1971. A revised Project Report was prepared in October 1972 according to which the Project was estimated to cost Rs. 46,30 lakhs; this was again revised in September 1975 to Rs. 52,15 lakhs. None of these revised estimates has been approved by the State Government and the Central Water Commission (June 1976). No technical sanction has been accorded to the Project as a whole. The revised estimate of 1975 is under examination of a committee appointed by Government (March 1976).

4.1.8. The Salient features of the Project as per the Project Reports of 1965 and 1972 are shown in the following table :—

	Project Report	
	1965	1972
<i>Main Dam (Earth-fill)—</i>		
Length (feet) ..	6,090	5,980
Width at crest (feet) ..	30	30
Height (feet) ..	225	230
<i>Dyke I (Earth-fill)—</i>		
Length (feet) ..	3,150	2,165
Width (feet) ..	30	30
Height (feet) ..	101	121
<i>Dyke II (Earth-fill)—</i>		
Length (feet) ..	2,670	2,009
Width (feet) ..	30	30
Height (feet) ..	117	120
<i>Dyke III (Earth-fill)—</i>		
Length (feet) ..	2,615	2,663
Width (feet) ..	30	30
Height (feet) ..	143	151

Spillway—	Project Report	
	1965	1972
Nature of structure	Masonry, with radial gates	Straight gravity masonry, with radial gates
Maximum discharge (cusecs) ..	3·86 lakhs	3·86 lakhs
Length (in feet)		
(a) Overflow section ..	411	490
(b) Non-overflow section ..	380	390
Number of gates ..	8	10
Size of gates (Square feet) ..	40 × 40	40 × 40
<i>Reservoir—</i>		
Full Reservoir Level (feet) ..	RL 1,516	RL 1,516
Lowest drawdown level (feet) ..	RS 1,440	RS 1,440
Live storage capacity (cubic feet)	10,000 crores	9,450 crores
Regulated discharge (cusecs) ..	4,200	ranging between 3,600 and 4,700 cusecs

Changes made, if any, in these parameters in the revised Project Estimate 1975 are not available (June 1976).

4.1.9. The following table shows the Project Estimates of 1965, 1972 and 1975 and the actual expenditure incurred up to March 1975 :—

Sub-heads	Original Estimate July 1965	Revised Project Estimate		Expenditure up to March 1975
		1972	1975	
(1)	(2)	(3)	(4)	(5)
(In lakhs of rupees)				
I—Works				
A—Preliminary ..	15·00	114·30	17·65	
B—Land ..	241·75(A)	245·00(A)	351·85(A)	

(A) Includes expenditure on land acquisition establishment and capitalised value of 25 years land rent.

Sub-heads	Original Estimate July 1965	Revised project Estimate		Expenditure up to March 1975
		1972	1975	
(1)	(2)	(3)	(4)	(5)
C— Works — (In lakhs of Rupees)				
(i) Main Earth Dam ..	914.12	1,897.00	2,196.00	
(ii) Dyke No. 1 ..	149.07	285.00	275.81	
(iii) Dyke No. II ..	128.35	171.01	153.70	
(iv) Dyke No. III ..	249.30	426.12	443.09	
(v) Spillway with spill channel	211.72	452.10	542.18	
(vi) Coffor Dam ..	23.00	20.00	32.15	
(vii) Diversion Tunnel ..	26.82	47.46	53.15	
(viii) Approach cut to Diversion channel	16.31	25.13	25.13	
(ix) Exit cut ..	16.94	25.81	25.81	
(x) Installation of Instruments	8.00	..	..
(xi) Internal Transmission lines for construction power	8.80	31.30	31.30	
(xii) Permanent electrical Installation for works	..	8.00	8.00	
(xiii) Royalty on minor materials	..	..	13.00	
K— Buildings ..	73.32	123.80	114.86	
M— Plantation ..	1.50	1.50	1.50	
O— Miscellaneous ..	77.27	59.55	236.68	
P— Maintenance at the rate of one per cent except on B— Land	19.43	38.36	42.49	
Q— Special Tools and Plant	48.14	154.00	58.17	
R— Communications ..	23.50	48.40	53.00	
Losses on Stock ..	5.00	5.00	5.00	
Total I-works ..	2,257.32	4,278.84	4,680.52	3,720.91(B)
H— Establishment and Pensionary charges	100.00	324.20	421.96	344.37
III— Tools and Plant and Audit charges	39.35	77.50	162.49	117.80
IV— Suspense ..	..	..	..	458.42
V— Deduct— Receipts and recoveries on capital Account	-15.16	-50.64	-50.64	-24.96
Total ..	2,381.51	4,630.00	5,214.33	4,616.54

(B) Figures have not been worked out according to sub-heads in the books of the Financial Adviser and Chief Accounts Officer.

4.1.10. According to the original Project Report (1965), the Project was scheduled to be completed by the end of 1968-69 ; the Project is still under execution (March 1976). The Additional Chief Engineer stated (October 1972) that the increase in cost of Revised Estimate (1972) was due to the following :—

	Increase in 1972 Estimate over 1965 Estimate
	(In lakhs of rupees)
(i) Increase in cost of land acquisition and rehabilitation of displaced persons	72.32
(ii) Increase in Labour rates ..	1,32.30
(iii) Increase in cost of materials ..	37.64
(iv) Increase due to change in design ..	3.40
(v) Provision for new items not provided for in the original estimate	38.88
(vi) Increase due to higher rates tendered by the contractors over those provided in the estimate	7,64.08
(vii) Increase in establishment and other recurring charges due to extension of time schedule for completion of the Project	3,06.14
(viii) Other miscellaneous factors —	
(a) Increase in the Departmental rates of earth-work	6,55.22
(b) Seasonal preparation of dam and dyke bases	8.00
(c) Internal transmission lines ..	22.50
(d) Accommodation for staff ..	32.38
(e) Maintenance cost ..	18.93
(f) Increased outlay on special tools and plant	1,05.86
(g) Ordinary tools and plant and audit charges	38.15
(h) Other miscellaneous increases ..	12.20
Total increase ..	22,48.00

4.1.11. The reasons for the further increase of cost of Rs. 5,84 lakhs in the Revised Estimate of 1975 have not been stated by the Department. To the extent it could be seen in audit, the increase over the 1972 Estimate appeared to be due to the following reasons :—

	Amount (In lakhs of rupees)
(a) Increase in labour rates ..	22.88
(b) Increase in cost of material ..	75.00
(c) Increase in establishment and other recurring charges due to extension of time schedule for completion of the Project	1,74.79
(d) Increase in the Departmental rates of earth-work	2,46.00
(e) Seasonal preparation of Dam and Dyke bases	9.83
(f) Maintenance cost ..	16.28
(g) Ordinary tools and plant and audit charges	84.99
(h) Other miscellaneous increases ..	50.06
(i) Anticipated reduction in the expenditure on special Tools and Plant owing to adoption of increased life of heavy machinery and reassessment of resale value thereof	—95.83
Total ..	5,84.00

Delay in execution of the Project

4.1.12. The work on the Project was started in 1962. A detailed construction schedule was prepared in 1965 when the first comprehensive Project Report was prepared. It envisaged completion of the Project by the end of 1968-69 and settlement of accounts by 1969-70. This programme could not be adhered to. The progress of work was reviewed in March 1968 when it was decided that the Dam height should be raised to the level RL 1480 by June 1972 so as to commence impounding of water during the monsoon of that year and to the full designed level by June 1974.

4.1.13. The following table shows the original and the revised construction schedules of the Project and the progress reported to have been achieved by September 1975:—

Component of the Project	Original construction schedule (1965 Estimate)	Revised construction Schedule 1968		Progress to end of September 1975 (Quantities in lakh cubic metres)
		Target date of completion	Total volume of work involved (in lakh cubic metres)	
(1)	(2)	(3)	(4)	(5)
Main Earth Dam — ..	March 1969	June 1974		
(a) Base stripping ..	..	..	16.90	Completed
(b) Earthwork in embankment ..	..	..	124.20	In progress
				119.35
(c) Graded filter ..	..	..	5.55	In progress
				4.86
(d) Rock toe and rock-fill-cum-rip-rap ..	..	..	8.05	In Progress
				7.29
Dykes — ..	March 1969	June 1974		
(a) Base stripping and cut-off trench ..	..	..	8.40	} Work completed except graded filter and rock toe on Dyke I and certain other finishing items.
(b) Earth work ..	..	..	54.31	
(c) Graded filter ..	..	..	4.31	
(d) Rock toe ..	..	..	7.09	
Diversion Tunnel — ..	March 1969	June 1972		
Tunnelling ..	..	..	0.40	} Completed
Concreting ..	..	..	0.16	
Approach cut ..	..	..	2.70	
Exit cut ..	..	..	4.69	
Spillway— ..	March 1969	June 1974		
Spill channel ..	..	..	3.62	Completed

Component of the Project	Original construction schedule, (1965 Estimate)	Revised construction Schedule 1968		Progress to end of September 1975 (Quantities in lakh cubic metre)
		Target date of completion	Total volume of work involved (in lakh cubic metres)	
(1)	(2)	(3)	(4)	(5)
Spillway Dam —				
(i) Excavation	2.53	Completed
(ii) Masonry	0.55	In progress
				0.52
(iii) Concrete	0.54	In progress
				0.38
Gates	In progress : Out of 1070 tonnes of steel required, 812 tonnes have been supplied to the contracting agency. Fabrication done for 115 tonnes. Transportation and erection are yet to be taken up.

4.1.14. The work is in progress (March 1976). The major items of works yet to be completed are work on embankment of the Main Earth Dam, masonry and concrete structure of the Spillway Dam and the supply, fabrication and erection of the Spillway gates. According to the Revised Estimate of 1975, all these items are expected to be completed by 1976-77. According to the contract executed for the purpose, supply of gates and accessories for the Spillway is due by March 1977. Erection can, therefore, take place only thereafter. The Project, which was expected to be completed in a period of about 7 years, has been under execution for over 13 years.

4.1.15. The delay in execution was attributed by the Department in the Revised Estimate of 1972 and 1975 mainly to poor performance of the Departmental machinery.

Initially, the work on the Main Earth Dam and Dykes II and III was taken up for departmental execution with heavy machinery. In the Estimate of 1965 it was assumed that the heavy earth-moving machines would work 3 shifts daily. These were however used only for 2 shifts. The performance of the machines was also not satisfactory and there were frequent breakdowns. As a result of the review of the construction programme by the departmental authorities in March 1968, the work of construction of the Dykes was entrusted to contractors, departmental execution being limited to the Main Earth Dam. Additional equipment was also purchased. The heavy machinery continued to show poor performance. Details of under-utilisation of the earth-moving and other equipment are given in paragraphs 4.1.20. to 4.1.22.

The execution of the work on the Main Earth Dam by the department was continued up to 1973-74 when it was decided to induct Orissa Construction Corporation, a Government of Orissa Undertaking, into it with a view to complete the work by June 1975. A portion of the work on Main Earth Dam was entrusted to the Orissa Construction Corporation in 1974-75, with the stipulation to complete it by June 1975. In July 1975, the entire work remaining on the Main Earth Dam was also transferred to the Corporation.

The work on all the three Dykes was awarded to private contractors in 1968 but all the contracts were subsequently terminated between 1971 and 1972 on the ground that the contractors' performance was not satisfactory and the remaining work was also entrusted to Orissa Construction Corporation in 1972 with the stipulation to complete it by 1974. The Orissa construction Corporation completed the work on the Dykes by August 1975.

In 1971-72, the work on the Spillway Dam was also entrusted to Orissa Construction Corporation for completion by June 1974. To end of September 1975, against the designed height up to RL 1,530 feet, the Spillway Dam was raised up to RL 1,476 feet in the overflow section. Concreting and masonry work was in progress. As regards erection of the gates, according to the progress report for 1974-75, 812 tonnes of steel had been supplied to M/s Tungabhadra Steel Products for fabrication of gates against the total requirement of 1,070 tonnes. Fabrication was reported to have been done in respect of 115 tonnes by September 1975.

Certain points noticed in test audit relating to the works executed by Orissa Construction Corporation and private contractors are mentioned in paragraph 4.1.32.

*Departmental Execution*4.1.16. *Procurement of machines*

According to the Project Report 1965, the entire earthwork of about 65 crores cubic feet in embankments of the Main Earth Dam and Dykes was to be done departmentally at the rate of about 15 crores cubic feet annually. The following table shows the provision for purchase of various types of machinery in the original Estimate (1965) and the subsequent revised estimates :—

	Original Estimate 1965	Revised Estimate 1972	Revised Estimate 1975 based on actual expenditure
	(In lakhs of rupees)		
Earth-moving machinery ..	3,16.49	6,89.41	6,90.01
Rigging and material handling equipment ..	43.52	67.18	67.18
General transportation and lubrication equipment	40.00	35.09	35.09
Compressors ..	8.70	12.90	12.90
Drilling equipments ..	16.47	17.89	17.89
Pumping equipments, water tanker, etc. ..	38.40	37.99	37.99
Workshop equipments and fittings ..	8.00	7.74	7.74
Electrical equipments ..	20.87	26.83	26.83
Other miscellaneous equipments ..	9.43	7.08	7.08
Total ..	5,01.88	9,02.11	9,02.71
Spares ..	3,55.20	5,11.69	4,70.18
Gross provision ..	8,57.08	14,13.80	13,72.89
Net provision-after charging depreciation to works and taking credit for resale value	48.14	1,54.00	58.17

The reduction in the net provision from Rs. 1.54 lakhs in the Revised Estimate (1972) to Rs. 58 lakhs in the Revised Estimate (1975) is due to increased provision of Rs. 1.38 lakhs on account of resale value of machines partly off-set by decrease of Rs. 42 lakhs in the depreciated cost chargeable to works.

4.1.17. The machinery required for the Project was procured from various sources, namely (i) Russia, (ii) Hirakud and Salandi Projects, (iii) Director-General of Supplies and Disposal, and (iv) Indian firms.

4.1.18. The principal types of machinery purchased and the cost thereof are indicated below :—

Type	Number	Cost (In lakhs of rupees)
Excavators—		
(i) Electrical	.. 5	77.85
(ii) Diesel	.. 8	38.65
Lima Shovel	.. 5	25.53
Dumpers (of different specifications)	.. 103	3,94.62
Tata Scoop dumpers and Trucks	.. 50	38.60
Bull Dozers (100 horse power)	.. 40	59.20
Crawler tractors	.. 14	43.90
Tractor trailers	.. 14	27.00
Sheep-foot rollers	.. 61	8.41
Motor Graders	.. 4	3.10
Cranes	.. 16	40.18
Compressors	.. 22	12.96
Suction dredgers	.. 2	19.47
Pumping equipments	.. ..	17.89
Pumps (of different specifications)	.. 94	18.32
Trucks	.. 50	20.00
Jeeps	.. 45	8.10

4.1.19. The departmental records did not indicate the basis on which the requirement of various types of machinery for the Project was assessed. A few instances of purchases in excess of requirement are mentioned below :—

(i) Orders for purchase of 12 diesel shovels (cost : Rs. 57.97 lakhs) were placed in 1962. Although the entire supply was received in 1963, only eight of these were retained in the Project and were put to use ; information concerning actual utilisation of the other 4 shovels called for from the department in October 1975 is awaited (March 1976). The eight shovels worked for 13,704 hours in all from the date of commissioning in 1963-64 to 1970-71 against their work capacity in this period of 96,000 hours and have remained idle thereafter. Even while in use, the shovels were mainly used as drag-lines or clamp-shells for shifting heavy loads as and when required instead of for excavation of earth. As per the departmental records, Rs. 0.22 lakh was spent on the maintenance of two of these idle shovels between 1971-72 and 1974-75.

(ii) One 60 ton drag-line purchased in 1966 at a cost of Rs. 7 lakhs was given on hire to Orissa Construction Corporation during the period April to September 1969 and thereafter it has remained idle (November 1975).

(iii) Three Lima shovels were procured from the Salandi Project during 1968-69 at a cost of Rs. 25.53 lakhs for the Project work. The whereabouts of one of these shovels was not known to the Field Machinery Division (October 1975).

Performance of earth-moving machinery

4.1.20. MAZ dumpers

Fifty MAZ dumpers were purchased in 1962-63 (cost:Rs. 169.50 lakhs). According to the Project Estimates, they were to be operated in 3 shifts per day, but were actually operated only in 2 shifts. The dumpers worked up to 1968-69 for a total period of 1.02 lakh hours as against the work capacity of 5 lakh hours in this period. There were frequent breakdowns during operation. The Project authorities reported from time to time that the clutches of these dumpers were giving trouble and needed replacement after about 100 hours of work. The dumpers were reported to be consuming engine oil excessively resulting in carbon deposits which in turn necessitated frequent dismantlement of the engine for cleaning. The gear box of these dumpers was also reported to be not functioning properly.

Ten dumpers were repowered in 1969 with Cummins engines at a cost of Rs. 10.20 lakhs. Even thereafter, they worked only for 0.12 lakh hours up to 1974-75 against the work capacity of one lakh hours during this period.

All the ten dumpers remained idle during 1971-72, while in the succeeding three years ending 1974-75 the number of machines lying idle was 5,3 and 8 respectively.

The remaining 40 dumpers have remained idle continuously since 1969-70. The Sub-Divisional Officer, Field Machinery Sub-Division No. VI reported (July 1975) that (a) 25 dumpers were awaiting major repairs since July 1969, (b) these were kept in open, (c) most of the accessories had become junk and (d) the dumpers had become unserviceable. It is stated in the latest Estimate (1975) that the residual value of these dumpers as high grade steel scrap may be taken as Rs. 50,000 each. The question of their disposal is reported to be under consideration of the Project authorities (December 1975).

The capital investment in dumpers is accounted for as under—

	Amount (In lakhs of rupees)
Cost of acquisition of 50 dumpers ..	169.50
Cost of re-powering 10 dumpers ..	10.20
	179.70
Less—	
(i) Allocable to works for working hours actually performed	35.66
(ii) Residual value at Rs. 50,000 each as assumed by the department	25.00
	60.66
Total ..	119.04

The expenditure incurred on the maintenance of the MAZ dumpers during the period they remained idle from 1969-70 to 1974-75 was Rs. 5.03 lakhs (including Rs. 4.33 lakhs on the 10 re-powered dumpers).

The reasons for the poor performance of the MAZ dumpers are reported to be under investigation (November 1975) by the Central Water Commission since May 1975.

4.1.21. C. T. dumpers and Haulpack dumpers

After review of the construction programme in March 1968, 53 more dumpers were purchased (1969) at a cost of Rs. 2,14.92 lakhs. Of these, 13 C. T. dumpers worked for 0.59 lakh hours against the capacity of 1.17 lakh hours and 12 Haulpack dumpers worked for 0.85 lakh hours against the capacity of 1.20 lakh hours during the period 1969-70 to 1974-75. As explained by the department (September 1975) the under-utilisation was due to want of spares.

4.1.22. *Shovels and tractors*

Due to unsatisfactory performance of MAZ dumpers, the five electrical shovels procured (between 1963 and 1965 at a cost of Rs. 77.85 lakhs) for excavation of earth had to be kept idle to the extent given below during the period 1965 to 1975:—

Capacity in working hours	Hours actually worked	Idle hours
2 lakhs	0.62 lakh	1.38 lakhs

Similarly, twenty-eight tractors procured (between 1963 and 1965 for Rs. 70.90 lakhs), for spreading and compaction of earth, worked for only 1.09 lakh hours between 1963-64 and 1966-67 as against the capacity of 2.60 lakh hours. Thereafter, the tractors were reported to have been used for various other purposes such as stripping borrow area, maintenance of haul roads, etc.

4.1.23. An expenditure of Rs. 3.58 lakhs was incurred on the maintenance of idle tractors and drag-line as indicated below during the idle periods:—

Type of equipment	Number	Idle period in years from 1964-65 to 1974-75	Maintenance cost during the idle period
			(In lakhs of rupees)
D-8 Tractors	.. 3	3	0.73
C-100 Tractors	.. 16	47	1.61
100-H Tractors	.. 5	9	0.55
D-120 Hathi Tractors	.. 5	9	0.40
60 ton drag-line	.. 1	6	0.29
	Total	..	3.58

4.1.24. Although the Project is nearing completion, the earth-moving machines rendered surplus have not been listed out. In response to enquiry in audit, the Superintending Engineer, Mechanical stated (October 1975) that the data for the purpose were being collected. Further information is awaited (June 1976).

Cost of operation

4.1.25. For the purpose of determining the overall unit cost of operation, the entire expenditure incurred by the divisions is divided by quantities of work done. The cost thus worked out does not show the various elements of cost or the cost of operation at each stage namely, excavation, carriage and consolidation of earth so as to facilitate cost control and analysis of the reasons for increase in cost.

4.1.26. The original Project Estimate (1965) had assumed an overall rate ranging between Rs. 633 and Rs. 892 for 100 cubic metres of earth-work. In the Revised Estimate of 1972, it was revised to Rs. 1,037 per 100 cubic metres. The rate was subsequently increased to Rs. 1,089 in 1973-74, Rs. 1,785 in 1974-75 and to Rs. 2,169.30 in 1975-76 in the Revised Project Estimate 1975.

4.1.27. The main reasons given by the department (September 1975) for the rise in the cost of operation are :—

- (i) rise in cost of spares, consumables and wages ;
- (ii) decrease in the efficiency of the machines and machines being kept idle ; and
- (iii) increase in the distance of borrow areas.

4.1.28. *Work-charged establishment*

Although the machines were working on two shifts the work-charged staff had been maintained for three-shift working in certain cases, as noticed in test check in the case of five 630-B dumpers and twelve Haulpack dumpers for the year 1973-74 and 1974-75.

The Executive Engineer, Field Machinery Division No. II , one of the Mechanical Divisions of the Project, reported to the Superintending Engineer, Mechanical Circle in February 1975 that 152 work-charged staff of his division (approximate monthly wage: Rs. 0.39 lakh) would have no work after that month (on entrustment of balance work on the Earth Dam to the Orissa Construction Corporation) and asked for decision in the matter of utilisation of their services. There has been no reduction in staff (December 1975).

4.1.29. *Consumption of fuel*

A test check of site accounts in respect of one fleet of D. W.-20 dumpers for 1973-74 and 1974-75 showed that there was a total issue of 7,43,565 litres of diesel as against the requirement of 6,75,560 litres with reference to the norms specified in the estimate approved by the Additional Chief Engineer. The cost of the excess issue of diesel was Rs. 0.65 lakh ; the reasons for the excess issue have not been explained (June 1976).

4.1.30. *Provisioning of spares*

The provision for spares in the original Estimate (1965) was Rs. 3,55.20 lakhs which was revised to Rs. 5,11.69 lakhs in the Revised Estimate (1972) and to Rs. 4,70.18 lakhs in the Revised Estimate (1975). The expenditure incurred on spares was not, however, recorded separately. In respect of MAZ dumpers which are no longer in use since 1969-70, the cost of spares available in stock at the end of June 1973 was assessed at Rs. 29.71 lakhs by the department. Subsequent position has not been assessed (December 1975).

Execution of works by Orissa Construction Corporation

4.1.31 The following works were entrusted to Orissa Construction Corporation, an Orissa Government undertaking,

(i) *Main Earth Dam—*

(a) Preparation of base of Dam in River gap portion.

(b) Earthwork in embankment initially in the reach between RD 3,600 feet and RD 5,975 feet in December 1974 extended in January 1975 to the reach between RD 2,800 feet and RD 3,600 feet and ultimately extended over the entire length of the Dam during the working season 1975-76.

(c) Vertical chimney.

(d) Construction of downstream rock toe.

(e) Construction of upstream rock-fill-cum-rip rap: balance of work left unfinished by earlier contractors who were on the job upto August 1971.

(f) Providing downstream drainage arrangement.

(ii) *Dykes I, II and III—*

Balance of work left unexecuted by private agencies engaged on the job up to February 1971 on Dykes II and III and up to May 1972 on Dyke I.

(iii) *Construction of Spillway—*

Stage I works (Excavation of approaches, spill channel, and construction of Spillway up to RL 1,440) in October 1971 and post-stage I works (balance work up to designed level of 1,530 feet) in October 1972.

Some points noticed in test audit of these works are mentioned below.

4.1.32 *Main Earth Dam*

Earthwork in embankment—

By the end of June 1974, 1,04.21 lakh cubic metres of earthwork in embankment had been done departmentally on the Earth Dam. The balance of work to be done with reference to the estimates of 1972 was 20 lakh cubic metres. With a view to completing this work substantially by June 1975, the Additional Chief Engineer proposed to Government entrustment to Orissa Construction Corporation a portion of the work between RD 3,600 and RD 5,975. Government approved the proposal in August 1974. The work was awarded to the Company in December 1974. In January 1975, the work on a further length of the Earth Dam between RD 2,800 and RD 3,600 was also entrusted to Orissa Construction Corporation on the ground that the limited reach between RD 3,600 and RD 5,975 did not provide adequate working space.

Departmental machines of capital value of Rs. 51 lakhs were given to the Company on hire. Terms of hiring the equipment were not settled. According to the normal rules, the party taking the machines on hire should bear the cost of the pay and allowances of the operational staff in addition to the hire charges ; no recovery has been made on this account (December 1975). The amount recoverable on account of pay and allowances has not been calculated.

For the machinery hired out, hire charges have to be recovered from each running account bill. Such recoveries were not made regularly. The amount pending recovery computed in accordance with existing departmental rules was Rs. 1.87 lakhs (November 1975).

Vertical chimney

The vertical chimney is provided in the Dam to keep the downstream portion of the Dam dry and guiding the seepage flow through the downstream filter blanket. This filter consists of 4 feet thick column of graded aggregate with an outer layer of 3 feet thick sand on either side, the finer size aggregate being close to sand to provide smooth transition.

The work was being executed along with the raising of the height of the Dam. Up to end of the working season in 1970-71, the work was executed through private contractors on the basis of tenders. No work was done during 1971-72.

The Additional Chief Engineer proposed to Government in March 1972 entrustment of the work on vertical chimney to Orissa Construction Corporation on the ground that the cost of the work given out on tender was going up. This was agreed to by Government (May 1972). The work was entrusted to Orissa Construction Corporation in November 1972. The rates were finalised, after negotiation, in February 1973 as indicated below :—

	Rates of Orissa Construction Corporation February 1973
	Rs.
Excavation of compacted earth up to 3 metres depth (per 100 cubic metres)	500
Sand (per cubic metre) ..	45
Aggregate (per cubic metre)— 3 mm. to 19 mm. size	40
19 mm. to 75 mm. size ..	35

The agreement with the Company was executed in February 1973 for construction of the vertical chimney up to RL 1,505 by end of April 1974 at a cost of Rs. 65.23 lakhs. In April 1974, the company was permitted to execute the work till June 1974. The work was not completed even by June 1974 as the Earth Dam had not been raised to the required height.

Under the orders of Government of August 1974, the rates for the balance work (June 1974) were enhanced on the ground that the rates at which Orissa Construction Corporation was executing the work were unworkable. A new agreement was entered into for the working season 1974-75 for Rs. 66.82 lakhs. The cost of the balance work was Rs. 42.05 lakhs at the previous agreement rates.

Construction of upstream rock fill-cum-rip rap

The work of construction of upstream rock fill-cum-rip rap for Main Earth Dam up to RL 1,480 feet was split up into two reaches (RD 300 to RD 1,200 and RD 2,100 to RD 5,800) and was awarded to contractor 'A' at the lowest tender value of Rs. 9.33 lakhs and Rs. 30.90 lakhs respectively. According to the contracts entered into with the contractor in December 1969 and May 1970 respectively the works were to be completed by the end of June 1971. Both the contracts were rescinded in August 1971 on ground of unsatisfactory progress of work. The contractor went in for arbitration. Up to the date of termination of the contracts, the contractors were paid Rs. 5.25 lakhs for work done. The arbitrator awarded payment of Rs. 0.61 lakh for the first work and Rs. 2.73 lakhs for the second work to the contractor mainly on the ground that the site condition was not satisfactory for execution of the work as the Dam was not raised to required heights.

The balance work left by the contractor 'A' in RD 300 to RD 1,200 and RD 2,100 to RD 5,800 together with construction of rock fill-cum-rip rap in river gap portion of RD 1,200 to RD 2,100 was divided into 18 reaches and put to tender in August 1971. In November 1971, on direction of Government, the entire work on all the reaches was entrusted to Orissa Construction Corporation with a reduction of 2 per cent from its own rates where they were the lowest (reaches II and IV to XVIII) and from the lowest quoted rates of other contractors in case where its rates were higher (reaches I and II). The work order was issued in respect of reaches I to IV in December 1971 and for the other reaches in January 1972.

The comparative value of the balance work (i) as per the old contracts, (ii) as per the estimates prepared in August 1971, (iii) as entrusted to the

Company at lowest tendered rates and (iv) as ultimately measured and paid to it in different reaches was as follows :—

Reach	Value of work as per			
	Old contract	Estimates of August 1971	Contract executed with Corporation	Final bills of Corporation
(1)	(2)	(3)	(4)	(5)
		(In lakhs	of rupees)	
I to IV ..	8.56	13.75	24.57	28.19
V to VIII (Part) (River gap) ..	Fresh work	12.01	23.25	23.07
VIII (Part) to XVIII ..	26.42	38.60	69.86	70.96

For reaches I, II and III, the contract envisaged use of departmental stone lying at diversion tunnel, exist cut, etc., at Rs. 19.49, Rs. 20.00 and Rs. 19.47 per cubic metre for the three reaches respectively. The total quantity of stone required for these three reaches was 0.60 lakh cubic metres against which 0.21 lakh cubic metres of departmental stone was actually used; for the balance quantity quarried stone was used and was paid for as an extra item at Rs. 30 per cubic metre. There was an extra expenditure of Rs. 4.03 lakhs due to payment for quarried stone at higher rate. The materials-at-site account of the works of diversion tunnel, exist cut, etc., showed that there was adequate departmental stone to meet the requirements of these three reaches in full and had it been used this extra expenditure would have been avoided. While approving the rate of Rs. 30 per cubic metre, the Additional Chief Engineer observed (March 1973) that the loss on this account could have been avoided had timely action been taken by the officers concerned.

Execution of work by other contractors

4.1.33. Drainage arrangement in downstream rock toe

The work of providing drainage arrangement in downstream rock toe of Main Earth Dam RD 00 to RD 1600 was entrusted to contractor 'P' in July 1974. The contractor was required to collect hard stones, transport them to work spot and lay them in position on the approved surface over the aggregate already laid, to proper profile including surface dressing at a rate of Rs. 27.95 per cubic metre. According to the entries in the measurement book, the contractor collected 940.68 cubic metres of rubble stone from the quarry but could not lay the stone in position on approved surface as the authorities issued orders not to lay the filter materials. Payment was made for the work at part rate

as proposed by the Superintending Engineer, Balimela Dam Circle in July 1975 deducting Rs. 4.30 per cubic metre for not laying the stones. There was no record of this excavated rubble stone in the materials-at-site account. Subsequent enquiry in August 1975 by the Additional Chief Engineer revealed that no rubble stones were collected by the contractor from approved quarries. The amount paid for the work was Rs. 0.22 lakh.

4.1.34 *Measurement of work on Dykes*

Earth in embankment constituted the major portion of the work of construction of Dykes. This again comprised (i) excavation, (ii) carriage of excavated earth and (iii) spreading in layers on the surface of the Dykes, ready for compaction (by the department). Rate for earthwork varied according to the nature of the soil and according to leads, *i.e.*, the distance between borrow area and the work site.

According to the tender notice and contract terms in respect of Dyke I, contractor 'K' was to get payment for earthwork on the Dyke with reference to the radial distance of the borrow area from the axis of the Dyke at RD 1,480. The work on Dyke I commenced in March 1969 and payments were made on the basis of the radial distance of the of the borrow area in terms of the contract. On a representation by the contractor in February 1970 that payment on the basis of radial distances was unjust and led to loss, the Additional Chief Engineer recommended payment as per haul road lengths and this was approved by Government in August 1970. A supplementary agreement was drawn up for the purpose and the quantities involving different leads on haul lengths were re-determined with reference to pit measurements in different borrow areas already excavated.

An additional amount of Rs. 2.36 lakhs was paid to the contractor as difference in value of work done up to August 1970 on account of revised leads with reference to different haul road lengths.

4.1.35 *Non-recovery of dues from contractor*

According to the final bill of the contractor for Dyke III whose contract was terminated in January 1971, the total amount payable to the contractor was Rs. 3.87 lakhs against which the amount due for recovery from him on account of cost of shovel not returned, unrecovered advance, cost of materials issued, etc., was assessed by the Department at Rs. 12.15 lakhs. The Department held Rs. 3.38 lakhs in the form of security deposit against these dues. The final claim is to be settled (December 1975).

4.1.36. *Excess payment due to defective estimation*

(a) *Spill channel of Spillway at gap IV RD 00 to 600*— The work was estimated to cost Rs. 26.42 lakhs on the basis of the estimates prepared on approximate basis without obtaining data through trial pits and bore holes. Tenders for the work were invited on 1st April 1970. Of 5 tenders received, the work was awarded to the second lowest tenderer by getting his rates reduced by negotiation so that the overall tender value might be equal to that of the lowest tenderer. Reasons for not considering the lowest tender were not kept on record. The work was ordered for commencement in January 1971 with the stipulation to complete the work by November 1971. The work was actually completed in May 1972. Quantities of various items actually executed on the work varied from the estimated quantities shown in the tender schedule and the contract to the extent given below :—

Description of item	Quantity	Quantity
	estimated	actually executed
	(In cubic metres)	
All kinds of soil and disintegrated rock	235,200	62,057
Medium hard rock ..	67,200	1,23,718
Hard rock ..	33,600	11,697

A re-computation made in audit of the value of work, with reference to the quantities actually executed, disclosed that the contractor who executed the work actually turned out to be the fourth lowest. The payment made (Rs. 26.14 lakhs) exceeded by Rs. 3.79 lakhs what would have been payable (Rs. 22.35 lakhs) to the first lowest tenderer according to the actual quantities of work executed.

(b) *Spill channel of Spillway : RD 600 to RD 1,700*—

Tenders were invited on 1st April 1970 for the work of excavation of spill channel of Spillway at gap IV RD 600 to RD 1,700. The tenderers were asked to quote for the following items of work indicating the approximate quantities shown against each:—

	Approximate quantity
Work in all kinds of soil and disintegrated rock, etc.	1,43,500 cubic metres
Excavation in medium hard rock ..	40,000 cubic metres
Excavation in hard rock ..	20,500 cubic metres

The work was awarded to the lowest tenderer based on the approximate quantities, without obtaining data from drill holes and trial pits. The work order was issued in January 1971 and the work was completed in May 1972. It was noticed from the final bill that there were wide variations in the quantities actually executed as indicated below:—

Item of work	Agreement quantity	Quantity executed
	(In lakh cubic metres)	
All soils, etc.	1.44	0.74
Medium hard rock	0.41	0.50
Hard rock, etc.	0.20	0.18
Total	2.05	1.42

With reference to the actual quantity of work executed, the contractor who executed work turned out to be the third lowest ; the payment made to him exceeded by Rs. 1.23 lakhs what would have been payable to the lowest tenderer according to the actual quantities of work done.

4.1.37. *Overpayment due to arithmetical mistakes*

Due to arithmetical mistakes in calculating the quantities and the amounts payable in respect of the work done, overpayments (Rs.0.27 lakh) were made to three contractors engaged on Spillway works between 1970-71 and 1972-73. In all these cases, the final payments had been made between March 1972 and February 1974. The excess payment was pointed out to the department in July 1975 and the department stated that action would be taken to recover the amounts overpaid ; recoveries have not been made (December 1975).

4.1.38. *Diversion works*

Construction of the diversion tunnel and power tunnel and ancillary works, was entrusted to a contractor in May 1965 after calling for tenders. The contract was signed in August 1966 stipulating that the work should be completed within 23 months from the date of written order to commence *i. e.*, by April 1967. The contractor was granted extension of time up to June 1972 on the ground that there were major changes in design of the works. The work was reported to have been completed in July 1972. The payment made to the contractor so far amounted to Rs. 85.62 lakhs ; the final bill has not been paid (December 1975).

Some points noticed in the test check of the contract are mentioned below :—

(a) *Over-breakages*

According to the terms of the contract for the diversion tunnel and the power tunnel, measurements for excavation in the tunnels were to be for the quantity determined from the area bounded by the paylines marked on approved sections or by the actual line of excavation whichever gave the least quantity. Any extra excavation done beyond the paylines for any reason whatsoever was not to be paid for and it was to be filled back with concrete used for lining of the tunnel.

There were heavy over-breakages in the tunnelling work beyond the prescribed sectional paylines. The total quantity of such over-breakages in various reaches of the tunnel works was 2.02 lakh cubic feet and represented about 15 per cent of the quantity of the work done in the tunnels; in certain sections, the over-breakages were as high as 90 per cent. The contractor was allowed payment at full rates for excavation, concrete lining, etc., in respect of these over-breakages though such payment for work done beyond paylines was not admissible under the contract. The expenditure on this account was Rs. 9.02 lakhs.

It may be mentioned that according to the geological report obtained from Geological Survey of India in September 1963 before the excavation of the tunnel was started, no problems were anticipated in driving the diversion tunnel except for some amount of roof fall and occasional breakage on the site which might require supports. The report of Geological Survey of India had, however, suggested that more detailed exploration of the proposed tunnel line should be done before undertaking the work and Geological Survey of India should be kept informed of the designs and lay-out studies undertaken by the Project authorities. Record of such exploration was not available (December 1975).

The Irrigation and Power Department stated (March 1976) that it was seized of the problem of over-breakages and had appointed a committee to go into the question.

(b) *Excess payment on account of cement*

The contract provided for a rate of Rs. 530 per 100 cubic feet of concrete work of 1:1½:3 mix; as per the terms of the contract, the unit rate of the contractor was worked out on the basis that the minimum quantity of cement used would be 18 cwt. (18.28 bags) per 100 cubic feet of concrete *in situ* and if any additional cement was required to be used, the

rate quoted was to be increased proportionately. In June 1968, the Additional Chief Engineer approved a unit rate of Rs. 600.60 assuming consumption of 24.53 bags cement per 100 cubic feet of concrete work and payment was made at this rate for 2.18 lakh cubic feet of cement concrete work. The actual consumption of cement in the work was 22.28 bags per 100 cubic feet of concrete work for which he was entitled to a rate of Rs. 578.64 per 100 cubic feet. Payment at Rs. 600 per 100 cubic feet resulted in an excess payment of Rs. 0.48 lakh in running account bills paid up to September 1972. The final bill is yet to be settled (March 1976).

4.1.39. Classification of excavation items as hard rock

The work in the Project area involved excavation in various kinds of soil including hard rock. According to the various contracts entered into with the agencies for execution, all blasting material required for breaking hard rock was to be provided by the department and was required to be utilised with the approval of the Engineer in charge.

According to the Superintending Engineer, Balimela Dam Circle (November 1975), one kilogram of gelatine issued by the department could blast 3 to 4 cubic metres depending on the rock formation. In the course of test check it was noticed that the quantity of excavation classified as involving blasting by use of explosives and paid for at rates stipulated for excavation in hard rock was in excess of the maximum quantity that could be produced by use of gelatine actually issued by the department in the following cases:—

Name of work	Gelatine issued (in kilograms)	Hard rock excavation possible at 4 cubic metres per kilogram (In cubic metres)	Excavation paid for as hard rock	Difference between column 4 and column 3
(1)	(2)	(3)	(4)	(5)
Providing down stream drainage arrangement to Main Earth Dam	25	100	1,162	1,062
Construction of drainage channel in Dyke III	775	3,100	6,268	3,168
Excavation in Spillway foundation	6,325	25,300	81,798	56,498
Excavation in Spillway channel ..	9,025	36,100	2,04,014	1,67,914
Exit cut ..	5,575	22,300	57,632	35,432
Approach cut ..	11,590	46,300	1,04,555	58,195

The classification of quantities of the excavated materials as hard rock far in excess of the blasting potential of the gelatine entitling the contractors to payment at higher rates admissible for excavation in hard rock was reported to Government in December 1975. The department stated in March 1976 that the Additional Chief Engineer was being requested to give his technical opinion and details of use of excavated materials on verification of records.

4.1.40. *Supply, carriage and laying of granite aggregate at the Dam site for Dam and Dykes*

Part of the work of "supplying, carriage and laying of granite aggregate at the Dam site for Dam and Dykes" in the defunct Dykes and Spillway Division was entrusted by the Additional Chief Engineer to the Cuttack District Co-operative Labour Contract Union Limited after inviting public tenders. The agreement (value: Rs. 43.23 lakhs) was entered into on 22nd June 1965 for completion of the work in four years and the order to commence the work was issued on the 28th June 1965.

In September 1965, an advance of Rs. 0.50 lakh was paid to the Co-operative Union towards working capital for the work. The agreement stipulated that the advance was repayable in instalments and that in the event of default, the entire advance was repayable in lump with interest at 7½ per cent on the defaulted amount from the date of default till recovery of the entire advance; the number of instalments and the method of recovery, whether by deduction from running account bills or otherwise, were not specified.

According to the agreement, the Co-operative Union was to have completed the work by June 1969. Extensions of time were granted up to June 1970. The Co-operative Union stopped work in May 1970 after executing Rs. 0.90 lakh worth of work out of the contract value of Rs. 43.23 lakhs. The extra expenditure incurred on completion of the work through other agencies, which is recoverable from the Union, has not been assessed (April 1976). No part of the advance of Rs. 0.50 lakh has been recovered either. There were other dues amounting to Rs. 0.26 lakh awaiting recovery from the Co-operative Union. The Irrigation and Power Department intimated (April 1976) that the final bill was pending in the Earth Dam Division and that the dues to be recovered would be calculated and recovered at the time of finalisation of the bill.

4.1.41. *Other points of interest*

(a) *Payment of bonus*

The work on the construction of the three Dykes excepting compaction and instrumentation was given to three contractors after inviting open tenders. The following table gives the details of the contracts:—

		Date of award of contract	Value of contract (In lakhs of rupees)	Stipulated date of completion
Dyke I	..	October 1968	147.96	October 1971
Dyke II	..	November 1968	115.77	November 1971
Dyke III	..	November 1968	272.55	November 1971

In June 1970, the contractors represented for increase in the rates for work by 30 per cent to compensate for the losses they had reportedly been incurring on account of rise in cost of labour, materials, etc. Government approved (October 1970) payment of a performance bonus of 7 per cent of the value of the work done, if progress was satisfactory, subject to certain conditions. A programme of construction was worked out and intimated to the contractors (November 1970) with whom supplementary agreements incorporating the revised programme and the performance bonus clause were concluded (January 1971). The performance of the contractors was not found to be satisfactory in terms of the targets fixed in the supplementary agreements concluded in January 1971 and the contracts in respect of Dykes III, II and I were terminated in January 1971, February 1971 and May 1972 respectively. Bonus was not paid to any of these contractors as the targets set in supplementary agreements were not achieved.

The contractors for Dykes I and II claimed bonus and sought arbitration. The arbitrator awarded (May 1973) Rs. 6 lakhs to the contractor for Dyke I as bonus on the ground that the contract had been terminated on the understanding that the bonus would be paid and the Government was partly responsible for delay in execution of work by the contractor. An amount of Rs. 7.03 lakhs was paid (January 1974) on this account including interest. The arbitrator awarded (October 1975) a sum of Rs. 1.36 lakhs to the contractor for Dyke II on the ground that the termination of the contract prematurely in February 1971 with levy of liquidated damages was not correct. The claim for bonus (Rs. 4.08 lakhs) of the contractor for Dyke III is *sub judice*.

Balance of work on all the Dykes was entrusted to Orissa Construction Corporation after termination of contracts with the private contractors. The additional cost of execution of this work on Dykes II and III through Orissa Construction Corporation on termination of private contracts amounted to Rs. 24.58 lakhs with reference to the rates in the private contracts.

(b) Purchase of machinery for issue to contractors on hire

In view of growing demands by contractors engaged on Dykes for cash advances for purchase of machinery, Government decided in October 1970 that the Project should purchase the trucks and lend them on hire to the contractors. The rates were to be fixed to cover the entire cost of the machines including cost of maintenance to ensure that the Project cost was not increased on this account. In pursuance of this decision 10 trucks and 40 tippers were purchased by the department between December 1970 and February 1971, at a total cost of Rs. 36.73 lakhs. Of these, 4 trucks and 12 tippers purchased at a cost of Rs. 11.92 lakhs were not lent out on hire at all or used otherwise in the Project so far (December 1975).

In the case of the machines lent to contractors immediately after purchase, the department did not fix the terms of hire nor executed any contract for the purpose of recovery; these were handed over after obtaining undertakings from them that they would agree to pay hire charges at rates to be fixed by the department. In January 1973, Government decided that hire charges in these cases should be recovered at 3 per cent of capital cost. The hire charges due from the three private contractors on this account worked out to Rs. 3.71 lakhs.

The contractors for Dykes I and II disputed recovery of hire charges in excess of 2 per cent of capital cost. When the matter went up to arbitration, the arbitrators disallowed the demand of the department for recovery of 3 per cent of capital cost in both the cases on the ground that this rate was decided long after the contracts were terminated. The amount of hire charges that had to be foregone on account of one per cent reduction in these two cases was Rs. 1.07 lakhs. The amount of Rs. 0.34 lakh in case of the contractor on Dyke III (contract terminated in January 1971) is yet to be realised (December 1975).

Out of Rs. 22.08 lakhs due for recovery from Orissa Construction Corporation up to April 1975, Rs. 20.60 lakhs were recovered from it; there was thus a short recovery of Rs. 1.48 lakhs. Recoveries from May 1975 have been held in abeyance pending finalisation of a proposal to sell the trucks and tippers to it (December 1975).

(c) Full Reservoir Line

The Project Estimate (1965) contemplated demarcation of Full Reservoir Line at RL 1,516 feet (above sea level). Demarcation, jointly by the staff of the Forest Department and of the Project, was commenced in October 1969. The expenditure incurred on the work up to August 1975 was Rs. 4.93 lakhs.

In July 1972, the Land Acquisition and Resettlement Officer of the Project reported that Full Reservoir Level line was marked on dead or dying trees and that it would not last long. The Additional Chief Engineer instructed (November 1972) that a suitable programme for establishing permanent boundary marks should be drawn up. Information regarding the action taken on this instruction and the expenditure incurred as a consequence is awaited. (April 1976).

In 1972-73, the then Central Water and Power Commission had recommended adoption of the contour line at RL 1,525 feet. The work of demarcating the contour at RL 1,525 was estimated to cost Rs. 0.32 lakh (1972-73). Expenditure incurred against this estimate up to September 1975 was Rs. 1.71 lakhs; the establishment for the purpose continued to be entertained (December 1975).

(d) Clear-felling the Forest growth

The work of clear-felling the forest growth was entrusted to Orissa Forest Corporation, an Orissa Government Undertaking, at Rs. 50 per acre and an advance of Rs. 20 lakhs was paid to it in March 1963 for clearing 41,000 acres, the total forest area as per the original Project Report (1965). No agreement was executed stipulating the period within which the work was to be completed. After clearing 10,147 acres, the Corporation stopped further work in July 1964 and claimed enhancement of rates for the work. An additional area of 35 acres was clear-felled by it (July 1969) under the supervision of the department and, on actual observation of the work done, a rate of Rs. 136 per acre was arrived at. On this basis, the amount admissible to Forest Corporation for clear-felling 10,182 acres including 10,147 acres already clear-felled was determined at Rs. 13.85 lakhs. Balance of Rs. 6.15 lakhs out of Rs. 20 lakhs advanced in March 1963 remains to be refunded by the Corporation (December 1975).

*Accounts**4.1.42. Register of Project Estimate*

As against the Revised Project Estimate (1975) of Rs. 52,14.33 lakhs, the working estimates sanctioned by the technical authorities for different components as per the Project register totalled Rs. 53,10.60 lakhs. According to the objection books maintained by the Financial Adviser and Chief Accounts Officer, expenditure of Rs. 29.47 lakhs in excess of the sanctions to the working estimates was pending regularisation in 19 cases (December 1975). Further, expenditure of Rs. 5,67.99 lakhs was under objection for want of estimates in 1,825 cases.

4.1.43. Delay in or non-submission of accounts returns

Under the accounting procedure prescribed for the Project, accounts returns such as materials-at-site accounts, works abstracts, stock accounts, tools and plants accounts, etc., are to be rendered by the divisions to the Financial Adviser and Chief Accounts Officer. The Financial Adviser and Chief Accounts Officer observed in November 1975 that the works abstracts and materials-at-site accounts up to March 1974 had not been received by him from many of the divisions. In the Field Machinery Division No. I, the works abstracts had not been prepared since its inception (1965-66); the expenditure incurred in the division to end of 1974-75 was Rs. 2,02.64 lakhs as per the departmental records. In the Field Machinery Division No. II, preparation of works abstracts was in arrears from 1970-71 onwards; works abstracts had not been prepared in the Stores and Mechanical Division from October 1974 onwards.

4.1.44. The tools and plants returns for each year ending September are required to be submitted by the divisional officers to the Financial Adviser and Chief Accounts Officer by 1st November. A total expenditure of Rs. 1,17.80 lakhs was incurred on 'tools and plant' up to March 1975. Submission of the tools and plant returns was in arrears (December 1975) as shown below :—

Division	Due from
Roads and Buildings Division	Inception (April 1965)
Earth Dam Division	Inception (October 1962) except for one sub-division
Stores and Mechanical Division	April 1974
Field Machinery Division No. I	April 1975
Field Machinery Division No. II	October 1974

4.1.45. *Contractors ledger*

The contractors ledgers in the divisions have not been closed and verified with the corresponding balances in the works abstracts at any time so as to determine the accuracy of the amounts recoverable from contractors in respect of works entrusted to them.

4.1.46. *Tools and Plant Account*

Physical verification of tools and plants in the Field Machinery Division No. II conducted by the Stores Verification Party during 1973-74 disclosed shortages valued at Rs. 0.10 lakh and discrepancy in tools and plant valued at Rs. 2.19 lakhs. The shortages and discrepancies are to be investigated (November 1975).

4.1.47. *Suspense accounts*

A test check of the accounts records pertaining to the suspense heads disclosed the following :—

(a) *Stock*—Monthly stock accounts returns submitted by the divisional officers involving Rs. 1,01.87 lakhs were pending adjustment in the books

of the Financial Adviser and Chief Accounts Officer (December 1975); the returns lying unadjusted pertained to the period from 1967-68 to 1974-75 as indicated below :—

Year		Number	Amount (In lakhs of rupees)
1967-68	..	10	4.83
1968-69	..	14	7.41
1969-70	..	1	0.07
1970-71	..	7	0.56
1971-72	..	46	18.70
1972-73	..	93	34.67
1973-74	..	84	29.40
1974-75	..	9	6.23
Total	..	<u>264</u>	<u>1,01.87</u>

Physical verification of stores in two divisions conducted by the Stores Verification Party during 1973-74 and 1974-75 disclosed shortages in stock of Rs. 3.76 lakhs, discrepancies between book balances and physical balances of tools and plant of Rs. 6.56 lakhs and losses of Rs. 0.47 lakh; the division-wise details are given below :—

	Shortages	Discrepancies	Losses	Total
(1)	(2)	(3)	(4)	(5)
(In lakhs of rupees)				
Stores and Mechanical Division	3.18	6.10	..	9.28
Roads and Buildings Division	0.58	0.46	0.47	1.51
Total	<u>3.76</u>	<u>6.56</u>	<u>0.47</u>	<u>10.79</u>

The shortages and discrepancies are to be investigated (December 1975).

(b) Miscellaneous Public Works Advances

The following amounts were lying under Miscellaneous Public Works Advances according to the books of the divisional officers :—

	As on 31st March 1975	As on 30th Novem- ber 1975
(In lakhs of rupees)		
Stores and Mechanical Division ..	2,74.72	2,74.77
Roads and Buildings Division ..	55.27	49.46
Dykes Division (Defunct) ..	10.89	10.88
Earth Dam Division ..	9.67	6.66
Quality Control Division (Defunct) ..	..	0.02
Field Machinery Division I ..	0.18	0.20
Field Machinery Division II ..	0.86	0.70
	<hr/>	<hr/>
Total ..	3,51.59	3,42.69
	<hr/>	<hr/>

The following amounts were outstanding in the Miscellaneous Public Works Advances at the end of November 1975 for the reasons indicated against the various items:—

	Amount (Rupees in lakhs)
(i) For want of details ..	62.27
(ii) For want of Government sanction for advance paid for supplies	1,06.03
(iii) Payments for supplies received pending verification by the indenting officers	27.32

4.1.48. *Special Tools and Plant*

(a) Complete record of machines showing the cost of acquisition, use rate per hour, estimated economic life, hours of work done and depreciated value charged to works on which engaged had not been maintained, to serve as a history sheet of each machine.

(b) Log books did not include a complete record of the number of hours the machinery worked and the details of fuel consumed. The issue of diesel oil during 1974-75 as per materials-at-site accounts of works was not fully reflected in the log books in the following cases:—

	Quantity issued	Quantity recorded in the log book
(In litres)		
D. W. 20 Dumper No. 51 ..	5,892	5,300
D. W. 20 Dumper No. 52 ..	23,308	21,532
D. W. 20 Dumper No. 54 ..	24,053	18,993
D. W. 20 Dumper No. 57 ..	23,740	20,117

The differences are to be reconciled (December 1975).

(c) The register of hire charges showed that hire charges outstanding for recovery from different contractors in respect of machinery lent to private parties, stood at Rs. 9.48 lakhs (November 1975); the year-wise break-up was not, however, kept on record in all cases.

4.1.49. Other points

(a) *Emergent advances*—Emergent advances drawn for any specific purpose are required to be adjusted within 10 days and in any case before the close of the month. There were 78 items of emergent advances for Rs. 4.72 lakhs remaining unadjusted (November 1975) from 1967-68.

(b) *Delay in payment of final bills*

In 109 cases, final bills pertaining to the period prior to October 1973 were yet to be settled (November 1975).

(c) *Delay in submission of completion statement*

According to the prescribed procedure, completion statements for all works completed during a month are required to be sent to the Financial Adviser and Chief Accounts Officer explaining, where necessary, reasons for the expenditure in excess of the sanctioned estimates. Completion statements have not been furnished in respect of any of the works so far completed (June 1976).

SECTION B

IRRIGATION AND POWER DEPARTMENT

DELTA IRRIGATION SCHEME

4.2. Nimapara Branch Canal

The Nimapara Branch Canal was originally designed for a length of 32 miles 1,650 feet. Execution from 0 mile to 31 miles 450 feet of the branch canal was completed in September 1969 at a cost of Rs. 41.92 lakhs. In respect of the stretch beyond 31 miles 450 feet, work on one distributary, one minor and two sub-minors was entrusted to four contractors between February and June 1968. Pending acquisition of land for these works, work orders were issued to the contractors and execution was also taken up on one minor and one sub-minor in portions of Government lands.

After incurring an expenditure of Rs. 1.03 lakhs, all the 4 works were stopped in June 1968; the details of expenditure incurred were as follows :—

Particulars of works	Date of order for commencement	Expenditure (In lakhs of rupees)
(i) Siaro Minor ..	5th June 1968	0.45
(ii) Uchhupur sub-minor	2nd February 1968	0.49
(iii) Chhaitana distributary	6th April 1968	0.07
(iv) Chhaitana sub-minor	..	0.02

} Payment to contractors
} Cost of work charged establishment

In respect of the first two items, the contracts were closed (September 1969 and May 1970) due to non-acquisition of land. No payment had been made to the contractors against the other two items. The contract for the third work was also closed in February 1970 and there was no information about closure of the contract for the last work (December 1975). The Executive Engineer reported (August 1975) that the balance work of Nimapara branch canal from 31 miles 450 feet to 32 miles 1,650 feet was suspended as Delta Enquiry Committee (January 1972) recommended deferment of the Nimapara Branch Canal System beyond Dhanua crossing (31 miles 450 feet) till completion of the branch canal system including distributaries, minors and sub-minors in the upper reach. The work has not been resumed so far (February 1976) although the upper reach was stated to have been completed in June 1972.

Land measuring 158.61 acres, requisitioned for these works, was acquired between December 1970 and January 1974 at a cost of Rs. 4.69 lakhs and remains unutilised.

The matter was reported to the Government in September 1975 ; its reply is awaited (June 1976).

4.3. Collapse of drainage syphon of Daya West Branch Canal

A drainage syphon at R. D. 18.10 kilometres of Daya West branch canal near Laxmisagar was constructed through a contractor between October 1970 and March 1971 at a cost of Rs. 0.38 lakh. The work was reported to have been completed on 10th March 1971 but the final bill (for nil amount) has not been passed (December 1975); this is reported to have been held up pending approval of the deviation statement and extension of time beyond 20th February 1971.

Leakage in the syphon appears to have been noticed in 1972 when water was allowed to flow in the canal for the first time. Repairs by way of plastering the outer faces of the body walls were carried out in 1971-72 (Rs. 0.02 lakh) out of the grants for cyclone damage repairs. The syphon collapsed in February 1974. The report of the Superintending Engineer, Central Irrigation Circle to the Additional Chief Engineer, Irrigation given in February 1974 after the collapse of the syphon, disclosed that mortar used in the laterite masonry of the body wall of the syphon was of inferior quality.

After inspection of the damages by the Additional Chief Engineer, it was decided (March 1974) that:—

- (i) the structure was beyond the stage of economic repair and should be abandoned,
- (ii) the concrete slab and masonry wall should be dismantled and the entire barrel should be filled up with puddle clay,
- (iii) a new syphon should be constructed within 50 feet of the existing syphon by August 1974.

These decisions have not been implemented (January 1976). The Superintending Engineer, while communicating these decisions to the Executive Engineer, ordered (March 1974) some urgent repairs to be carried out on the syphon to provide irrigation to the ensuing *rabi* crop. These repairs were carried out in March 1974 at a cost of Rs. 0.12 lakh.

The department constituted (May 1974) a committee of experts to go into the reasons for the failure of the syphon. Test of cement and mortar used in the structure conducted at the instance of the committee in the Hirakud Research Station in September 1974 revealed that the proportion of cement to sand was 1:9 as against the proportion of 1:6 provided in the estimate and agreement executed by the contractor. The report of the Committee is awaited (January 1976).

The matter was referred to the Government in December 1975; its reply is awaited (June 1976).

4.4. Extra expenditure due to closure of contract

The work "construction of flood protective embankment on the Chitrot-pala right from Mahamadpur to Garadpur—3rd reach" (estimated cost : Rs. 2.79 lakhs) was put to tender in June 1972 and was awarded in December 1972 to the lowest tenderer 'A' on item rate basis; the total value of the tender for the estimated quantity was Rs. 2.23 lakhs, 20.07 per cent below the estimated cost. Work order was issued in December 1972, in advance of acquisition of land, with the stipulation to complete the work by 16th June 1973. Land acquired between January and March 1973 was not adequate for the work.

On the 1st June 1973, by which date about 18 per cent of the work had been executed, the contractor applied for extension of time up to March 1974 for earthwork and up to August 1974 for turfing, on grounds of 'land troubles'. The Executive Engineer informed the contractor (October 1973) that, since extension of time had not been granted till then, his contract ceased to be operative and called upon him to attend final measurements.

Tenders were invited afresh in December 1973 and the balance work was awarded to contractor 'B' in March 1974 at 13.02 per cent above the estimated cost allowing a period of six months for completion.

In May 1974, the Superintending Engineer recommended to the Additional Chief Engineer closure of the contract with 'A' on the ground that the contractor could not achieve the desired progress due to land troubles 'for no fault of his and despite his efforts to carry on with the work'. The Additional Chief Engineer approved (September 1974) termination of the contract with 'A' without penalty. The award of the balance work to contractor 'B' for completion by September 1974 in preference to grant of extension of time to contractor 'A' up to August 1974 on grounds accepted by the department as valid, involved an extra liability of Rs. 0.78 lakh to Government. Only 53 per cent of the portion of work awarded to contractor 'B' had been done by September 1974; no further work has been done after September 1974. The work is still incomplete (January 1976). Additional land in two other villages requisitioned by the department between February and September 1974 is yet to be taken possession of (November 1975).

The matter was reported to the Government in December 1974; its reply is awaited (June 1976).

4.5. Ghodahada Medium Irrigation Project (Ganjam district)

(a) Construction of Earth dam—second reach from RD 3,000 to RD 3,900

In response to the notice inviting tenders for execution of the work estimated to cost Rs. 11.61 lakhs, 12 tenders were received by the Executive Engineer, Chikati Irrigation Division in October 1967, the lowest tender being that of contractor 'R' for Rs. 13.90 lakhs. The lowest tender was rejected for not furnishing full amount of earnest money deposit and the second lowest tender of contractor 'L' amounting to Rs. 15.10 lakhs was accepted (January 1968) by Government. Agreement with 'L' was executed in March 1968 with stipulation to complete the work by March 1969. The contractor could not make progress in the work reportedly for want of compaction machinery and funds. The contract was closed in July 1970 and the final bill was paid in November 1970; the value of work done by the contractor was Rs. 6.97 lakhs as against the contract value of Rs. 15.10 lakhs.

The balance of work left incomplete by contractor 'L' was completed in 1971, partly by the division departmentally and partly through two other contractors. The extra cost with reference to the rates of contractor 'L' was Rs. 4.19 lakhs (Rs. 3.66 lakhs for portion executed departmentally and Rs. 0.53 lakh for the work executed by other contractors).

(b) Idle machinery

(i) Five dumpers transferred to the project from Dhanai Irrigation Project in 1965-66 on payment of Rs. 2.46 lakhs were out of order since the date of receipt. These machines are still to be disposed of (December 1975).

(ii) A scrutiny of log books of machines disclosed that several items of machinery including 2 shovels, 4 tractors and 6 dumpers remained idle either due to want of repair or of work for certain periods between March 1971 and March 1974. The expenditure on the staff attached to such machines during idle period was Rs. 1.22 lakhs.

The points mentioned above were reported to the Government in January 1976; its reply is awaited (June 1976).

4.6. Fisheries jetty at Chandipur

The work "Construction of fisheries jetty at Chandipur" was entrusted by the Agriculture and Animal Husbandry Department to the Balasore Irrigation Division in 1970 for execution as a deposit work. This was in contravention of the rules which do not permit works of other departments being undertaken by the Public Works Department as "Deposit Works".

The work was estimated to cost Rs. 10.98 lakhs and the entire sum was made available to the division in four instalments between March 1970 and March 1974.

Tenders were invited in December 1970 with the stipulation that the work should be completed within 18 months. Two tenders were received and were opened on 16th February 1971. In April 1971, the lowest tenderer 'A' (tender value: Rs. 6.80 lakhs) was called for negotiation but did not agree to reduce the rates during negotiation. On 22nd May 1971, the Additional Chief Engineer communicated to the Superintending Engineer his decision to accept the tender at the originally quoted rates. The acceptance was communicated to the tenderer on 17th June 1971 after the validity period of the tender had expired on the 16th May 1971 and the tenderer had formally withdrawn (12th June 1971) his tender on grounds of delay in acceptance and the approaching closure of the working season.

As the tenderer 'A' did not turn up to execute the work, the Additional Chief Engineer ordered in November 1971 forfeiture of his earnest money deposit of Rs. 0.06 lakh and debarred him from taking up works of the Irrigation wing for three years. The tenderer filed a suit against the decision in the court of sub-judge, Balasore and the case is to be settled (August 1975).

The work was again put to tender in December 1971 and a single tender received in January 1972 from M/s Orissa Construction Corporation Limited, a State Government undertaking, was accepted by the Additional Chief Engineer in May 1972 (126 days after receipt of the tender) without the approval of Government needed under the rules. The work order was issued in November 1972 with a stipulation that the work should be completed in 12 months. The tender value was Rs. 8.29 lakhs excluding 5 items estimated to cost Rs. 1 lakh for which no rates were quoted, as against the offer of Rs. 5.92 lakhs (excluding the 5 items) of the lowest tenderer in February 1971. The expenditure incurred to end of August 1975 was Rs. 6.76 lakhs ; the work is still in progress (January 1976).

The delay in acting upon the tenders received in February 1971 resulted in—

- (i) extra expenditure of Rs. 2.21 lakhs for work executed till August 1975 and
- (ii) delay in completion of work (including non-utilisation of money deposited by the Director of Fisheries).

The matter was reported to the Government in December 1975 ; its reply is awaited (June 1976).

SECTION C

WORKS DEPARTMENT

4.7. Procurement of coal

The Executive Engineer, Sundargarh Roads and Building Division procured 2,210 tonnes of coal between 1961 and 1964 at a cost of Rs. 0.57 lakh (at the rate of Rs. 26 per tonne) for burning bricks at Rourkela. The entire quantity remained unutilised and the two Sub-divisions holding the stock of coal were transferred to the Rourkela Construction Division (now renamed as Rourkela Roads and Buildings Division) in 1969. As brick burning was not taken up, the Executive Engineer, Rourkela Construction Division also could not utilise the coal. In June 1973, the entire quantity of coal was put to auction and the rates of the highest bid received varied between Rs. 15 and Rs. 23.75 per tonne for different lots. The highest bid amounted to Rs. 0.40 lakh on the basis of the book balance of 2,210 tonnes of coal at these rates; the actual ground balance was stated to have not been verified for want of a weighing machine. The Executive Engineer reported (February 1975) that the coal had not been lifted pending decision of the Chief Engineer on the acceptance of the highest bid; the stock of coal purchased at a cost of Rs. 0.57 lakh prior to 1964 continues (January 1976) to be held in the stores.

The matter was reported to the Government in July 1974; its reply is awaited (June 1976).

4.8. Construction of high level bridge over river Utei

Tenders were invited by the Chief Engineer, Roads and Buildings, in October 1968 for the work "Construction of a high level bridge over river Utei" in Kalahandi district (estimated cost of work put to tender: Rs. 8.94 lakhs) both on lump-sum basis and on item-rate basis. Three tenders on lump-sum basis and 7 tenders on item-rate basis were received in February 1969. The tenders compared as follows :—

	Lump-sum tender	Item-rate tender
(In lakhs of rupees)		
1. Tenderer 'A' (a State Government undertaking)	6'00	7'74
2. Tenderer 'B' ..	8'12	..
3. Tenderer 'C' ..	9'51	11'16
4. Tenderer 'D' ..	..	8'65
5. Tenderer 'E' ..	..	9'63
6. Tenderer 'F' ..	..	10'27
7. Tenderer 'G' ..	..	10'72
8. Tenderer 'H' ..	..	10'04

The lump-sum tenders were not considered on the ground that the lowest tender of the State Government undertaking was very low and unworkable, the next higher contained indefinite and ambiguous terms and in the case of the third, the tenderer had another bridge work on hand.

Even among the item-rate tenders, the lowest was ignored on the ground that it was very low and unworkable and the next higher on the ground that the tenderer had been recommended for another major bridge work. Finally, the Chief Engineer recommended to Government (January 1970) acceptance of the third lowest tender of 'E' at the rates of tenderer 'D', the second lowest tenderer. In his recommendation, the Chief Engineer stated *inter alia* that 'E' was not in the habit of claiming extra amounts on any fictitious ground.

In March 1970, Government asked the Chief Engineer to decide the case himself on the ground that the Chief Engineer was the final authority to decide the tender (the tendered cost of the work being less than Rs. 10 lakhs). In the same month the Chief Engineer ordered issue of work order to 'E' in accordance with his recommendation to Government. The work order was issued accordingly in April 1970.

In November 1970, after commencement of work, the contractor 'E' informed the Chief Engineer that rates of tenderer 'D' in respect of some of the items were unworkable and that he was unable to work at those rates and asked for negotiation of the rates for individual items keeping the total amount of the contract "same as the lowest tendered amount of 'D'". On this being agreed to by the Chief Engineer, revised rates were quoted by the contractor in February 1971 which were accepted by the Chief Engineer in May 1971 and final agreement was executed in June 1971. Meanwhile, the first running bill was paid on the 30th March 1971 on the basis of an interim agreement executed on the 29th March 1971 with the negotiated rates as in the final agreement.

The work was completed in all respects by August 1972. The total value of work done as per final measurements at contract rates was Rs. 5.48 lakhs (against estimated cost of Rs. 8.94 lakhs). This exceeded the amount that would have been payable to 'D' for the items and quantities executed by Rs. 0.27 lakh.

The matter was reported to the Government in March 1973; its reply is awaited (June 1976).

4.9. Procurement of inspection vehicles

In March 1973, an expenditure of Rs. 6.35 lakhs was booked in the divisional accounts of the Executive Engineer, Mechanical Division, Bhubaneswar on account of the purchase of 12 pick-up vans and 7 jeeps

to be used by officials for inspection, survey and investigation work. In the course of audit the following points were noticed :—

(i) The departmental code prescribes that purchase of jeeps, station wagons and other vehicles for transport of officers and staff should have prior approval of Government. Approval of Government had not been obtained for purchase of any of the vehicles shown in accounts as purchased. The Works Department enquired from the Chief Engineer (April 1973) as to why purchases in these cases were made without prior approval of Government. The purchases are yet to be approved by Government (January 1976).

(ii) Although a rate contract entered into by the Director General, Supplies and Disposal with different firms for supply of these vehicles was in force during the period, direct purchases were made in these cases outside the rate contract at higher prices. The direct purchase involved an extra expenditure of Rs. 0.52 lakh as compared with the price payable as per rate contracts then in force.

(iii) Out of 12 pick-up vans and 7 jeeps for which cheques were drawn/bank drafts were obtained (March 1973) in favour of the suppliers, 6 pick-up vans (cost : Rs. 2.23 lakhs) only had been received in the division before the end of March 1973. Even the supply order had not been placed for the remaining 6 pick-up vans and 7 jeeps, shown in the divisional cash book as paid for on the 31st March 1973. Six pick-up vans and six jeeps were supplied in April 1973 ; one jeep was not supplied at all and Rs. 0.36 lakh drawn for the purpose was refunded in July 1973 by the Executive Engineer into the treasury. The Executive Engineer stated (May 1974) that bank drafts had been obtained in favour of the suppliers in advance of placement of supply order and actual supplies by them under the specific direction of the Chief Engineer.

(iv) Of the expenditure of Rs. 6.35 lakhs booked in March 1973, Rs. 4.51 lakhs were met out of the provision for "Special Employment Schemes". The Works Department asked (April 1974) the Chief Engineer to explain the circumstances in which the grant meant for Special Employment Scheme was utilised on the irregular purchase of vehicles. The Chief Engineer explained (August 1975) that the purchase was made "in order to utilise the allotment."

A further sum of Rs. 1.54 lakhs was, in the absence of funds for the purpose, charged to the suspense head "Miscellaneous Public Works Advances" although the accounting rules specifically provide that no charges should be debited to this head on ground of absence or insufficiency of sanction or appropriation. The amount continues to be outstanding under the suspense head (December 1975).

The matter was reported to the Government in February 1974 ; its reply is awaited (June 1976).

RURAL DEVELOPMENT DEPARTMENT

4.10. Purchase of cat's-eyes

In March 1972, the Executive Engineer, Rural Engineering Division, Puri procured 16,000 pieces of cat's-eyes from the Cuttack National Highways Division on payment of Rs. 0.92 lakh in cash. Although payment was made by the Rural Engineering Division, Puri in March 1972, the material was lifted from the Cuttack National Highways Division in April 1973. The entire quantity remained unutilised till June 1975 when it was declared as surplus.

The Executive Engineer who had procured the material when he was in the Rural Engineering Division, Puri explained (August 1975) to the Chief Engineer, National Highways and Projects that the stock of cat's-eyes was required for the entire Rural Engineering Organisation for utilisation in all their works and for issue to various divisions of the organisation as per their requirements.

These 16,000 pieces of cat's-eyes formed part of 17,100 purchased by the same Executive Engineer when he was in the defunct Brahmani Bridge Division (subsequently renamed and merged in Cuttack National Highways Division) between September and December 1966 from two suppliers at Calcutta at a cost of Rs. 0.86 lakh without invitation of tenders ; the Executive Engineer informed (August 1975) the Chief Engineer, National Highways and Projects, that the purchases were made in accordance with verbal instructions of the then Chief Engineer (since retired) for use in providing sign boards and guard stones in the stretches of National Highway in his jurisdiction. Apart from the quantity transferred (16,000 pieces) to the Rural Engineering Division, Puri only 156 pieces were actually used on National Highway Works during the period of 9 years since the date of purchase (up to November 1975) ; the remaining 944 pieces continue to be borne in the stock accounts of Cuttack National Highways Division (December 1975).

The matter was reported to Government by Audit in December 1972. In July 1976, Government stated that the Chief Engineer, Rural Engineering Organisation had investigated the case and had reported that there was no record in his office of any instruction having been issued for purchase of cat's-eyes, that the Executive Engineer had evidently purchased the articles "at his own risk" and that "the entire quantity was lying in stock without being utilised". Government also stated that the Executive Engineer had been reverted to his parent department and that that department was being asked to take suitable disciplinary action against him.

4.11. Loss due to storage of cement water-proofing compound

The Executive Engineer, Rural Engineering Division, Berhampur purchased 19.64 tonnes of cement water-proofing compound between January 1966 and January 1968. Up to March 1970, 8.93 tonnes were issued for use on works leaving a balance of 10.71 tonnes at the end of March 1970. Further quantities of 12.79 tonnes of water-proofing compound were purchased between August 1970 and March 1971 (10.79 tonnes) and in December 1973 (2 tonnes); the issues from stock for use on works during the years from 1970-71 to 1973-74 amounted to 12.91 tonnes. The stock of water-proofing compound at the close March 1974 was 10.59 tonnes. The entire quantity was completely damaged and unserviceable according to physical verification conducted by the Assistant Engineer, Rural Engineering Sub-division for the years ending 1971-72 and 1973-74 (6.70 tonnes by end of March 1972 and 3.89 tonnes by March 1974).

The Executive Engineer stated (August 1975) that there was no record to show that proper assessment of requirement had been made before making these purchases. The damage to the water-proofing compound was attributed to :—

- (i) non-availability of permanent stores godown,
- (ii) shifting of the division as well as the stores from place to place, and
- (iii) storage for long period without being used and gradual decay of the containers.

The loss on account of the unserviceable stores computed at the issue rate (Rs. 3 per kilogram) fixed by the division, amounted to Rs. 0.32 lakh.

The matter was reported to the Government in January 1976; its reply is awaited (June 1976).

4.12. Purchase of asphaltic corrugated roofing sheets

The Chief Engineer, Rural Engineering Organisation placed an order with a firm in November 1970 for supply of one truck-load of asphaltic corrugated roofing sheets to Executive Engineer, Rural Engineering Division, Cuttack (West) at 50 paise (less discount of 1 paise) per square foot, with an intimation to the Executive Engineer that the order was placed on trial basis and that the usefulness of the materials should be examined and reported to him. The division had no information about the object of the trial and was not aware of the work on which the sheets were intended to be used. The order was amended in December 1970 to specify the quantity as 3,000 sheets and again in January 1971 to specify the rate as 49 paise per square foot.

The division received 2,500 sheets in January 1971 and 500 sheets in August 1971 at a cost of Rs. 0.15 lakh. To end of May 1975, only nine sheets were reported to have been used on works, one in March 1973 and eight sheets in

May 1973. The Executive Engineer reported to the Chief Engineer in August 1974 that "the sheets are not coming to any use nor the same can be used in the works in near future". In reply to a query in audit (May 1975), the Executive Engineer stated that 2,991 sheets were damaged and unserviceable and had "lost their strength due to storage". The materials have not been surveyed so far (May 1975).

The matter was reported to the Government in September 1975; its reply is awaited (June 1976).

URBAN DEVELOPMENT DEPARTMENT

4.13. Delay in finalisation of tenders

In November 1973, the Executive Engineer, Bhubaneswar Public Health Division No. 1 invited tenders for supply and erection of equipments for rapid gravity filters of 1.5 M. G. D. capacity at Bhubaneswar; the date for opening the tenders was 1st January 1974. The lowest offer of tenderer 'A' for Rs. 2.40 lakhs was valid for a period of 3 months up to 31st March 1974. The Executive Engineer communicated acceptance of that offer on 13th June 1974, after expiry of the validity of the tender and without getting the period of validity extended. As the period of validity of the tender had expired, the tenderer submitted on 27th June 1974 a revised offer to execute the work for Rs. 2.65 lakhs; the revised offer was accepted on 11th July 1974. The work is in progress (March 1976).

Failure to avail of the lowest offer within the validity period entailed extra liability of Rs. 0.25 lakh.

The matter was reported to the Government in April 1975; its reply is awaited (June 1976).

4.14. Grants for Bridge over the River Salandi

In September 1971, on a representation by Bhadrak Notified Area Council, Government accorded administrative approval for construction of a high level bridge across the river Salandi at Bhadrak at an estimated cost of Rs. 15.54 lakhs. The bridge was to have a double lane deck (24 feet wide) recommended by the Chief Engineer, Rural Engineering Organisation in preference to a single lane deck (16 feet wide) bridge estimated to cost Rs. 12.22 lakhs. The cost was to be borne by the Council. Grants totalling Rs. 6 lakhs were paid to the Council between September 1971 and May 1973 in 3 instalments of Rs. 2 lakhs each, as financial assistance to the Council for execution of the work; the sanction in July 1972 for the second grant contained a condition that the Notified Area Council should also contribute an equivalent amount for the purpose.

The work was entrusted to the Rural Engineering Division, Balasore for execution as a deposit work and against the estimated cost of Rs. 15.54 lakhs, the Council deposited Rs. 4.94 lakhs to end of March 1974 (Rs. 1.50

lakhs in 1971-72 and Rs. 3.44 lakhs between April 1972 and September 1973) retaining the balance of Rs. 1.06 lakhs out of the grants given by Government. No contribution was made by the Council out of its own funds.

The division awarded the work to a contractor in March 1972 at his tender value of Rs. 13.82 lakhs with a stipulation to complete the work by June 1972.

In March 1974 the Chief Engineer, Rural Engineering Organisation reported to the Rural Development Department that the contractor had stopped work at the stage of sinking foundation wells after executing work valued at Rs. 4.38 lakhs (out of total designed depth of 148 feet, the depth executed was 109 feet and actual expenditure was Rs. 3.89 lakhs) and had demanded increase in his tender rate by 25 per cent. The stoppage of work was attributed to irregular and insufficient payment for want of deposits from the Council although the Rural Engineering Organisation had sufficient funds in deposit for payment for the value of work done.

A revised programme was drawn up by the Urban Development Department in consultation with the Chief Engineer, Rural Engineering Organisation and Chairman, Bhadrak Notified Area Council in September 1975 for completion of the work by January 1977. Keeping in view the ability of the Council to meet the cost and the financial assistance that could be given by Government, the department accorded (November 1975) fresh administrative approval for the work at a revised estimated cost of Rs. 13.31 lakhs (inclusive of expenditure already incurred) providing for a 16 feet wide bridge instead of the 24 feet wide bridge originally decided upon.

The department stated (February 1976) that the Council had since deposited a further amount of Rs. 2.71 lakhs and that it would not be possible to complete the work before January 1977. Information regarding further development in respect of the contract and progress of work is awaited (June 1976).

GENERAL

4.15. Miscellaneous Public Works Advances

4.15.1. Introduction

The following types of transactions are recorded in accounts as Miscellaneous Public Works Advances under the rules framed by Government:—

(i) Sales on credit

When stores of any kind are sold on credit, their value (including supervision charges, wherever recoverable) is debited to this head so that the accounts of stock or works from which the materials are issued may be kept correctly and the recovery of the value may be watched through regular accounts.

(ii) Expenditure on deposit works in excess of deposits recovered

Outlay on deposit works is required to be limited to the amounts of deposits received. Any expenditure on deposit works incurred in excess of the amounts deposited is charged to Miscellaneous Public Works Advances pending recovery.

(iii) Losses, retrenchments, errors, etc.

Deficiencies, losses of cash or stock, errors in accounts awaiting adjustment, retrenchments and losses of other kinds recoverable from Government servants are initially booked under this head.

(iv) Other items

Debits, the classification of which cannot be determined or which are chargeable to works the accounts of which are closed, are, in the first instance, accounted for under this head.

Miscellaneous Public Works Advances is thus a suspense head; items in this account are to be cleared either by actual recovery or by transfer under proper sanction or authority, to some other head of account. The balances which are not cleared either by way of recovery or adjustment within a reasonable period may ultimately prove to be loss to Government.

4.15.2. Balances outstanding

The balances under 'Miscellaneous Public Works Advances' are steadily on the increase as shown below:—

By end of the year	Amount (In lakhs of rupees)
1970-71 ..	10,08.71
1971-72 ..	12,41.83
1972-73 ..	13,10.03
1973-74 ..	15,52.99
1974-75 ..	17,80.34

Analysis of the balance as at the end of March 1975 was as follows according to the divisional records:—

	Amount (In lakhs of rupees)
(1) Chief Engineer, Roads and Buildings ..	4,86.92
(2) Chief Engineer, National Highways and Projects ..	61.91
(3) Chief Engineer, Public Health ..	1,87.41
(4) Chief Engineer, Rural Engineering Organisation ..	2,35.11
(5) Chief Engineer, Irrigation ..	1,95.80

NOTE: The above figures are exclusive of amounts pertaining to the divisions in the Balimela Dam Project, Delta Irrigation Scheme, Rengali and Bhimkund Projects and Electrical Projects information in regard to which has not been received (June 1976).

4.15.3. In the course of test check of the accounts maintained by the divisions the following points were noticed :—

Maintenance of accounts

(a) In three divisions, viz., Jajpur Irrigation, Sambalpur Roads and Buildings and Rural Engineering, Sambalpur North the transactions were not recorded under different classes of 'Miscellaneous Public Works Advances' as prescribed; the items were clubbed together. In certain other divisions transactions pertaining to one class were classified under other classes resulting in incorrect outstanding balances under each class.

(b) In the Cuttack Roads and Buildings Division, page-wise totalling of the details in the register of Miscellaneous Public Works Advances was not done for several years; it was not possible to verify whether detailed particulars were available in support of the total balance outstanding under the suspense head as per the accounts.

(c) The outstanding balances shown in the abstract of the prescribed register differed from the totals of the transactions recorded in the register in the following divisions:—

Name of Division	Balances as at the end of March 1975	
	As per abstract	Totals of transactions recorded
	(In lakhs of rupees)	
Cuttack Roads and Buildings ..	90.91	70.47
Sambalpur Public Health ..	13.49	15.01

4.15.4. *Cost of materials given on loan to other departments and Public Works divisions*

An amount of Rs. 40.07 lakhs was outstanding in 42 divisions on account of materials given on loan to other departments and other Public Works divisions as at the end of March 1975; the year-wise break-up is available only in respect of Rs. 32.62 lakhs as shown below :—

Year	Amount (In lakhs of rupees)
Up to 1950 ..	0.28
1950-51 to 1959-60 ..	1.99
1960-61 to 1964-65 ..	6.65
1965-66 to 1969-70 ..	3.92
1970-71 to 1974-75 ..	19.78
Total ..	<u>32.62</u>

Issue of materials on loan is not provided for in the rules as it is not a normal function of a public works division. Acknowledgements of receipt of the materials furnished by the receiving parties were not forthcoming (May 1975) in 19 divisions in respect of 103 items for Rs. 4.04 lakhs outstanding for over 10 years as on the 31st March 1975.

4.15.5. *Cost of materials sold to private parties, organisations and other divisions*

According to the information furnished by the divisions, an amount of Rs. 89.86 lakhs was outstanding at the end of March 1975 in 72 divisions, pending recovery of the cost of materials reportedly sold on credit to different parties as given below :—

	Number of items	Amount (In lakhs of rupees)
(i) Private parties/organisations ..	103	4.82
(ii) Other Public Works divisions and other departments of the State Government	755	58.28
(iii) Parties not categorised ..	289	26.76
Total ..	<u>1,147</u>	<u>89.86</u>

The periods to which they relate are available in respect of items totalling to Rs. 80.18 lakhs as indicated below :—

Period	Private parties	Other divisions and departments	Parties not categorised	Total
(1)	(2)	(3)	(4)	(5)
(In lakhs of rupees)				
Up to 1949-50 ..	..	..	0.05	0.06
1950-51 to 1959-60 ..	0.12	0.39	0.49	1.00
1960-61 to 1964-65 ..	2.58	3.13	2.09	7.80
1965-66 to 1969-70 ..	0.33	14.09	1.23	15.65
1970-71 to 1974-75 ..	1.78	33.59	20.30	55.67
Total ..	<u>4.81</u>	<u>51.20</u>	<u>24.17</u>	<u>80.18</u>

4.15.6. *Expenditure incurred on deposit works without or in excess of deposit received*

The total outstanding to end of March 1975 under 'Miscellaneous Public Works Advances on account of expenditure incurred on deposit works on behalf of other departments and private parties without or in excess of deposits received amounted to Rs. 93.68 lakhs according to information furnished by 42 divisions out of the total number of 167 divisions. The period to which excess expenditure relates is indicated below :—

Period (1)	Amount pertaining to works of			Total (5)
	Other departments (2)	Private parties (3)	Parties not categorised (4)	
	(In lakhs of rupees)			
Up to 1959-60 ..	1.37	..	3.93	5.30
1960-61 to 1964-65 ..	2.12	3.63	6.26	12.01
1965-66 to 1969-70 ..	14.26	0.02	4.39	18.67
1970-71 to 1974-75 ..	30.62	0.05	0.77	31.44
Amount for which period was not ascertainable	26.26	..	..	26.26
Total ..	74.63	3.70	15.35	93.68

In addition, an amount of Rs. 17.39 lakhs representing expenditure incurred in 13 divisions without or in excess of deposit received has remained in Public Works Deposit Account, instead of 'Miscellaneous Public Works Advances' pending recovery from Government departments (Rs. 11.76 lakhs) and private parties (Rs. 5.63 lakhs).

In the following cases it was reported (May 1975) that the parties deposited between February 1963 and November 1973 Rs. 15.26 lakhs in favour of the division for deposit works executed on their behalf but the amounts had not been brought to account by the division and the credits have not been located (October 1975) resulting in non-clearance of the amount outstanding under Miscellaneous Public Works Advances :—

Name of the Treasury in which deposited (1)	Month in which remitted into Treasury (2)	Name of Public Works Division (3)	Amount (In lakhs of rupees) (4)
1. Ganjam	February 1963 to November 1973	Berhampur Public Health Division No .I	13.82
2. Phulbani	April 1964 to January 1969	Ditto	1.44

4.15.7. *Expenditure incurred without or in excess of allotment*

The outlay on works is required to be limited to the allotments of funds received and it is the responsibility of the divisional officer to keep a constant watch over the progress of expenditure so as not to exceed the allotment.

In many cases expenditure was incurred without or in excess of allotment and debited to 'Miscellaneous Public Works Advances' in violation of the codal provisions which prohibit debiting of amounts under this head on grounds of absence or insufficiency of appropriation.

An amount of Rs. 1.49 lakhs representing expenditure incurred in 47 divisions on works without or in excess of allotment has been outstanding in 'Miscellaneous Public Works Advances' account *vide* year-wise details given below:—

Year	Amount (In lakhs of rupees)
1950-51 to 1959-60 ..	0.04
1960-61 to 1964-65 ..	0.31
1965-66 to 1969-70 ..	12.16
1970-71 to 1974-75 ..	1,00.81
Period not specified ..	35.68
Total ..	1,49.00

4.15.8. *Payment of advances for supplies*

Advance payments to other Public Works divisions and private parties for supply of materials amounting to Rs. 3,50.62 lakhs were outstanding as at the end of March 1975 for settlement as per analysis furnished below:—

Period	Advances paid to			Total
	Other divisions and Government organisations	Private parties	Parties not categorised	
	(In lakhs of rupees)			
Up to 1949-50 ..	..	..	0.73	0.73
1950-51 to 1959-60 ..	0.02	0.01	0.89	0.92
1960-61 to 1964-65 ..	1.53	15.90	1.04	18.47
1965-66 to 1969-70 ..	12.80	5.80	2.48	21.08
1970-71 to 1974-75 ..	81.33	1.43.86	49.60	2,74.79
Items for which period is not ascertainable	2.37	25.08	7.18	34.63
Total ..	98.05	1,90.65	61.92	3,50.62

In respect of advances to suppliers/firms/private individuals, the heavy outstandings are reportedly due to (i) non-linking of supplies received with the advances and (ii) non-receipt of materials.

Some instances noticed in test audit are given below :—

(a) Advances amounting to Rs. 8.44 lakhs were made in the Bhubaneswar Roads and Buildings Division to a firm 'S' between April 1963 and August 1964 for supply of steel materials. The firm supplied materials for Rs. 0.50 lakh leaving the balance of Rs. 7.94 lakhs outstanding. A civil suit was filed (January 1969) against the firm for recovery of the amount and an *ex-parte* decree was awarded in favour of the State of Orissa in July 1969. The Works and Transport Department asked (January 1975) the Chief Engineer Roads and Buildings to take immediate steps to file the execution suit. The execution suit has not been filed (June 1976).

(b) In the Cuttack Roads and Buildings Division, a bill along with a railway receipt for 1,05,270 tonnes of mild steel rods was presented by a firm 'B' in March 1968 against which 90 per cent of the cost amounting to Rs. 0.96 lakh was paid to the firm in May 1968 without entering into any agreement. The railway receipt was handed back to the firm for delivering the materials after collection. After protracted correspondence, the firm delivered 52,166 tonnes of mild steel rods (Rs. 0.57 lakh) of 6 millimetres diameter instead of 10 millimetres ordered. A proposal to file a law suit against the firm for recovery of the outstanding amount was referred (October 1973) to Government on which decision is awaited (July 1975). One Sub-divisional officer and a Sub-Assistant Engineer were held (October 1973) responsible by the Superintending Engineer Central Circle, of gross negligence of duty in handing over the railway receipt to the firm after payment. The balance amount of Rs. 0.39 lakh is outstanding against the firm (June 1976).

(c) In the Cuttack Roads and Buildings Division an advance payment of Rs. 0.38 lakh was made to a firm 'P' in December 1972 for supply of one pick-up jeep under instruction of the Chief Engineer without the approval of Government. The vehicle was purchased without Government sanction and its cost was debited to the suspense head 'Miscellaneous Public Works Advances' in contravention of codal provisions. The pick-up was received in January 1973 and taken to Tools and Plant account and the advance payment of Rs. 0.38 lakh is outstanding under 'Miscellaneous Public Works Advances' (July 1975).

4.15.9. *Shortage and losses of Cash and stores*

An amount of Rs. 11.06 lakhs is outstanding (March 1975) under 'Miscellaneous Public Works Advances' on account of shortage and losses of cash and stores *vide* details given below:—

Year	Amount (In lakhs of rupees)
Up to 1949-50	0.02
1950-51 to 1959-60	0.33
1960-61 to 1964-65	2.16
1965-66 to 1969-70	4.42
1970-71 to 1974-75	3.63
Items for which period was not available	0.50
Total	<u>11.06</u>

(a) On physical verification of stores pertaining to the Capital Construction Division No. I conducted by the stores verification party of the Works Department in October 1968, a net shortage of stores valued Rs. 1.39 lakhs was noticed. The amount debited to Miscellaneous Public Works Advances in the Accounts for March 1969 (Supplementary) is outstanding under Miscellaneous Public Works Advances at the end of 1974-75. The store keeper, who was in charge of the stores during the period to which the shortages related, had retired in July 1968 but his pension and gratuity have not been sanctioned (June 1976); the Chief Engineer had instructed (March 1970) the Superintending Engineer that the dues of the store keeper should be withheld till finalisation of the case.

(b) In the Ganjam Roads and Buildings Division, Rs. 0.84 lakh was debited to Miscellaneous Public Works Advances towards value of stores found short on physical verification by the stores verification party between June and October 1971. Of this, a part amount of Rs. 0.19 lakh was reconciled by August 1973 leaving a balance of Rs. 0.65 lakh which continued to be outstanding at the end of 1974-75.

(c) In the Minor Irrigation Division, Ganjam difference between the book balance and physical balance of stores was noticed during physical verification conducted in April 1968; this difference (Rs. 0.39 lakh) was debited to Miscellaneous Public Works Advances in October 1969 pending investigation. The difference has not been reconciled and the amount is still outstanding (August 1975).

4.15.10. *Recoveries due from contractors, suppliers and private individuals, other departments/divisions*

The rules do not permit credit being taken for revenue until the amount is realised. In some cases, credits in respect of hire charges have been afforded to the receipt head concerned before their actual realisation by debiting the Miscellaneous Public Works Advances in contravention of codal procedure. Rupees 34.87 lakhs were outstanding on this account (March 1975) in 57 divisions out of which Rs. 3.22 lakhs are to be recovered from contractors and suppliers and Rs. 5.81 lakhs are due for recovery from other departments and divisions. For the remaining amount of Rs. 25.84 lakhs, information regarding parties from whom recoveries are due was not furnished by the divisions concerned (June 1976).

4.15.11. *Advances to Work-charged staff.*

Advances towards pay, travel expenses, festival advances, etc., paid to work-charged staff were debited to Miscellaneous Public Works Advances in contravention of rules and an amount of Rs. 4.15 lakhs was outstanding on this account at the end of March 1975 in 60 divisions *vide* details given below:—

Year	Amount (In lakhs of rupees)
Up to 1970-71	0.06
1971-72	0.06
1972-73	0.05
1973-74	0.05
1974-75	3.18
Period not specified	0.75
Total	4.15

4.15.12. *Unadjusted temporary advances*

The rules framed by Government do not permit charging temporary advances paid to sub-ordinates for disbursement against passed bills to Miscellaneous Public Works Advances. An amount of Rs. 3.57 lakhs (year-wise analysis below) is outstanding on this account under Miscellaneous Public Works Advances at the end of 1974-75 in 26 cases (position as in April 1975).

Year	Amount
	(In lakhs of rupees)
Up to 1970-71	0.22
1971-72	1.29
1972-73	0.57
1973-74	0.11
1974-75	0.50
Period not specified	0.88
Total	3.57

In some cases unadjusted temporary advances given as far back as in 1949-50 are yet to be cleared (April 1975).

4.15.13. *Security deposits of contractors and suppliers*

An amount of Rs. 2.55 lakhs was paid to end of 1974-75 in 7 divisions to contractors/firms towards refund of security deposits by debit to Miscellaneous Public Works Advances although corresponding credits in the register of deposits were not available in the divisions concerned. Such cases occurred reportedly due to reorganisation of divisions and non-transfer of the deposit balances to the successor divisions.

4.15.14. *Decretal amount*

The expenditure towards decretal dues is usually met out of advance from Contingency Fund after obtaining necessary sanction therefor and the advance is recouped to the Contingency Fund in due course after making necessary budget provision.

An amount of Rs. 4.09 lakhs being the decretal dues paid in the period 1960-61 to 1974-75 in various divisions was debited to Miscellaneous Public Works Advances but no action has been taken (April 1975) to obtain grant under the appropriate head of account and clear the outstandings under Miscellaneous Public Works Advances.

4.16. Stock adjustments

(a) In the following cases, where no expenditure was incurred or only negligible expenditure was incurred in the first eleven months of the year, the funds allotted for the year were shown as utilised by issue of materials to the works concerned in the accounts for March of the year concerned:—

Year Division	Number of works involved	Allot- ment for the year	Expendi- ture up to Febru- ary of the year	Expendi- ture booked in March by issue of mate- rials
(1)	(2)	(3)	(4)	(5)
(In lakhs of rupees)				
1973-74—				
<i>Roads and Buildings—</i>				
Balasure Division	11	3.24	0.75 (in 2 cases)	3.13
Phulbani Division	6	8.19	2.15 (in 4 cases)	6.05
<i>Irrigation—</i>				
Balasure Division	3	0.75	0.43	0.32
1974-75—				
<i>Irrigation—</i>				
Bolangir Division	1	0.20	..	0.20

(b) In several cases the materials issued to works in a year were actually not used on those works but were transferred to other works or taken back to the general stores of the division subsequently. A few such instances noticed during test audit are given below:—

(i) In the Balasure Irrigation Division stores valued at Rs. 0.23 lakh were issued to two works in March 1974 and were taken back to the general stores of the division in February 1975.

(ii) In the Rural Engineering Division, Koraput, stores valued at Rs. 0.18 lakh were issued to the Jariguda Minor Irrigation Project in March 1972. Of these, stores valued at Rs. 0.09 lakh were taken back to stock in May 1972 and stores worth Rs. 0.05 lakh were transferred to other works between April and September 1972.

(iii) In the Minor Irrigation Division, Baripada, stores valued at Rs. 4.60 lakhs were issued to the Arikul Irrigation Project in March 1974. Of these, materials valued at Rs. 3.97 lakhs were taken back to the general stores in May 1974.

(c) In the Balasore Irrigation Division, an advance payment of Rs. 6.77 lakhs was made in March 1975 to the suppliers against order placed for purchase of 3 bulldozers. Although such advance payments are chargeable to the suspense head 'Miscellaneous Public Works Advances' under the rules, the amount was booked to the account of the work in March 1975 keeping in view the allotment available for the year.

The matter was reported to the Government in February 1976; its reply is awaited (June 1976).

4.17. Review of works expenditure

Mention was made in paragraph 4.9 of the Report of the Comptroller and Auditor General for the year 1973-74 of commencement of works without administrative approval and technical sanction to the detailed estimates as well as of expenditure incurred in excess of estimates sanctioned for the works.

The irregularities continued to persist and the following cases were noticed in audit during 1974-75:—

(a) By the end of 1974-75, an amount of Rs. 17.13 lakhs was spent on 6 works in the Mayurbhanj Roads and Buildings Division without the administrative approval of the Works Department.

(b) Rupees 1,69.33 lakhs were spent on 394 works to end of 1974-75, without sanctioned estimates; these comprised Rs. 15.45 lakhs for 22 works in 5 divisions under the Chief Engineer, National Highways and Projects and Rs. 1,53.88 lakhs for 372 works in the Chikati Irrigation and Delta Irrigation Divisions.

(c) In 111 cases the expenditure incurred to end of March 1975 exceeded the sanctioned estimates by more than 5 per cent but revised estimates were not prepared; department-wise details are given below:—

Department	Number of Divisions involved	Number of works	Amount of excess (In lakhs of rupees)
Works Department	6	36	75.02
Irrigation Department	2	73	1,51.55
Rural Development Department	1	2	4.41
Total	9	111	2,30.98

CHAPTER 5

STORES AND STOCK

5.1. Synopsis of important stores accounts

A synopsis of important stores and stock accounts for 1974-75 (other than those of commercial and *quasi*-commercial departments/undertakings, etc.) to the extent received is given in Appendix VI.

A—PUBLIC WORKS

5.2. Receipt of stores and stock accounts

The materials procured for the works are initially held in stock for keeping an effective watch except where they are purchased for specific works in which case they are debited to the materials-at-site account of the works concerned. For materials held in stock, the divisional officers, who maintain accounts of these materials, are required to furnish annually to Audit a consolidated account showing the value of stores purchased during the year, stores issued for consumption and the balance held in stock at the close of the year. A number of Roads and Buildings, Irrigation, Public Health and Rural Engineering divisions have not sent these accounts (March 1976). The years for which the annual consolidated accounts have not been sent and the value of stores held by these divisions at the end of March 1975 are shown below :—

Year	Number of divisions	Value of stores (Rupees in lakhs)
1964-65 to 1970-71	57	1,92.16
1971-72	38	87.87
1972-73	34	1,48.36
1973-74	76	3,65.84 (For 51 divisions)
1974-75	62	1,15.23 (For 26 divisions)

5.3. Physical verification of stores

The rules require that the stores held in stock should be verified physically at least once in a year and the results of verification placed on record. Reports of physical verification of stock were awaited (June 1976) in respect of many divisions as shown below :—

Reports pertaining to the year	Number of divisions					Total
	Roads and buildings wing	Irrigation wing	Rural Engineering Organisation	Public Health wing	Projects (other than Balimela Dam Project)	
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1969-70	2	1	..	3
1970-71	4	2	..	6
1971-72	..	1	4	3	..	8
1972-73	..	1	6	4	3	14
1973-74	..	13	15	10	2	50
1974-75	..	23	34	23	16	123

5.4. Reserve limit of stock

According to the rules, the divisional officers are not authorised to keep stock in excess of monetary limits prescribed by Government. At the end of 1974-75, no reserve stock limit had been fixed in respect of 79 divisions. These divisions held stock of the value of Rs. 5,08.54 lakhs. The details of these divisions together with the value of stock held are given below :—

Department/Project	Number of divisions	Value of stores held (Rupees in lakhs)
Roads and Buildings ..	28	2,86.95
Projects ..	13	1,09.16
Irrigation ..	20	57.29
Rural Engineering Organisation ..	6	30.73
Public Health ..	12	24.41
Total ..	79	5,08.54

Information regarding the value of stock authorised to be kept and the value of stock actually held was not received (March 1976) in respect of 38 divisions.

Irrigation ..	17
Balimela Dam Project ..	12
Electrical Projects ..	9
Total ..	38

5.5. Minus balance in stock accounts

The stock accounts of the following 20 divisions showed *minus* balances at the end of 1974-75 ;—

Department	Number of divisions	<i>Minus</i> balance (Rupees in lakhs)
Roads and Buildings ..	5	37.98
Projects ..	4	7.64
Irrigation ..	2	2.96
Rural Engineering Organisation ..	5	16.01
Public Health ..	4	48.55
Total ..	20	1,13.14

The *minus* balances arise either because the materials received are not taken to account or the value of stores shown as issued is more than the value of receipts due to non-adjustments of differences in values consequent upon revision of rates at the end of each year. Unless the *minus* balances are reconciled and adjusted, the correctness of stock account cannot be ensured.

5.6. Annual certificate of balances of stock and other suspense accounts

The rules require that divisions should conduct a special review of stock balances and other suspense accounts early in March every year and forward an annual certificate of balances to Audit by the end of May. These certificates for 1974-75 have not been received from 66 out of 176 divisions (March 1976); such certificates for periods prior to 1974-75 are awaited in respect of 30 divisions.

5.7. Shortages, discrepancies and losses in stock

Physical verification of stores in twelve divisions by the stores verification party of the Government during 1974-75 disclosed shortages (Rs. 11.55 lakhs), discrepancies (Rs. 1,21.14 lakhs) and losses (Rs. 1.70 lakhs); the division-wise details are given below :—

Name of the division	Shortages	Discrepancies	Losses	Total
(1)	(2)	(3)	(4)	(5)
	(In lakhs of rupees)			
1. Cuttack Public Health ..	..	89.12	..	89.12
2. General Electrical No. I ..	3.36	6.60	0.23	10.19
3. Mundali Irrigation ..	..	9.60	..	9.60
4. Balasore Roads and Buildings ..	..	8.75	..	8.75
5. Keonjhar Roads and Buildings ..	5.64	1.42	..	7.06
6. Prachi Irrigation ..	..	1.95	..	1.95
7. Canal Division, Bargarh ..	0.62	0.92	0.01	1.55
8. Capital Construction Division No. I ..	1.16	0.76	1.46	3.38
9. Puri Irrigation ..	..	1.38	..	1.38
10. Subarnarekha Bridge ..	0.75	0.02	..	0.77
11. Mechanical (Roads and Buildings) ..	0.02	0.62	..	0.64
Total ..	11.55	1,21.14	1.70	1,34.39

These shortages, discrepancies and losses are yet to be investigated and reconciled (December 1975) by the divisions.

B—CIVIL DEPARTMENTS

5.8. Receipt of stores and stock accounts

The following stores and stock accounts have not been received (June 1976) :—

Department	Stores and Stock account	The year from which out-standing
(i) Agriculture and Co-operation	Chemical fertilisers	1967-68
(ii) Forest and Animal Husbandry	Tools and miscellaneous stores of the Forest Department	1968-69
(iii) Commerce	Stationery articles, water mark plain paper, printing and binding materials, plant and machinery spare parts and miscellaneous stores of the Orissa Government Press	1973-74
(iv) Revenue	Medicinal opium	1973-74
(v) Health and Family Planning	(a) Instruments and appliances, medicines and drugs, bedding and clothing and miscellaneous stores of the Government Head-quarters Hospitals at Cuttack, Burla and Berhampur, etc.	1972-73
	(b) Costly and life saving drugs of sales stores (Medicines)	1974-75

CHAPTER 6
COMMERCIAL ACTIVITIES

6.1. General

This Chapter deals with the results of audit of departmentally managed Government commercial and *quasi-commercial* undertakings.

In May 1974, the State Transport service was taken over by the Orissa State Road Transport Corporation. One departmental commercial undertaking was added during the year when the scheme of Exploitation and Marketing of Fish was declared commercial (August 1974). On 31st March 1975 there were eighteen departmentally managed commercial and *quasi-commercial* undertakings.

The *pro forma* accounts for 1974-75 have not been received from 14 undertakings. The arrears in submission of *pro forma* accounts are shown below :—

Name of the undertaking	Year from which accounts are in arrears
A—State trading schemes —	
(i) Grain Purchase Scheme	.. 1967-68
(ii) Grain Supply Scheme	.. (a)
(iii) Scheme for trading in iron ore through Paradeep Port.	(b)
(iv) Cloth and Yarn Scheme	.. (c)
(v) (1) State Trading in Kendu leaves	.. 1970-71
(2) Nationalisation of Kendu leaves	.. 1972-73
B—Transport—	
(vi) State Transport Service (d)	.. 1969-70
C—Cold Storage Plants —	
(vii) Cold Storage Plant, Cuttack	.. 1972
(viii) Cold Storage Plant, Bhubaneswar	.. 1966
(ix) Cold Storage Plant, Sambalpur	.. 1967

(a) Inoperative from 1st January 1959.

(b) Inoperative from 1966-67.

(c) Inoperative from 1954-55.

(d) Taken over by the Orissa State Road Transport Corporation in May 1974.

Name of the undertaking	Year from which accounts are in arrears
<i>D—Leather Units —</i>	
(x) Government Leather Industries-cum-Tannery, Titlagarh	1972-73
(xi) Government Tannery, Boudh	.. 1972-73
(xii) Government Shoe Factory, Cuttack	.. 1972-73
<i>E—Others —</i>	
(xiii) K. S. Potteries Development Centre, Jhar- suguda	1973-74

Pro forma accounts of Text Book Press, Bhubaneswar which was declared as commercial from October 1966 have not been made available (January 1976) since inception.

The assets and liabilities of the inoperative and closed schemes have not been disposed of/liquidated (June 1976).

The summarised financial results of the commercial undertakings whose *pro forma* accounts were received subsequent to those already mentioned in paragraph 6.2. of the Report of the Comptroller and Auditor General of India (Civil) for the year 1973-74 are given in Appendix VII.

Personal ledger accounts have been opened by Government in respect of the schemes mentioned below. Although these schemes are of commercial nature, Government have not prescribed preparation of their *pro forma* accounts ; the financial results of these schemes have not been worked out.

Undertaking	Year in which personal ledger account was opened	Accounts for 1974-75			
		Opening balance	Credits	Debits	Closing balance
(1)	(2)	(3)	(4)	(5)	(6)
(In lakhs of rupees)					

State Trading Schemes—

(i) Purchase and distribu- tion of quality seeds to cultivators	1969-70	1,82.50	2,89.57	3,46.70	12,5.37
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Undertaking	Year in which personal ledger account was opened	Accounts for 1974-75			
		Opening balance	Credits	Debits	Closing balance
(1)	(2)	(3)	(4)	(5)	(6)
(In lakhs of rupees)					
(ii) Cuttack Milk Union Scheme	1971-72	—4.54*	0.18	0.18	—4.54
(iii) Trading in scrap iron and other materials	1963-64	19.42	**	**	19.42
(iv) Trading in mustard oil	1964-65	9.81	**	**	9.81
(v) Marketing of fish and by-products	1971-72	3.95	**	**	3.95
(vi) Purchase, sale and fair price shop scheme	1967-68	—4.64	**	**	—4.64
(vii) Purchase of stores materials for development works—					
(1) By District Collectors	..	—2.97	**	**	—2.97
(2) By Block Development Officers	..	18.16	**	**	18.16
(viii) Poultry Development Officers	1974-75	..	1.53	..	1.53
Cold Storage Plants—					
(ix) Cold Storage Plant, Similiguda	1965-66	8.92	2.57	6.59	4.90
(x) Cold Storage Plant, Paralakhemundi	1970-71	1.11	2.57	2.93	0.75
(xi) Cold storage Plant, Bolangir	1971-72	4.91	2.91	4.90	2.92
(xii) Cold Storage Plant, Kuarmunda	1973-74	0.44	0.93	0.47	0.90

*The closing balance of Cuttack Milk Union Scheme as on 31st March 1974 was mentioned as Rs. 7.54 lakhs in the Report of the Comptroller and Auditor General for 1973-74 (Civil). The difference of Rs. 12.09 lakhs between the closing balance as on 31st March 1974 and opening balance as on 1st April 1974 is due to correction of certain errors in accounts.

**There were no transactions during the year.

Orders were issued as early as in August 1961 to close the personal ledger accounts relating to purchase of stores materials for development work by the Block Development Officers under Community Development Project and to refund the outstanding advance. Forty-five Block Development Officers have yet (May 1976) to close their personal ledger accounts. Certificates of acceptance of balances are awaited (May 1976) in respect of all these accounts.

FOOD AND CIVIL SUPPLIES DEPARTMENT

6.2. Grain Purchase Scheme

6.2.1. The Grain Purchase Scheme was started in January 1959 in replacement of an existing scheme known as Grain Supply Scheme. The objects of the Scheme, broadly, were :—

- (a) to meet the export commitments to other States ,
- (b) to ensure adequate supplies for internal consumption by building up a reserve,
- (c) to help cultivators to get fair price for their production and to maintain stability of prices , and
- (d) to help consumers to get all essential commodities at fair price by elimination of middlemen.

The scheme comprises mainly purchase and distribution of (i) paddy and rice, and (ii) wheat and wheat products.

Mention was made in paragraph 87 of the Report of the Comptroller and Auditor General for the year 1972-73 (Civil) that the *pro forma* accounts of the scheme were in arrears since 1966-67. The *pro forma* accounts for 1966-67 were subsequently submitted (November 1974) but could not be certified pending rectification of errors in the accounts pointed out to the department (February 1975). The accounts for the subsequent years are in arrears.

According to the procedure prescribed, the administrators of the personal ledger accounts, namely, the district collectors and the Secretary, Supply Department, have to submit to Audit monthly accounts duly supported by vouchers in respect of receipts and disbursements relating to the Scheme. No account has been received since inception from eight collectors. The accounts from the Secretary and other five collectors have only been received for a few months (6 to 37 monthly accounts out of 195 monthly accounts due from each up to March 1975) at irregular intervals.

The monthly accounts received were not supported by vouchers (except for some months in respect of Phulbani).

Each administrator is also required to reconcile every month the receipts and expenditure in respect of the Scheme as per his records with those of the treasury. The closing cash balance at the end of each year according to the books of the administrators is to be communicated to the treasury for acceptance and communication to Audit. In the following cases, the certificate of acceptance of balances is awaited (May 1976).

Administrators	Period of arrears
Collector, Puri	From the inception to 31st March 1975
Collectors—Cuttack, Koraput, Ganjam and Kalahandi	For the year ended 31st March 1975

It was noticed during the local audit that in eight out of thirteen districts, prescribed registers such as subsidiary cash book, stock register, personal ledger accounts of agents/retailers, recovery register, sundry debtors / creditors register, and gunny account had not been posted regularly and kept up-to-date.

The *pro forma* accounts prepared by the department for 1966-67 disclose a cumulative loss of Rs. 46.07 lakhs. The accounts do not provide for shortages in stock (Rs. 28.90 lakhs). The department stated (June 1975) that the collectors had been asked to investigate the causes for the shortages and send proposals for write off. Further report is awaited (May 1976).

6.2.2. Advances

Departmental procurement of paddy is undertaken through agents appointed by Government on the recommendation of the district collectors. Agreements are entered into with the agents by the district collectors. The agents are ordinarily expected to make their own arrangements for financing the procurement operation handled by them. The collectors may, at their discretion, grant advances to the extent of 75 per cent (in special circumstances up to 90 per cent) of the value of the stocks procured and held by the agents at their mill/rail-head godowns, after verification. Non-milling purchasing agents are not entitled to any advance. Advances, which carry interest (8½ per cent in 1973-74), are adjusted by the collectors against the agents' final bills for stocks disposed of or recovered in cash.

The number of accounts to be finalised at the end of April 1975 was 1,680 (as indicated by the department in July 1975). Following are the districts with a large number of outstanding accounts :—

Name of the district		Number of accounts pending adjustment
Balasore	..	390
Puri	..	190
Koraput	..	163
Kalahandi	..	141
Ganjam	..	138
Cuttack	..	123

A test check of the records in Kalahandi and Koraput districts disclosed that as on 31st March 1975 advances amounting to Rs. 1,07.06 lakhs granted up to 1973-74 were outstanding as detailed below :—

Year		Number of agents	Amount (Rupees in lakhs)
1966-67	..	157	4.53
1967-68	..	18	0.13
1968-69	..	1	0.90
1970-71	..	1	0.10
1971-72	..	4	7.19
1973-74	..	13	94.21
		<hr/>	<hr/>
Total	..	194	1,07.06
		<hr/>	<hr/>

The delay in adjustment of the outstandings was reported by the district officers (March / June 1975) to be mostly on account of shortages in stocks with the agents and non-submission / non-finalisation of bills. The department stated (July 1975) that the agents were granted advances with a view to boost up procurement of paddy and steps were being taken to realise the outstanding advances by instituting certificate cases.

A test check of the accounts and records of advances disclosed the following :—

(a) *Kalahandi district*

(i) Advances (Rs. 8.42 lakhs) made to 4 agents during 1971-72 and 2 agents during 1973-74 were either not covered by or were in excess of the prescribed security in the form of fidelity guarantee. The advances remain to be adjusted (February 1976).

(ii) In two other cases, agents appointed for the year 1971-72 were paid advances amounting to Rs. 2.12 lakhs on the basis of stocks held by them in January and October 1973, *i. e.*, long after the expiry of the *Kharif* season from November 1971 to October 1972 ; the amount remained unadjusted (February 1976).

(b) *Koraput district*

In 14 cases, advances totalling Rs. 25.04 lakhs were paid to non-milling agents during 1971-72 though they were not entitled to any advance (under the rules framed by Government). Of these, advances of Rs. 1.23 lakhs continued to be outstanding against two agents (February 1976) for recovery of which certificate cases were reported to have been instituted in August 1973. Government stated (July 1975) that the advances to non-milling agents were paid under "extraordinary circumstances".

6.2.3. *Yield of rice from paddy*

Prior to 1967-68, the out-turn of rice per quintal of paddy fixed by the State Government varied from district to district. The out-turn of rice ranged between 63 and 64 per cent of paddy in 1965-66 and between 65 and 66 per cent in 1966-67. Uniform out-turn of 65 kgs. of rice per quintal (100 kgs.) of paddy was fixed by Government in December 1967 and is continuing. In 1969, it was reported by the State Civil Supplies Price Enquiry Committee (appointed by Government in July 1967) that "..... Government usually fix at 65 per cent as extraction percentage but the millers obtain about

71 per cent of rice from paddy. This difference of about 5-6 per cent is always left in the hand of the millers which is a source for their black marketing". The basis of fixing the out-turn of rice at 65 kgs. per quintal of paddy could not be explained by the department (September 1975).

6.2.4. *Payment of transportation charges*

During the period 1960-61 to 1966-67, the State Government had fixed from year to year a uniform rate for the entire State, of 5 paise per quintal per kilometre for transportation of stocks of foodgrains by the agents, from the rail-heads to main depots and from depots to sub-depots and retail centres.

In March 1966, five agents of Phulbani district, appointed by Government on the recommendation of the collector during the period 1960-61 to 1966-67, represented that the transportation charges were not adequate for transportation of foodgrains in inaccessible areas not connected by motorable roads and asked for enhancement of the charges to 30 paise per quintal per kilometre. Government enhanced (in February 1967, November 1968, October 1970 and June 1972 in stages), the transportation charges to 12 paise with retrospective effect from 1960-61 to be applicable for movement of foodgrains both in accessible and inaccessible areas. The extra transportation charges paid (during February 1967 to June 1972) with reference to the enhanced rates during the period 1960-61 to 1966-67 to these five agents amounted to Rs. 34.06 lakhs.

Government stated (July 1975) that higher transportation charges were sanctioned in the Phulbani district as supply of foodgrains to people of the district could not otherwise be ensured and the demand for increased rates was genuine.

6.2.5. *Alleged misappropriation of stock in Kalahandi district*

Physical verification (March 1974) by the executive magistrates (nominated by the collector) of stocks held by 8 of the agents appointed during 1971-72 disclosed shortage of 215 tonnes of paddy and 5,439 tonnes of rice beyond the permissible limits (1.25 kg. per quintal of paddy and 0.62 kg. per quintal of rice); the shortage constituted about 22 per cent of the total procurement made during the year in the district. On receipt of representations from the public, physical verification of stocks of 6 agents for 1973-74 (out of 21) was done by the executive magistrates during July-August 1974 revealing shortages of 4,899 tonnes of paddy and 2,539 tonnes of rice (about 14 per cent of the procurement during the year) beyond permissible limits.

Certificate cases were instituted (November 1974) against eleven agents for recovery of Government dues amounting to Rs. 1,65.39 lakhs. Out of these, police cases were initiated (October 1974) against eight agents for alleged misappropriation of Government stock held by them; further information is awaited (May 1976).

In this connection the following points were noticed in audit :—

(i) The milling-cum-storage agents were to furnish security of Rs. 10,000 in cash and personal security with two securities to the extent of the value of stocks delivered to them by non-milling purchasing agents. In the case of 5 agents for 1971-72 (against whom Government dues are pending) adequate securities were not obtained (shortfall ranged between Rs. 0.01 lakh and Rs. 6.80 lakhs).

(ii) According to the procedure prescribed by Government for the Scheme, the stocks with the agents were to be inspected as frequently as possible, at least once in a month, by the Civil Supplies Officer/ Assistant Civil Supplies Officer and twice in a month by the regional staff. Periodical verifications of stock with the agents were not done in accordance with the instructions. Non-verification was attributed by the District Civil Supplies Officer (March 1975) to engagement of Civil Supplies Officer / staff in some other important and urgent official matters.

6.2.6. The annual physical verification conducted by the Civil Supplies staff in four other districts (Cuttack, Koraput, Mayurbhanj and Sambalpur) for the years 1971-72 and 1972-73 revealed shortages of 4,322 quintals of rice valued at Rs. 5.03 lakhs. Government stated (July 1975) that necessary instruction had been issued to file certificate cases and institute criminal proceedings wherever necessary to realise value of stocks and penalties; information about the action taken is awaited (May 1976).

AGRICULTURE AND CO-OPERATION DEPARTMENT

6.3. Cold Storage Plant, Cuttack

In November 1974, the Management of the Cold Storage Plant at Cuttack purchased 1,764 quintals of blight-resistant potato seeds at a cost of Rs. 2.99 lakhs from Simla for sale to cultivators. The potatoes were not loaded in the cold storage as they were meant for immediate distribution.

During the period 5th November 1974 to 12th December 1974, 1,235 quintals were sold, the total value realised being Rs. 2.19 lakhs. The Department explained (January 1976) that the remaining quantity of 529 quintals (cost Rs. 0.90 lakh) was reserved for the Small Farmers' Development Agency, Chatrapur at their request but the latter failed to lift it. Of this quantity, there was a shortage of 129 quintals due to dryage and 400 quintals became rotten, according to information furnished by Government (January 1976). Information regarding disposal of the rotten stock and regularisation of the loss due to rottage and shortage is awaited (May 1976).

Government stated (January 1976) that the question of (a) fixing a norm for shortage, rottage, etc., and (b) taking an advance of 50 per cent of the cost against future transactions was under consideration.

CHAPTER 7

FINANCIAL ASSISTANCE TO LOCAL BODIES AUTHORITIES AND OTHERS

7.1. Introductory

According to the provisions of Section 14 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Services) Act, 1971, the accounts of bodies and authorities substantially financed by grants and loans from the Consolidated Fund are to be audited by the Comptroller and Auditor General of India. The State Government was accordingly requested in April 1974 to furnish information about grants and loans given to various bodies and authorities and their expenditure for each of the years since 1971-72. The Finance Department issued instructions to all departments in December 1975 for submission of the necessary information. None of the Departments has furnished it so far (June 1976). However, audit of certain institutions under the said section was taken up on the basis of available information. Audit was also taken up under Section 15 of the Comptroller and Auditor General's (Duties, Powers and Condition of Services) Act for the scrutiny of the procedures by which the sanctioning authorities satisfy themselves as to the fulfilment of the conditions subject to which such grants or loans are given.

Important points noticed during audit under the said sections 14 and 15 are given in the succeeding paragraphs.

COMMUNITY DEVELOPMENT AND SOCIAL WELFARE DEPARTMENT

7.2. Results of audit of Panchayat Samitis

(a) A summary of receipts and expenditure of 21 Panchayat Samitis for the year 1974-75 for which audit under Section 14 was conducted, is given below :—

Name of Panchayat Samiti	Opening balance	Grants from State Government	Total receipts	Expenditure	Closing balance
(1)	(2)	(3)	(4)	(5)	(6)
(In lakhs of rupees)					
1. Gop ..	2.39	8.56	10.95	6.69	4.26
2. Ghatagon ..	4.72	8.15	12.87	8.34	4.53
3. Angul ..	1.42	10.97	12.39	7.51	4.88
4. Kankadahad ..	2.91	8.81	11.72	7.32	4.40
5. Banpur ..	2.03	8.68	10.71	6.50	4.21
6. Hemagiri ..	2.67	8.03	10.70	6.50	4.20
7. Aul ..	4.32	9.55	13.87	6.92	6.95
8. Khaira ..	4.18	10.15	14.33	9.73	4.60

Name of Panchayat Samiti	Opening balance	Grants from State Government	Total receipts	Expenditure	Closing balance
(1)	(2)	(3)	(4)	(5)	(6)
(In lakhs of rupees)					
9. Tarva ..	5.67	8.90	14.57	9.18	5.39
10. Harichandanpur	6.78	6.97	13.75	8.26	5.49
11. Nawapara ..	4.90	9.75	14.65	9.22	5.43
12. Balipatna ..	2.49	7.20	9.69	5.74	3.95
13. Thakurmunda ..	1.97	6.02	7.99	6.21	1.78
14. Kuarmunda ..	15.35	10.14	25.49	9.05	16.44
15. Tangi ..	4.23	11.83	16.06	11.22	4.84
16. Phulbani ..	4.12	7.73	11.85	5.21	6.64
17. Rayagada ..	5.03	5.95	10.98	6.11	4.87
18. G. Udayagiri ..	5.82	5.62	11.44	7.08	4.36
19. Dharakota ..	2.47	7.15	9.62	6.75	2.87
20. Boriguma ..	4.08	11.25	15.33	9.88	5.45
21. R. Udayagiri ..	5.82	9.40	15.22	11.88	3.34
Total ..	93.37	180.81	274.18	165.30	108.88

Note—The opening and closing balances in the table above include receipts of the Panchayat Samitis such as security deposits of contractors, teachers' provident fund, etc.

(i) These Panchayat Samitis had as on 31st March 1975, Government grants/loans amounting to Rs. 91.97 lakhs lying unutilised as under :—

	Amount
	(Rupees in lakhs)
More than 5 years ..	3.22
Between 3 and 5 years ..	12.89
Between 2 and 3 years ..	26.40
Less than 2 years ..	34.21
Year-wise break-up not available ..	15.25
Total ..	91.97

(ii) There were heavy arrears in the issue of utilisation certificates in respect of grants and loans to Panchayat Samitis indicated as below :—

	Amount	
	(Rupees in lakhs)	
Pending for more than 5 years	..	102.39
Pending for between 3 and 5 years	..	39.32
Pending for less than 3 years	..	44.25
Break-up not available	..	16.27
Total	..	<u>2,02.23</u>

The Panchayat Samitis had not furnished requisite information to the departmental offices responsible for the issue of utilisation certificates.

(iii) The procedure for Panchayat Samitis prescribed by the Government provides that the advances given to the staff and others for various purposes should be adjusted without delay. Advances outstanding in respect of 20 Panchayat Samitis (excluding R. Udayagiri Panchayat Samiti) amounted to Rs. 40.88 lakhs at the end of March 1975 as per details below :—

Period for which outstanding	Amount	
	(Rupees in lakhs)	
Over 10 years	..	13.19
Between 5 and 10 years	..	12.59
Between 3 and 5 years	..	5.84
Between 1 and 3 years	..	6.73
Break-up not available	..	2.53
Total	..	<u>40.88</u>

(iv) 1,612 works relating to construction of wells, roads, etc., estimated to cost Rs. 11.56 lakhs were remaining incomplete even 5 years after commencement (January 1976) in 19 of the Panchayat Samitis audited (excluding Boriguma and R. Udayagiri Panchayati Samitis). Of these, 1,070 works were in Khaira Panchayat Samiti. The expenditure incurred on these works to the extent of Rs. 5.50 lakhs was mainly in the form of advances.

(b) Boriguma Panchayat Samiti

The following points were noticed during the audit of Boriguma Panchayat Samiti :—

(i) The Orissa Zilla Parishad Panchayat Samiti Rules, 1961 prescribe various registers to be maintained by the Samitis. The Boriguma Panchayat Samiti did not, however, maintain any register other than the Cash Book. Some important registers that were not maintained were the following :—

- (1) Register of bills
- (2) Advance ledger
- (3) Deposit ledger
- (4) Log book
- (5) Works Check Register
- (6) Stores and Stock Register

(ii) The Samiti did not also compile the accounts of receipts and expenditure as required under the rules.

(iii) The Boriguma Panchayat Samiti received Rs. 1.54 lakhs between March 1972 and October 1973 under the Crash Scheme for Rural Employment and the entire amount was shown to have been spent on execution of earth work on 18 roads and construction of 7 culverts. The detailed estimates showing the nature and quantities of work to be done were not prepared. The entries in the measurement books did not also indicate the location of the works executed. Although the scheme was intended to provide employment, particulars of persons employed and amounts paid to each were not maintained in the case of 11 roads and 7 culvert works executed through Village Level Committees.

(iv) Advances outstanding for over 5 years amounted to Rs. 2.21 lakhs. Of this 109 cases involving Rs. 0.92 lakh, were referred to Certificate Officers for recovery in 1972-73. There has been no progress in recovery of amounts in respect of these cases since then (December 1975).

(v) As per the prescribed accounting rules, physical verification of stores was required to be conducted at least once in six months. No such verification was conducted at any time during the period covered under audit.

(vi) The Samiti had invested Rs. 1.13 lakhs in the share capital of five Panchayat Samiti Industries between 1963 and 1972. Of this, share certificates had not been received for Rs. 0.75 lakh.

(c) R. Udayagiri Panchayat Samiti

The following points were noticed during the audit of R. Udayagiri Panchayat Samiti :—

(i) A minor irrigation project at Jhadapada (estimate : Rs. 0.41 lakh) with an ayacut area of 35 acres was taken up in 1972-73 for providing irrigation facilities. The contractor to whom the work was entrusted abandoned the work.

(ii) In this Samiti also, as in case of Boriguma Samiti, it was noticed that records/registers other than the Cash Book were not maintained as detailed in para 7.2(b) above. Also, the Samiti did not compile the annual accounts of receipts and expenditure.

URBAN DEVELOPMENT DEPARTMENT

7.3. Sundergarh and Puri Municipalities

(i) A summary of receipts and total expenditure of Sundargarh and Puri Municipalities for the years audited, is given below :—

Name of the Municipality	Year of Audit	Opening Balance of grants and loans	Receipt		Expenditure
			Govt. Grants/loans	Other income	
(1)	(2)	(3)	(4)	(5)	(6)
(In lakhs of rupees)					
(i) Sundargarh Municipality	1974-75	3.56	1.55	2.75	4.43
(ii) Puri Municipality ..	1973-74	13.49	22.98	15.10	46.93

(ii) The Sundargarh Municipality was provided by Government with grant amounting to Rs. 8.67 lakhs and in addition a guarantee for loan of Rs. 2.33 lakhs obtained (May 1972) from the Life Insurance Corporation for financing a water supply scheme. The work was completed in March 1973. The unspent balance of grant of Rs. 1.25 lakhs has not been refunded by the Municipality so far (December 1975). The Municipality stated that the amount has been utilised for other purposes and that the amount will be cleared in a phased manner.

(iii) The Sundargarh and Puri Municipalities had received the following grants and loans for construction of tenements for better housing facilities for slum dwellers.

Name of Municipality	Grants	Loans	Period during which Provided
(In lakhs of rupees)			
Sundergarh	0.33	0.51	December 1972
Puri ..	0.88	0.61	Between 1965-66 and 1973-74

In case of Sundergarh Municipality, 12 rooms constructed by it were allotted to businessmen by public auction/negotiation. The municipality stated that such allotment was made as there were no slums for clearance even though the amounts were obtained for slum preventive measure.

In case of Puri Municipality, the entire money received over a period of ten years has remained unutilised so far (June 1975) pending selection of site.

7.4. Greater Cuttack Improvement Trust

The Greater Cuttack Improvement Trust was constituted in June 1963 under the Orissa Town Planning and Improvement Trust Act, 1956. The Trust was established with the object of planning development of the area covered by the two municipalities, Cuttack and Choudwar and three gram panchayats (Gatiroutpatna, Bidyadharpur and Paramahansa). The accounts of the Trust are audited by the Examiner of Local Accounts.

(a) The following is a summary of the accounts for the years 1971-72 and 1972-73 :—

		1971-72	1972-73
		(In lakhs of rupees)	
Receipts :—			
Opening balance of Grant/Loan	..	Not Available	
Loan from Government	..	6.00	4.00
Grants from Government	..	0.95	3.90
Other Income	..	2.96	1.89
		-----	-----
Total	..	9.91	9.79
		-----	-----
Expenditure	..	4.35	12.22
		-----	-----

(b) The Trust had accumulated surplus Rs. 13.30 lakhs as on 31st March 1974, and had a cash balance of Rs. 17.20 lakhs, other assets worth Rs. 76.09 lakhs (comprising mainly the Arunodaya Market complex in Cuttack and the land acquired for Sikharpur Housing Project) and liabilities representing loans borrowed from or on the guarantee of State Government amounting to Rs. 80 lakhs.

(c) The audit of the accounts of the Trust under Section 14 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Services) Act, 1971 for the years 1971-72, and 1972-73 revealed the following points :—

(i) Under section 85 of the Orissa Town Planning and Improvement Trust Act, 1956, the municipalities in the Trust area are required to pay to the Trust, half yearly, a sum equivalent to 1 per cent per quarter on the annual rateable value of a local area as defined in the above Act. No such amount has been paid by Choudwar municipality since inception of the Trust in 1963. The amount due from the municipality up to August 1975 was Rs. 3'90 lakhs.

The Cuttack Municipality paid between 1969 and August 1975, a sum of Rs. 11'50 lakhs to the Trust against the accumulated demand of Rs. 45'02 lakhs up to March 1975. The balance of Rs. 33'52 lakhs was outstanding for recovery (August 1975).

(ii) In February 1976 the rate of payment was reduced with retrospective effect, to 2 per cent per annum, payable on the first day of the financial year with the condition that the arrears evaluated on this basis should be paid by the municipalities in 3 annual instalments commencing from 1st April 1976. The position of dues for the period ending March 1975 was as follows (June 1976).

Name of Municipality	Arrears evaluated	Amount paid	Balance amount due
	(Rupees in lakhs)		
Choudwar	1'95	..	1'95
Cuttack	20'86	14'00	6'86

(iii) Under section 83 of the Orissa Town Planning and Improvement Trust Act, 1956, duty imposed under the Indian Stamp Act, 1899 on any deed of transfer of immovable property situated in the Trust area is to be increased by 2 per cent of the value of the property transferred by way of surcharge and the collection on account of the surcharge, after deduction of the incidental expenses, is to be paid to the Trust. The Trust has claimed from time to time a sum of Rs. 10'11 lakhs on this account from Government for the period from 1963 to March 1975 but no amount was paid by Government on this account (November 1975). It was stated by Government (November 1975) that the rules in regard to determination of amounts payable to the Trust were yet to be finalised.

(iv) A specific purpose grant of Rs. 3 lakhs was paid to the Trust in 1972-73 for improvement of Cuttack City. The Trust initially decided to utilise the grant on development of parks and playgrounds in Cuttack City. This money was, however, actually utilised during 1973-74 by the Trust for payment of interest charges on the loans obtained from the Housing and Urban Development Corporation. The diversion of the grant did not have the approval of Government.

(v) Between 1964 and 1974, Government granted loans amounting to Rs. 35.00 lakhs for remunerative schemes of providing Buxi Bazar market centre and Link Road vegetable market centre to be undertaken by the Trust.

The Trust defaulted in making timely payment of the dues to Government on account of interest and re-payment of principal. However, in May 1973 a sum of Rs. 7.66 lakhs (principal : Rs. 1 lakh, interest : Rs. 6.66 lakhs) was paid by the Trust in return of Government loan by utilising a part of a loan of Rs. 4 lakhs received in March 1973 for execution of another scheme viz., the Arunodaya shopping complex. As on 31st March 1974, a sum of Rs. 6.91 lakhs was overdue for payment (Rs. 2.75 lakhs on account of principal and Rs. 4.16 lakhs on account of interest) and by that date, the Trust had a sum of Rs. 11.56 lakhs invested in fixed deposits. No sinking fund for repayment of loans was created by the Trust though the Act permits the creation of such sinking funds.

(vi) According to the Act the Trust is required to submit abstracts of its accounts of receipts and expenditure to Government every half year and to have these accounts audited annually by the Examiner of Local Accounts. The Trust has not been submitting the half-yearly abstracts of accounts to Government. The Examiner of Local Accounts observed after audit of the accounts for the year 1972-73 that physical verification of the cash and stores in stock had not been conducted as required under rules and that important registers such as, Works Register, Contractors Ledger, etc., had not been maintained.

The matter was reported to Government in December 1975; its reply is awaited (June 1976).

EDUCATION DEPARTMENT

7.5. Orissa State Bureau of Text Book Preparation and Production

(a) In pursuance of the recommendation of the Education Commission (1964-66) that the regional languages should be the media of instruction at all levels, Government of India formulated in January 1968, a centrally sponsored scheme for preparation and production of text books by the State Governments. According to the scheme, the State Government

was required to set up suitable machinery, preferably autonomous organisations for implementation of the scheme with Government of India's assistance, to price the books reasonably on a no-profit no-loss basis or with a marginal profit creating a revolving fund from the receipts and to ensure effective use of the books produced. To implement the scheme, Government of Orissa established in March 1970 the Orissa State Bureau of Text Book Preparation and Production as a society registered under the Societies Registration Act, 1860.

(b) A brief statement of grants received by the Bureau from the State Government and expenditure from 1969-70 to 1974-75 is given below :—

Year		Grants	Expenditure
		(In lakhs of rupees)	
1969-70	..	4.00	Nil
1970-71	..	7.00	0.98
1971-72	..	6.00	6.92
1972-73	..	10.00	3.77
1973-74	..	4.00	9.23
1974-75	..	3.50	12.29
		<hr/>	<hr/>
Total	..	34.50	33.19
		<hr/>	<hr/>

(c) Audit of the accounts of the Bureau for the years 1971-72 to 1974-75 conducted under Section 14 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Services) Act, 1971 disclosed the following :—

(i) The Bureau commenced work in March 1970 and by the end of March 1975, 292 books were prepared of which 115 books (48 books for Intermediate Classes, 62 books for Degree Classes and 5 glossaries) were published. In the preparation of text books, the paucity of technical words in the regional language due to non-adoption of the terminology evolved by the Commission for Scientific and Technical Terminology was reported to be a major problem. To overcome the problem the Bureau undertook the preparation of eleven glossaries in education, commerce, botany, economics, agriculture, engineering and general science of which 5 glossaries were published (March 1975).

(ii) Two (out of four) universities in the State have introduced (from 1975) regional language alongside English as medium of instruction. Out of 115 books published, 58 books were reported to have been forwarded to the universities in September 1974 for adoption. Of these, 3 books only were adopted in one university, namely, Utkal University by March 1975. The other University did not adopt any of the books (November 1975).

(iii) Due mainly to non-adoption of the books published as text books by the universities, the Bureau could not sell many copies. Out of 1,37,409 copies of books printed, 16,971 copies only were sold during the period from August 1971 to March 1975. 4,443 copies were gifted and the remaining 1,15,995 copies were in stock as on 31st March 1975.

(iv) The financial results of the working of the Bureau for the three years from 1970-71 to 1972-73 whose account were ready (December 1974) revealed the following position:—

Year	Profit(+)/Loss(—)
	(In lakhs of rupees)
1970-71	.. — 0·22
1971-72	.. — 0·97
1972-73	.. — 0·27

(v) *Preparation of books—*

The Government of India had advised the State Government against establishment of subject cells for preparation of text books on the ground that they would not be economical or functional. However, the Bureau constituted 11 subject cells in August 1972 without the specific approval of the State Government on the ground of paucity of time for utilisation of funds within the prescribed period. These cells were expected to produce 44 books a year (4 books per cell). The total number of books prepared by the cells in a period of three years was 21 (of which only one was published and three were in print); the total cost incurred on the cells was Rs. 3·30 lakhs up to March 1975. In June 1975, considering the progress, the Bureau, on the advice of the Government of India, decided to reduce the number of subject cells by retrenchment of direct recruits and by repatriation of deputationists in a phased manner. Two (language) cells were abolished in August 1975.

(vi) *Unadjusted advance*

The books are got printed by the Bureau from the State Government Text Book press under an agreement. An advance of Rs. 1 lakh was paid to the Text Book press in September 1971. A major part of the advance (Rs. 0·87 lakh) continued to remain unadjusted (March 1976).

(vii) Sales promotion

The following table shows the value of sales and expenses on advertising and publicity:—

Year	Sales	Sales promotion expenses	Percentage of sales promotion expenses to sales
	(Amount in rupees)		
1970-71 ..	..	838	..
1971-72 ..	1,056	3,099	300
1972-73 ..	26,544	4,981	19
1973-74 ..	19,333	6,762	35
1974-75 ..	55,016	11,734	31
Total ..	<u>1,01,949</u>	<u>27,414</u>	

41 per cent of the sales were effected on credit basis to the selling agents and the entire amount of Rs. 0.41 lakh was awaiting recovery (March 1975); the year-wise analysis of the outstanding was not available with the Bureau.

(viii) Selling price

In February 1972, the Bureau decided to adopt a pricing formula for sale of books according to which selling price was to be fixed after taking into account the full cost of paper, printing and related production expenses, one third of the cost of remuneration paid to authors, reviewers and blockmakers, 10 per cent profit margin and 25 per cent mark up for discount to sellers.

It appears that the prices so fixed in respect of some of the titles were higher than the prices of books of private publishers on the same subjects and approved for the same classes. Instances are given below:—

Name of the book	Number of copies printed	Number of copies sold	Sale price fixed by the Bureau	Price of approved book of private publisher for the same subject and same class
(1)	(2)	(3)	(4)	(5)
(i) Solid Geometry ..	3,000	365	2.00	1.50
(ii) Pre-University Course Algebra	3,000	491	6.00	5.00
(iii) Trigonometry ..	3,000	293	6.00	4.00
(iv) Mahavidyalaya Shikshaçan Paddhati	1,000	643	5.50	5.00

(ix) *Show-cum-Retail Centre*

A show-cum-retail centre was set up at Cuttack in collaboration with Text Book Press, Orissa Board of Secondary Education and Sahitya Academy in a building taken on hire at Rs. 230 per month in November 1971. The "Centre" started functioning only from August 1972. The sale proceeds of books realised in the centre to the end of August 1975 amounted to Rs. 0.16 lakh against the total expenditure of Rs. 0.30 lakh excluding the cost of furnishing the show-room (Rs. 0.16 lakh). The Bureau wound up the Centre in September 1975.

(x) *Administrative expenses*

The actual expenditure on administration varied between 7 and 22 per cent as shown below:—

Year	Total expenditure	Expenditure on administration	Percentage
	(In lakhs of rupees)		
1970-71 ..	0.98	0.22	22
1971-72 ..	6.92	0.86	12
1972-73 ..	3.77	0.62	17
1973-74 ..	9.23	0.72	8
1974-75 ..	12.29	0.86	7

The high percentage of administrative expenses as compared to the norm (5 per cent) prescribed by the Government of India was attributed mainly to the low level production of text books.

7.6. Assistance to non-Government institutions for education(i) *Introductory*

The total expenditure on education incurred by the Department of Education and Youth Services and assistance provided by the Department for education in the shape of grants during the four years from 1971-72 to 1974-75 are given below:—

Year	Total expenditure on Education	Amount disbursed as grants out of expenditure in column (1)
	(In lakhs of rupees)	
1971-72 ..	26,12.44	18,25.56
1972-73 ..	28,78.90	20,63.31
1973-74 ..	33,74.92	22,82.69
1974-75 ..	45,73.58	33,85.14

A statement of grants paid for different purposes during the four years mentioned above is given in Appendix VIII.

(2) Scrutiny (October 1975) of the records of sanctioning authorities for the years 1973-74 and 1974-75 disclosed the following :—

(i) In contravention of the rule that only so much of the grants should be disbursed as is likely to be utilised within the financial year the Directorate of Education (Higher Education and Schools) withdrew a sum of Rs. 3,30.88 lakhs on the last day of the financial year (1974-75). The entire amount was kept in the form of deposit call receipts in the State Bank of India, Bhubaneswar outside Government account.

(ii) Out of the amount so drawn a sum of Rs. 16.17 lakhs still remained undisbursed as on 6th December 1975. This was attributed to the delay in finalisation of the principles of fixation of pay of the teaching and non-teaching staff of the aided institutions in the revised scales introduced by Government for similar categories of employees under Government with effect from January 1974. The principles of fixation of pay were stated to have been decided by Government in August 1975.

(3) Several provisions in the rules which are intended to enable the sanctioning authority to ensure that the grants are utilised for the purposes given were not observed as indicated below :—

(i) Although the State Financial Rules prescribe the maintenance of a register of grants-in-aid, by the countersigning authority, there was no chronological record of sanctions issued, the amounts released against sanctions and the receipt of utilisation certificates either in the Administrative Department or in the Directorate of Education. Neither the Department nor the Directorate was thus equipped to indicate the amounts for which utilisation certificates were due at any particular point of time.

(ii) In the case of specific purpose grants an undertaking to the effect that grants for the same purpose had not been received from any other source is required to be obtained but was not obtained from the grantee in any case.

(iii) Undertakings to the effect that the grantee agreed to be governed by the conditions of grants had not been obtained from the grantee institution.

(iv) The orders conveying sanction in respect of grants for construction of buildings should contain a specific condition that the assets would not be disposed of, encumbered or utilised for other purposes without prior sanction of Government but such a condition was not incorporated in the orders.

(v) No instruction were issued to the grantee institutions for maintaining a register of assets. The sanctioning authority did not also maintain block accounts of permanent and semi-permanent assets acquired by the body wholly or substantially out of Government grants as required under the rules.

(vi) The sanctions to grant-in-aid did not mention whether the grants were sanctioned after obtaining audited statement of accounts of the body or whether the body had been exempted from production of the statement of accounts.

These omissions were brought to notice of Government in December 1975 and Government reply is awaited (June 1976).

(4) *Inadequacy of Departmental Audit*

The Directorate of Education had a staff of 9 Senior Auditors and 2 Junior Auditors as in December 1975 to audit the accounts of Colleges, Sanskrit Tols, orphanages, Bharat Scouts and Guides and Hindi Prachar Sabha to whom Government gave financial assistance. Of the 15 Inspectorates responsible for audit of high schools, 13 were provided with one Senior Auditor each and there was no auditor in the remaining two offices. Out of 40 District Offices responsible for audit of Middle English Schools, 28 offices had no audit staff, and the remaining 12 offices had one Junior Auditor as in December 1975. There were 1,473 aided high schools under Circle Inspectors and 5,265 Middle English Schools under the District Inspectors of Schools. The Accounts of the high schools are required to be audited once in two years and those of the Middle English schools once in three years as per the instructions issued by the Department (February 1966). The table below indicates the extent of audit of accounts of grantee institutions conducted during 1973-74 by the five circle offices test checked:—

Circle		Number of high schools	Number of schools audited	Percentage audited to total number
Cuttack-I	..	139	17	12.1
Cuttack-III	..	164	Nil	Nil
Puri	..	144	Nil	Nil
Balasore	..	192	7	3
Baripada	..	171	11	6.4
Total	..	810	35	4.3

Some of the Inspectors of Schools stated in reply to audit observation that as the auditor attached to the circle had to check grant proposals, fix the pay of teachers from time to time, and check the acquittance rolls, there was hardly any time for him to take up audit of the schools. The Directorate had no information (December 1975) about the extent of audit of schools in arrears in the whole State.

(5) *Recovery of Audit Fee*

With a view to expanding the audit organisation under the Education Department, Government ordered (May 1969) that one per cent of the grant payable to all aided educational institutions, the expenditure of which was being audited by the audit staff under the Directorate of Public Instructions should be held back without being disbursed to the grantee. Accordingly, one per cent of the grants relating to such institutions is being short drawn by the Directorate while distributing the allotment to the subordinate authorities for disbursement. The Government order did not indicate the procedure by which the withheld amount should be accounted for and utilised. In the meantime, the amounts withheld from the grants on account of the audit fees of about Rs. 12 lakhs per annum are allowed to lapse each year. After lapse of nearly six years, the Director of Public Instruction (Higher Education) requested Government to indicate the head of account under which such amounts should be deposited. No order has been communicated by the Government in the matter so far (December 1975).

(6) *Inadequacy of administrative inspection*

Government (February 1966), while waiving the submission of audited statement of accounts and utilisation certificates for the purpose of payment of grants, instructed that grants should be released on the basis of certificates from the Inspecting officers after administrative inspection to the effect that the institutions are being managed satisfactorily and qualifying expenditure (with details) had been incurred. The records relating to payment of grants, however, indicated that there was no evidence of any such inspection having been conducted in respect of any college; the grants were being released by the Director of Public Instruction without any recommendation from Inspecting Officer contemplated in the Government Resolution.

The following table shows the extent of inspection conducted by some of the Circle Inspectors in respect of the high schools under their jurisdiction :—

Name of the Circle	Year	Schools in the circle	Schools inspected
Sambalpur ..	1971-72	90	Nil
	1972-73	91	26
	1973-74	92	7
Bolangir and Kalahandi	1971-72	101	Nil
	1972-73	111	5
	1973-74	111	18
	1974-75	111	Nil
Puri ..	1972-73	144	Nil
	1973-74	144	Nil
	1974-75	144	Nil

(7) *Grants to Universities*

(a) There are three universities for general education in the State *Viz.*, Utkal University, Sambalpur University and Berhampur University. The Utkal University was established in 1943. The other universities were established in 1967. In the initial stages, Government had to meet both recurring and non-recurring requirements of these universities by giving *ad hoc* grants. The quantum of grants varied from time to time depending upon availability of funds. The Universities found it difficult to prepare reasonably long term programmes without assurance of funds from the State exchequer. Taking this into consideration, Government introduced in March 1968 the system of annual block grants with effect from the year 1968-69 and fixed the following amounts of block grants in respect of the three universities subject to review every five years.

	(Rupees in lakhs)
Utkal University	.. 35
Sambalpur University	.. 20
Berhampur University	.. 15

(b) From the year 1971-72, each of these universities was paid an additional grant of Rs. 5 lakhs per annum on *ad hoc* basis to enable them to complete their construction programme and from the year 1972-73 onwards the block grant to each of three universities was enhanced by 5 lakhs a year. Government decided in August 1975 to pay block grants of Rs. 59 lakhs to Utkal University, Rs. 36.50 lakhs to Berhampur University and Rs. 29.50 lakhs to Sambalpur University for the year 1974-75. For subsequent years till the end of Fifth Plan period it was decided by the Government that the quantum of grant would be determined by adopting an annual increase of 4 per cent for salaries and 50 per cent of the increase for other teaching expenses. It was also decided to pay separate annual grants to the universities for developmental purposes after due examination of proposals to be received from the universities in August each year.

(c) Scrutiny of the records in the Administrative Department and Directorate of Education (Higher) relating to the grants given to the three universities revealed the following:—

(i) None of the sanction orders issued by Government during the years 1971-72 to 1974-75 included the important condition prescribed in the rules that the grants should be released only on receipt of audited statement of accounts to ensure that the previous grants were utilised for the purpose for which they were given, excepting in one case sanctioning Rs. 2 lakhs each to Sambalpur and Berhampur Universities for implementation of essential development schemes. Even in this case, the grant was released

by the Director of Public Instruction without actually obtaining the audited statement of accounts. The accounts of the three universities for the period covered in audit, 1971-72 to 1974-75, were not available with the department or with the Director of Public Instruction (Higher Education); a copy of the accounts together with report of the auditors was also not published in the gazette although prescribed under section 21 of the Universities Act, 1966.

As to the basis on which it was certified by the Director of Public Instruction on the grants-in-aid bills of the universities that the previous year's grants were fully and properly utilised, it was reported by the authority releasing the grants (December 1975) that no checks were exercised by the Directorate and that the Finance Officer of the university was responsible for the proper utilisation of grants.

(ii) The Examiner of Local Accounts in his report relating to the accounts of the Utkal University for the year 1972-73, stated that there were heavy unspent balances of grants received from the State Government, Central Government and the University Grants Commission as shown below and that specific purpose grants were utilised for other purposes :—

		(Rupees in lakhs)
Opening balance	..	76.63
Receipts during the year 1972-73	..	47.31
Total	..	<u>1,23.94</u>
Expenditure during the year	..	<u>40.45</u>
Balance at the end of March 1973	..	83.49

(8) Grants to College

(a) There are 86 colleges in the State for general education, of which 51 are non-Government colleges. 47 of the non-Government colleges are in receipt of grants from Government.

(b) Scrutiny of records in the Administrative Department and the Directorate of Education disclosed the following defects in the sanction for grants to non-Government colleges :—

(i) In para (2) (i) reference has already been made to the withdrawal of funds from the treasury in lump on the basis of Government sanction and holding it in the State Bank of India in form of deposit at call pending disbursements to colleges on the basis of bills submitted by them from time to time; this procedure is contrary to provision in the financial rules of the Government which lay down that no money shall be drawn from treasury unless it is required for immediate disbursement.

(ii) Grants to the extent of Rs. 4.23 lakhs were paid (March 1975) to colleges on *ad hoc* basis without any request from the grantees.

(9) *Sanction of grants to newly opened colleges which were not eligible for any grant*

(a) In order to check mushroom growth of colleges it was decided by the Government in February 1968 to accord concurrence in the opening of new colleges only after they made a fixed deposit pledged in favour of the university, of Rs. 1.25 lakhs in the case of a science college or Rs. 1 lakh in case of an arts college and agreed to fulfil other conditions laid down by the university; it was also decided that no financial aid would be given to new colleges for the first three years after recognition. With effect from the Year 1974-75, the amount to be deposited by the new colleges was raised to Rs. 4 lakhs for all types of colleges and the qualifying period for becoming eligible to receive grants was raised to five years.

(b) In the following cases grants were given to newly recognised colleges before completion of qualifying period of three years after recognition:—

Sl. no.	Name of the college	Year of recognition	Year of payment of grant	Amount of grant paid (In lakhs of rupees)
(1)	(2)	(3)	(4)	(5)
1.	Talcher College	1970-71 (July 1970)	1970-71 1971-72 1972-73	0.90 0.44 0.05
2.	Rajgangpur College	1970-71 (July 1970)	1970-71 1971-72 1972-73	0.09 0.22 0.18
3.	B. B. College, Rairakhol	1970-71 (July 1970)	1970-71 1971-72 1972-73	0.05 0.04 0.02
4.	Nawarangpur College	1971-72 (July 1971)	1971-72 1973-74	0.44 0.59
5.	Bonaigarh College	1971-72 (July 1971)	1971-72 1972-73 1973-74	0.44 0.09 0.45
	Total	..		3.19

No orders relaxing the provisions relating to qualifying period were, however, issued by the Government in any of these cases.

(10) *Irregularities in disbursement of Salaries to teachers*

To ensure timely and full payment of salaries of teachers of aided schools and colleges Government introduced the system of direct disbursement of their pay and dearness allowances with effect from April 1974. In the cases of colleges, the Director of Public Instruction (Higher Education) makes the payment of salaries of the teaching staff on receipt of salary bill from the principals of the colleges by means of money order or bank draft. Salary of non-teaching staff, expenses on accounts of contingencies, repairs etc., are met by the management out of the balance amount of grant payable for a year.

Government had ordered in January 1973 that concurrence to opening additional classes, sections, or subjects would not commit Government to pay any financial assistance in respect of the additional classes etc., for the first three years. It was also clarified that teachers who had been appointed for opening additional classes/sections/subjects would not be entitled to direct payment unless the respective posts run for complete three years and that it was the responsibility of the management to maintain them for that period.

In the course of audit the records of disbursing authority *viz.*, the Director of Public Instructions (November 1975) revealed that in the following cases direct payment was made during 1974-75 to teachers who were appointed against posts before completion of three years after they were created.

Name of the college	Posts in existence for less than 3 years	Amount of excess payments (Rupees in lakhs)
1. Ganjam College ..	6	0.18
2. Hingilicut College ..	5	0.10
3. R. C. M. College, Khallikote ..	2	0.12
4. Rajgangpur College ..	6	0.34
5. Sonapur College ..	4	0.24
6. D. K. College, Balasore ..	6	0.34
7. D. A. V. College, Koraput ..	2	0.12
Total ..		<hr/> 1.44 <hr/>

(11) *Kuchinda College*

The college started construction of a building before the plan and estimate for Rs. 1.03 lakhs prepared by the college management were technically and administratively approved. The Assistant Engineer who inspected the site reported that the construction was not as per type plan and recommended not to release any grant. However, Government sanctioned without approval of the plan submitted by the college, a total sum of Rs. 1.40 lakhs up to 1974-75 which was more than the estimated cost as per the plan submitted by the management.

(12) *Bonaigarh College*

The plans and estimates were approved (July 1972) for Rs. 9.05 lakhs of which Government share was calculated to be Rs. 5.90 lakhs. Grants amounting to Rs. 0.90 lakh were released for the purpose by the Director of Public Instruction in March 1972 and March 1974. The Assistant Engineer reported after inspection of the work (August 1975) that the plan was revised by the management by putting R. C. C. roof against asbestos roof as per the approved plan and that the construction was sub-standard and was not safe as some cracks were noticed. Moreover the land on which the building was constructed, was not cleared of encumbrances. As per the report of the Assistant Engineer the value of work done was Rs. 0.97 lakh by August 1975. The total amount of grant admissible with reference to the value of work done worked out to Rs. 0.49 lakh.

(13) *Payment of grant to a college for improvement of science education where no science teaching is done*

Grants amounting to Rs. 0.23 lakh were sanctioned in March 1975 to the Trust Fund College, Sambalpur for improvement of science education without any application from the college. From the departmental audit report on the accounts of the college for the year 1974-75 it was seen that the college was only an arts college and no science teaching was done. Due to non-completion of departmental audit of all the colleges (indicated in paragraph 7.6) the position in regard to other colleges could not be ascertained.

(14) *Submission of Utilisation Certificates*

A total sum of Rs. 2,74.09 lakhs was paid as grant to non-Government colleges during the years from 1972-73 to 1974-75, against which utilisation certificates for an amount of Rs. 10.76 lakhs only were

submitted to Audit (December 1975). The year-wise break up of the outstanding utilisation certificates is given below :—

Year	Grants paid	Utilisation certificates received	Utilisation certificates outstanding
(In lakhs of rupees)			
1972-73	68.09	10.76	57.33
1973-74	74.12	..	74.12
1974-75	1,31.88	..	1,31.88
Total	2,74.09	10.76	2,63.33

(15) *Excess payment due to irregular computation of net deficit of Schools*

Consequent on introduction of the system of direct disbursement of pay and dearness allowance to the teaching staff of aided schools, with effect from April 1974, Government ordered in September 1974 that the net deficit grant to be disbursed should be to the extent of difference between the net deficit computed under the existing orders and the amount to be paid directly to the teaching staff. The Director of Public Instruction, however, ordered (November 1974) computation of net deficit grant admissible to the schools by allowing cent per cent direct payment to teaching staff and proportionate (two-third / three-fourth) deficit on other approved items of expenses of the school. The orders of the Director of Public Instruction had the effect of allowing excess grants to the schools (to the extent of one-third / one-fourth of amount paid directly to teaching staff) not admissible under the Government orders.

The total excess payment on this account during 1974-75 in respect of 728 high schools alone amounted to Rs. 35.68 lakhs. Similar excess payments noticed during test check in audit in respect of 1,097 middle English schools (out of 5,265) was Rs. 19.81 lakhs. In reply to Audit it was stated by the Directorate (November 1975) that the matter has been referred to Government for clarification. Review of the position in respect of all other aided schools suggested by Audit (November 1975) was yet to be done (December 1975).

(16) *Variation by the Director of Public Instruction of grants recommended by the Circle Inspectors*

(a) Grant is paid to aided schools in advance instalments pending final assessment of their requirement for a particular year by the Circle Inspectors in November/December each year. The amount of grant finally admissible after setting off all advance payments made during the year and adjustment of excess / short grant paid during the previous year is recommended by the Inspectors to the Director of Public Instruction. The amount of grant thus recommended by the Circle Inspectors is normally to be released by the Director of Public Instruction for eventual disbursement to the schools. It was, however, noticed from the school-wise allotment of funds for final instalment of grant made by the Directorate for the year 1973-74 that certain schools as illustrated below which were already paid in excess for the year and were therefore not entitled to any additional grant were granted additional amounts by the Directorate.

Circle	Name of schools	Excess advance payment already made during the year	Additional final grant released	Total excess payment during 1973-74
(1)	(2)	(3)	(4)	(5)
(In lakhs of rupees)				
Cuttack	(i) Ramakrushnapur Girls' High School	0.12	0.16	0.28
	(ii) Brahman Jharilo Boys' High School	0.01	0.03	0.04
Cuttack III	(i) Chatua High School ..	0.01	0.01	0.02
	(ii) Ganailo High School ..	0.01	0.03	0.04
	(iii) Gajeswar Bidyapitha ..	0.03	0.02	0.05
	Total ..	0.18	0.25	0.43

(b) In 119 cases relating to four circles, grants to schools for the year 1973-74 were allotted by the Director of Public Instruction in excess of the amounts recommended by the Circle Inspectors the

reasons for which were not on record. These amounts were drawn and paid by the Circle Inspectors, as shown below :—

Circle	Number of schools	Amount recommended by the Circle Inspector	Amount released by the Director of Public Instruction	Excess paid
(1)	(2)	(3)	(4)	(5)
		(In lakhs of rupees)		
1. Balasore ..	19	4.7	5.16	0.45
2. Cuttack-III ..	33	7.17	8.00	0.83
3. Baripada ..	28	6.99	7.81	0.82
4. Cuttack-I ..	39	10.71	12.69	1.98
Total ..	119	29.58	33.66	4.08

(c) In 8 cases grants to schools recommended by the Circle Inspectors were reduced to the extent of Rs. 0.07 lakh by the Director of Public Instruction for which the reasons were not on record. It was intimated by the sanctioning authority that release of grants in all cases was subject to adjustment after final audit.

(17) Inclusion of cost of class IV staff in the standard cost for computation of grants-in-aid to High Schools

The rules for determining the admissible grants to schools have no provision for inclusion of Class IV staff in the approved staff pattern for the purpose of computation of grants-in-aid payable to high schools. In 670 cases of boys' high schools, test checked, the additional cost borne by Government by inclusion of the salaries of Class IV staff in the standard cost during the period from May 1973 to September 1974 amounted to Rs. 17.44 lakhs and in respect of 8 girls' high schools during the period from June 1973 to July 1974 to Rs. 0.88 lakh.

(18) Grants certified as properly utilised without conducting audit or inspection of accounts of aided schools

Under the financial rules, the sanctioning authority is required to satisfy itself about proper utilisation of grants before certifying to the Accountant General that the grant was fully and properly utilised for the purpose for which it was sanctioned. For this purpose, the accounts of the grantee institutions are required to be audited/inspected as per instructions issued by Government in February 1966.

Scrutiny of records of some Inspectors of Schools who sanction grants to high schools disclosed that a major portion of the grants for which utilisation certificates were submitted to the Accountant General as shown below were certified by the Inspectors of schools as properly utilised without conducting any audit or inspection of the accounts of the grantee institutions.

Name of the Circle	Year	Total grant paid	Utilisation certificates	Amount certified without conducting audit/inspection	Balance for which certificate awaited
(1)	(2)	(3)	(4)	(5)	(6)
(In lakhs of rupees)					
Sambalpur ..	1971-72 to 1973-74	48.00	45.02	32.32	2.98
Bolangir and Kalahandi ..	1971-72 to 1974-75	1,12.05	41.74	33.23	70.31
Puri ..	1972-73 to 1974-75	1,04.35	1,04.35	1,04.35	..

DEPARTMENT OF TOURISM AND CULTURAL AFFAIRS

7.7. Grants for Orissa Pavilion in Auroville

(a) Bharat Nivas in International Zone of Auroville (Pondicherry) contains pavilions of various States, intended to serve as cultural embassies representing the art and culture of the respective States. On an appeal made by the Orissa State Committee for Auroville in December 1967, Government decided (March 1968) to assist the Committee in construction of Orissa Pavilion in that area.

(b) Grants amounting to Rs. 4 lakhs were paid by the Government up to March 1973 (Rs. 1 lakh each in March 1968 and March 1971 and Rs. 2 lakhs in March 1973) to the Orissa State Committee for the specific purpose of meeting "the expenditure in connection with construction of Orissa Pavilion in Auroville" excluding land.

(c) Scrutiny of the records of the Department in August 1975 disclosed the following:—

(i) Detailed estimates and plans for the work were not obtained by the Department at any stage. The Auroville Committee furnished a rough sketch of the Orissa Pavilion (estimate: Rs. 7.00 lakhs) to Government in October 1968. Progress reports of the work from time to time and annual accounts of the Committee were not received by the Department. The Department stated (February 1976) that the grants were released on the basis of the rough sketch.

(ii) The Committee utilised the grant in construction of Common Zone and purchase of land in contravention of the conditions of grant. Government have not furnished the utilisation certificate to Audit (March 1976).

The Department stated (February 1976) that the diversion of funds for construction of the Common Zone was irregular and the Government were taking steps for regularisation as there was no alternative; regularisation is awaited (March 1976).

INDUSTRIES DEPARTMENT

7.8. Assistance to bodies/authorities for development of industries

The Industries Department provides assistance to various bodies/authorities/institutions/individuals for development of industries in the State and also for technical education. The assistance provided in the form of grants and loans during 1971-72 to 1974-75 amounted to Rs. 5,60.25 lakhs as indicated below:—

Year	Grant	Loan	Total
	(In lakhs of rupees)		
1971-72 ..	43.15	2.03.85	2.47.00
1972-73 ..	65.56	20.39	85.95
1973-74 ..	80.77	54.61	1,35.38
1974-75 ..	64.83	27.09	91.92
Total ..	2,54.31	3,05.94	5,60.25

A statement of loans/grants paid for different purposes during the period is given in Appendix IX.

(a) Scrutiny of the records of the sanctioning authorities for the year 1974-75 in August 1975 disclosed the following:—

(i) Under the Orissa General Financial Rules, sanctions to grants are to be regulated by Departmental rules and orders. The Industries Department have not framed departmental rules prescribing the procedure of sanctioning grants and loans except in the cases of loans under State-Aid to Industries Act. The Orissa General Financial Rules require that grants should be made, as far as possible, on the basis of specific schemes drawn up in sufficient detail and approved

by Government and the sanctioning authority should insist on obtaining an audited statement of accounts of the body or the institution in order to see that the grant is justified by the financial position of the grantee and to ensure that any previous grant was spent for the purpose for which it was intended. Financial Rules also stipulate that money is not drawn in advance of requirements and there should be no occasion for a rush for payment of grants in March. Out of the assistance of Rs. 91.92 lakhs (54 sanctions) released during 1974-75, an amount of Rs. 38.61 lakhs (31 sanctions) constituting 42 per cent of the total assistance was paid during the last quarter. Of these, 20 sanctions for grants (10 numbers: Rs. 8.65 lakhs) and loans (10 numbers: Rs. 9.21 lakhs) were issued during the last 10 days of the financial year with the stipulation that the amounts should be utilised before the end of the financial year *i. e.*, within a period of less than 10 days.

(ii) Subsidy of Rs. 1.71 lakhs was drawn in March 1975 by Director of Textiles (Rs. 0.96 lakh) in favour of 3 Tasar Weavers' Co-operative Societies and by Joint Director of Industries (Rs. 0.75 lakh) in favour of handicrafts societies of which Rs. 1.13 lakhs were not disbursed to beneficiaries till February 1976. The said authorities intimated to Audit (February 1976) that the amounts would be released after finalisation of rules (pending with Industries Department since January 1975) regarding release of assistance to Tasar Weavers' Co-operatives for construction of godowns (Rs. 0.60 lakh) and on receipt of Governments' approval for release of rebates to handicraft co-operatives (Rs. 0.35 lakh).

(iii) In respect of 24 cases (35 sanctions issued) during 1974-75 involving Rs. 28.45 lakhs evidence of request by the parties for assistance was not available with the sanctioning authorities. Financial position of the grantee/loanee was not examined in regard to 28 cases (34 sanctions) involving Rs. 35.27 lakhs as the audited statements of accounts of the parties had not been received. In 8 cases (13 sanctions) involving Rs. 10.58 lakhs detailed estimates of works for which assistance was given had not been received by the sanctioning authority.

(iv) According to the financial rules, the Director of Industries was to maintain a register of grants-in-aid showing *inter alia* the purposes of grant, the conditions prescribed, whether the conditions were accepted by the grantee, the date of receipt of utilisation certificate from the grantee and the date of submission of utilisation certificate to the Accountant General. Such a register was not maintained by the Director of Industries.

(b) Loans under State-Aid to Industries Act

(i) Under Bihar and Orissa State-Aid to Industries Act, 1973 assistance is provided to industries in the form of loan, guarantee of loan, guarantee of minimum return on the capital of joint-stock company, investment in shares or debentures or payment of subsidy. The assistance given is to be utilised for the purposes for which it is given and the parties should furnish utilisation certificates within six months from the date of receipt of the amount. The table below indicates loans advanced, amounts repaid, balance outstanding and interest realised as per the books of the Accounts Office.

Year	Loans advanced during the year	Repayment	Balance outstanding at the end of the year	Interest realised
(1)	(2)	(3)	(4)	(5)
(In lakhs of rupees)				
1970-71 ..	5.44	1.56	42.02	0.94
1971-72 ..	12.42	2.38	52.06	0.73
1972-73 ..	5.85	3.56	54.35	0.98
1973-74 ..	4.98	29.17	30.16	0.75
1974-75 ..	3.15	6.29	27.02	Nil

(ii) The department has not verified and communicated the acceptance of the balances. At the end of March 1975, overdues in repayment of principal and interest were Rs. 23.23 lakhs and Rs. 11.40 lakhs; yearwise analysis is given below:—

Year	Overdue principal	Outstanding interest
(In lakhs of rupees)		
Upto 1970-71 ..	10.40	9.69
1971-72 ..	5.88	0.89
1972-73 ..	5.57	0.58
1973-74 ..	0.54	0.12
1974-75 ..	0.84	0.12
Total ..	23.23	11.40

Certificate proceedings had been instituted against 212 parties for recovery of Rs. 10.29 lakhs (Principal) in 11 districts for which information was made available to the end of September 1975.

(iii) Although the detailed accounts of loans are maintained in the Accounts Office, as per Rule 20 of State-Aid to Industries Rules the Director of Industries is also required to maintain registers to watch timely repayment of State aid granted under the Act. In the course of audit it was, however, noticed that such registers were not maintained in respect of loans sanctioned by Government or by District Industries Officers ; further, the registers maintained in respect of loans granted by the Director of Industries were incomplete.

(iv) Of the 47 cases where loans were disbursed during 1970-71 to 1974-75, information regarding utilisation as on 31st March 1975 available with the sanctioning authorities was as follows:—

	Number	Amount of loans	Percentage of the loan amount
(In lakhs of rupees)			
Cases where loans were released	47	5.36	..
Properly utilised ..	5	0.54	13
Cases of non-utilisation ..	13	1.08	24
Information regarding utilisation wanting	29	3.76	63

Action taken by the department for ensuring the utilisation of the loan was inadequate as narrated in the following paragraph.

(v) The table below shows the particulars of a few cases of loans to individuals which had not been utilised or in respect of which information regarding the utilisation was not available (October 1975).

Name of party	Amount of loan (Rupees)	Date of Payment	Purpose of loan	Remarks
(1)	(2)	(3)	(4)	(5)
(i) A (Keonjhar district)	12,500	February 1971	Setting up of an automobile workshop.	Certificate proceedings for recovery are under contemplation.
(ii) B (Cuttack district)	15,000	April 1971	Establishment of a chuda mill.	Recovery proceedings started.
(iii) C (Puri district)	20,000	May 1972	Setting up of a mechanised wooden furniture unit.	No information regarding utilisation.
(iv) D (Puri district)	50,000	May 1972	Purchase of equipment for a cinema house.	Ditto
(v) E (Bolangir district)	16,300	April 1971	Establishment of a saw mill.	Ditto

(vi) According to Rule 9 of the Rules framed under the State-Aid to Industries Act, the Director of Industries is required to submit to Government, within six months of the close of the financial year, a report on the loans released during the year indicating the various industries promoted, the extent to which the prescribed conditions had been fulfilled and objectives achieved and in the case of failures, a concise statement of the reasons for the same. No such review of the loans granted under the scheme was conducted in any year by the Director of Industries nor was any report submitted to Government as required.

(vii) The recipient of assistance is required to submit to the Director of Industries a progress report of the work periodically showing (item-wise) how the money is spent and furnish such additional information as may be required. No such progress report was submitted by any party nor any watch kept on the receipt of the same.

(viii) Government paid a loan of Rs. 0.50 lakh to M/s. Orissa Small Scale Industries Corporation (March 1975) for investment in share capital of M/s. Orissa Paper Products, (Bolangir district). Information regarding actual utilisation was not available with the department (February 1976).

(c) *Special subsidy to backward districts*

By orders issued in September 1970 and September 1972 the Government of India declared six districts in the State as specially backward. In order to attract the entrepreneurs to set up more industries in these districts a scheme introduced in 1972-73 envisaged payment of outright subsidy of 10 per cent of the total fixed capital to these units which took effective steps, started production and achieved substantial expansion before March 1973 and 15 per cent to those who fulfilled the said requisites after 1st March 1973. During the three years 1972-73 to 1974-75, Rs. 12.60 lakhs were paid by the State Government to M/s. Orissa State Financial Corporation as agents for disbursement to industrial units against an assistance of Rs. 9.84 lakhs released by the Government of India to the State Government in this regard. According to information available (February 1976), Rs. 6.31 lakhs were disbursed.

7.9. Panchayat Industries Programme

(a) *Introduction*

The Panchayat Industries Programme was introduced in 1961-62 as a part of State Plan with the object of establishing a number of small-scale industries in rural areas all over the State and to raise the standard of living in the villages. The aim of the programme was to improve local skills.

diversify the occupation pattern in the rural areas, produce consumer goods and building materials, provide service and repair facilities for machinery and implements, increase the income of the rural people and to provide a growing source of income to the local Panchayat Samitis. The Panchayat Samiti industries were to be run through industrial co-operatives.

(b) Formation of Panchayat Industries

Mention was made in paragraph 39 of the Audit Report, 1968 regarding a scheme introduced during 1962-63 for award of prizes for all round performance by Gram Panchayats to be invested by them in an industry located within their area ; 103 such prizes were awarded by Government to various Gram Panchayats during the period from 1962-63 to 1964-65. These were intended to be utilised for establishment of industries in the respective Gram Panchayats. Besides, Government approved (1962-63) the setting up of 48 Panchayat Industries Units. It was also decided (March 1963) to convert 25 training-cum-production centres existing under the Community Development Programme into Panchayat Industries Units. Thus a total of 176 industrial units were to be set up under the scheme up to 1964-65 ; against these the establishment of 142 units was undertaken and 116 units were completed by the end of 1966.

In December 1966, Government decided not to establish any more units and to stop further construction of factory buildings including those in progress, owing reportedly to unfavourable financial conditions. The ban was lifted in stages in 1968 and 1972 and 4 more units were set up ; of these, 3 units were commissioned by end of March 1975.

(c) Management

(i) The Panchayat Samiti Industries were directly managed by Government through Panchayat Industries Officers appointed as Managing Directors of the Samiti Industries till September 1964, when the management of the Samiti Industries was transferred to the Orissa Small Industries Corporation and, this arrangement continued till November 1969. For performing the management functions the Corporation claimed Rs. 30.22 lakhs against which a sum of Rs. 5.70 lakhs was paid up to March 1975.

(ii) From December 1969 onwards, the management of the Panchayat Samiti Industries was resumed by Government. The Managing Directors of the Samiti were appointed by the Government and paid directly from Government funds.

(iii) A statement showing the total number of industrial units established under the scheme and the investments made therein as per information furnished by the Department is given below :—

Particular	Number of units	Amount invested	
		Government share capital	Other investments (Panchayat Samitis, Gram Panchayats, artisan members)
(Rupees in lakhs)			
Working units	.. 70	30.04	29.54
Incomplete units	.. 13	3.57	6.48
Defunct units	.. 45	10.39	14.82
Dropped units	.. 10	1.04	5.22
Transferred outside the programme	4	0.19	1.16
Total	.. 142	45.23	57.22

In the case of incomplete and dropped units, Government had advanced Rs. 11.08 lakhs for construction of buildings.

(d) *Financial outlay*

(i) The total outlay by Government to end of 1974-75 on implementation of the programme was Rs. 2,53.06 lakhs, details of which are given below :—

	Amount (Rupees in lakhs)
1. Share capital investment in Co-operatives by Government	34.37
2. Share capital loans to artisans ..	3.78
3. Amounts paid towards loan guaranteed ..	17.40
4. Working capital loans to Co-operatives ..	3.09
5. Payments to Orissa Small Industries Corporations—	
(i) Prize money of Grama Panchayats (Grants) ..	40.80
(ii) Cost of construction of factory buildings and residential quarters of Panchayat Industries Officers	68.58
(iii) Commission for executing civil works and purchase of machinery paid to Orissa Small Industries Corporation	7.00

	Amount (Rupees in lakhs)
(iv) Subsidy for payment of salary of Panchayat Industries Officers and their orderlies (October 1964 to November 1969)	40·88
(v) Subsidy for other management expenses (October 1964 to November 1969)	5·70
(vi) Cost of land, buildings, machinery and working capital for conversion of 25 Training-cum-Production Centres into Panchayat Industries Production Units	10·86
6. Other expenditure—	
(i) Salaries of Panchayat Industries Officers up to September 1964	11·86
(ii) Subsidy on interest on loans raised ..	7·36
(iii) Expenditure on training ..	1·38
Total ..	2,53·06

(ii) It has been estimated that the expenditure incurred by Government on meeting the pay and allowances of the Managing Directors of the Panchayat Samiti Industries from December 1969 to November 1975 was Rs. 36·00 lakhs. This expenditure was not, however, reflected as a subsidy in the Government accounts even though the Panchayat Samiti Industries are bodies having separate legal existence outside the Government.

(iii) In addition to the share capital provided by the Government, the share capital contribution by various Panchayat Samitis was also met out of grants made available to them by Government for this purpose. The total amount of such investment was Rs. 23·37 lakhs.

(iv) The prize money of Rs. 40·80 lakhs awarded to 96 Grama Panchayats (7 Grama Panchayats won prizes in two years) was made over to the Orissa Small Industries Corporation for investment (in the form of machinery, share capital and working capital) on behalf of Grama Panchayats. According to the account furnished by the Corporation in 1972-73 to Government, it appears that out of Rs. 40·80 lakhs received by it, the Corporation has spent Rs. 21·94 lakhs for the purpose for which the money was made available. Detailed accounts called for by the Director of Industries from time to time regarding utilisation of the prize money had not been rendered by the Corporation so far (August 1975). No industrial co-operative was, however, set up in 21 prize-winning Grama Panchayats from whom Rs. 9 lakhs were received by the Corporation.

(e) Construction of buildings

A total amount of Rs. 68.58 lakhs was paid to the Orissa Small Industries Corporation up to 1968-69 as lump sum advances for construction of buildings required for the Panchayat Industries units including residential quarters for the Panchayat Industries Officers. The Corporation had not rendered any account to show how the amount was utilised. The Department called for the information from the Corporation in March 1975, but no reply was received (August 1975).

(f) Guarantee obligation

The Co-operatives as such were expected to raise half the cost of machinery and working capital required for the industries from financing agencies like State Financial Corporation and State Bank of India, against guarantees by the State Government, the balance being met from the share capital. To end of March 1975, Government had guaranteed repayment of loans of Rs. 39.24 lakhs raised by the industrial units from various financing agencies. Guarantee Commission of Rs. 0.61 lakh up to March 1974 was outstanding for recovery from the industrial units (November 1975). Due to default in repayment of loans and interest to the financing institutions, Government had also to discharge the guarantee obligations to the extent of Rs. 17.40 lakhs pertaining to 29 units of which 26 ceased functioning. No amount was recovered from the units towards the guarantee discharged (November 1975).

Guarantee obligation to the extent of Rs. 15.95 lakhs in respect of these different defunct units was outstanding (November 1975) to be discharged.

(g) Working capital loan

Working capital loan of Rs. 3.09 lakhs was paid to 10 industrial co-operatives between March 1967 and February 1969, without execution of any loan bonds, as according to the Director of Industries (August 1975) at the time the loans were made, the bond forms were not available for execution. Out of Rs. 3.79 lakhs due for repayment (Principal : Rs. 2.08 lakhs and interest Rs. 1.71 lakhs) by March 1975, Rs. 3.59 lakhs (principal Rs. 1.94 lakhs and interest : Rs. 1.65 lakhs) were outstanding for recovery (August 1975).

(h) Conversion of training-cum-production centres into Panchayat Industries

In order to implement the decision of the Government to convert 25 training-cum-production centres into Panchayat Industries, a total sum of Rs. 10.86 lakhs was advanced (1963) to Orissa Small Industries Corporation for expenditure on land, buildings, machinery and equipment and to provide

working capital. The Corporation has not so far (August 1975) rendered final accounts regarding utilisation of the amount. According to a statement of receipts and expenditure furnished by the Corporation to the Director of Industries in March 1974, a sum of Rs. 1.66 lakhs was lying unspent with the Corporation. The unspent amount has not been refunded by the corporation so far (November 1975).

The value of the assets of the training-cum-production centres transferred to the Panchayat Samiti Industries has not been determined nor any adjustment made in accounts to reflect the transfer of the assets.

(i) Surplus machinery of incomplete and abandoned units

Machinery worth Rs. 5.32 lakhs purchased by the Orissa Small Industries Corporation in 1966-67 for use in 14 industrial units out of the prize money were lying in stock with the corporation or at site of the units which had either been dropped or left incomplete.

In case of some of the units which had been dropped orders were issued (September 1972) to dispose of the machinery of the book value of Rs. 1.74 lakhs and to find alternative use for the land and the buildings (value not known). This has not been done so far (November 1975).

(j) Performance of the working units

As per information furnished by the Department, of 70 units which were reported to be functioning, 30 units showed cumulative profit of Rs. 17.72 lakhs and the remaining 40 units incurred cumulative losses of Rs. 35.09 lakhs up to June 1974, the net result being cumulative loss of Rs. 17.37 lakhs without taking into account cost of management borne by Government.

Taking into account the expenditure incurred by Government on their management the cumulative loss on the working of the programmes comes to Rs. 1,11.81 lakhs as shown below :—

	(Rupees in lakhs)	
Net cumulative loss of working units	..	17.37
Cost of management borne by Government	..	94.44
Total	..	1,11.81

No dividend has been declared by any unit, except one, in any year so far (June 1975).

(k) Outstanding dues

The Directorate of Industries did not maintain Register of rents in respect of rent due on account of factory buildings and other residential buildings put up by Government for use by the units. According to information collected from the demand statements of various District Industries Officers available with the Director of Industries, the assessment of rent to end of December 1974 made on a provisional basis in respect of 99 units totalled Rs. 32.83 lakhs. Out of this, Rs. 31.29 lakhs were outstanding for recovery as at the end of August 1975. The non-payment was attributed by the department to financial difficulty of the units. The economic rent in respect of the buildings was fixed by Government in December 1974 but re-assessment of amounts due on the basis of these orders was yet to be made by the District Industries Officers (September 1975).

The accounts of the industrial co-operative institutions are required to be audited by Registrar, Co-operative Societies, once every year. According to the information furnished (August 1975) by the Director of Industries, the accounts of 112 societies up to the Co-operative year 1973-74 (ending June 1974) were yet to be audited (September 1975) as detailed below (the compilation of accounts was also in arrears to that extent):—

Years from which compilation of accounts and audit in arrear	Number of societies
1963-64	1
1964-65	6
1965-66	1
1967-68	5
1968-69	5
1969-70	2
1970-71	10
1971-72	23
1972-73	41
1973-74	18

The matter was reported to Government in December 1975 ; its comments are awaited (April 1976).

AGRICULTURE AND CO-OPERATION DEPARTMENT

7.10. Co-operative institutions

(a) Government have been rendering financial assistance to co-operative institutions in the shape of investments in share capital, loans, grants-in-aid and subsidies. Government's investment in the form of share capital at the close of each of the three years up to 1974-75 was as follows :—

Year	Number of institutions	Share capital invested by Government (In lakhs of rupees)
1972-73	.. 4,140	11,78.76
1973-74	.. 4,168	13,12.97
1974-75	.. 4,169	14,56.91

(b) Besides, Rs. 3,21.52 lakhs were invested by Government to the end of 1974-75 in debentures floated by the Orissa State Co-operative Land Development Bank. The particulars of the institutions in which investments were made as on 31st March 1975 are given in Statement No. 14 of the Finance Accounts for the year 1974-75. Against this investment, the dividend received by the Government during 1974-75 aggregated to Rs. 10.57 lakhs ; this represented an average return of 59 paise for every 100 rupees invested.

(c) Outright grants and subsidies paid to the co-operatives for various purposes during 1972-73, 1973-74 and 1974-75 were Rs. 66.50 lakhs, Rs. 48.88 lakhs and Rs. 51.39 lakhs respectively.

(d) Loans paid by Government to various co-operative institutions together with the opening and closing balance during the three years up to 1974-75 as per accounts maintained in the accounts office were as follows :—

Year	Loan			
	Balance at the end of previous year	Disbursed during the year	Repayment during the year	Balance at the end of the year
(1)	(2)	(3)	(4)	(5)
(In lakhs of rupees)				
1972-73	.. 5,86.80	4,17.53	1,55.01	8,49.32
1973-74	.. 8,49.32	1,90.00	1,58.06	8,81.26
1974-75	.. 8,81.26	2,53.69	1,94.48	9,40.47

Though detailed accounts of the loans are maintained by the Department, acceptance of balances was not obtained in any case (March 1976) and the amount of loans overdue for repayment at the end of 1974-75 was not available with the Department.

(e) Up to March 1975 Government guaranteed loans raised by 112 co-operative institutions to the extent of Rs. 31,88.04 lakhs subject to payment of guarantee commission by the Co-operatives ; Rs. 1.07 lakhs were outstanding at the end of March 1975 for recovery towards guarantee commission. The details of guarantee are available in Statement No. 6 of the Finance Account for the year 1974-75.

(f) The accounts of the Co-operative institutions are required to be audited by the Registrar, Co-operative Societies, Orissa once every year. According to the information furnished (December 1975) by the Registrar, the accounts of 5,360 societies up to the Co-operative year 1973-74 (ending June 1974) remained unaudited on 30th June 1975, as detailed below :—

Year from which audit in arrears		Number of societies
1968-69	..	1,906
1969-70	..	189
1970-71	..	302
1971-72	..	698
1972-73	..	595
1973-74	..	1,670
		<hr/>
	Total ..	5,360
		<hr/>

Of these, 2,252 societies had ceased functioning and 1,028 societies were in moribund condition. Information regarding audit of the accounts for the Co-operative year 1974-75 has not been furnished by the Department so far (December 1975).

(g) Delay in completion of audit was attributed (December 1975) by the Registrar to :

- (i) non-availability of records ;
- (ii) improper maintenance of accounts requiring more time for audit;
- (iii) inadequate staff ; and
- (iv) posting inexperienced and raw hands to audit without training or an audit manual to guide them. The department has been in existence since 1946,

Due to delay in their finalisation, audit reports on the societies in which the State Government hold shares were not made available for the years 1972-73 to 1974-75.

(h) During 1974-75, 329 co-operative societies were wound up. Sums aggregating to Rs. 20.38 lakhs had been provided up to 31st March 1975 as assistance to these societies on account of subsidies (Rs. 4.70 lakhs) and loans (Rs. 10.56 lakhs) and contribution to share capital (Rs. 5.12 lakhs). The department did not intimate (January 1976) the action taken for the liquidation of the amounts to be recovered from these societies.

Rupees 3.50 lakhs were alleged to have been misappropriated during 1973-74 and 1974-75 in two societies (including a co-operative Bank). Shortages of fertilisers, consumable stock and other stores of aggregate value Rs. 23.09 lakhs were noticed in 25 co-operative societies and these were awaiting investigation (December 1975).

CHAPTER 8
OUTSTANDING AUDIT OBSERVATIONS AND INSPECTION
REPORTS

8.1. Outstanding audit observations

Audit observations on financial transactions of Government are reported to the departmental authorities concerned so that appropriate action is taken to rectify the defects and omissions. Half-yearly reports of such observations outstanding for more than six months are also forwarded to Government to expedite their settlement. In accordance with the orders of Government (July 1960), committees were set up in all departments, consisting of a representative each of the Finance Department, the department to which the audit observations relate and of the Audit Office, to review the outstanding observations and formulate necessary measures for their prompt clearance. The Public Accounts Committee has also been stressing the need for expeditious settlement of the audit observations.

The following table shows the number of audit observations issued up to the end of March 1975 and outstanding at the end of September 1975 as compared with the position indicated in two preceding Audit Reports :—

	As at the end of September		
	1973	1974	1975
Number of observations ..	1,22,678	1,37,553	1,40,135
Amount to which the observations relate (in crores of rupees)	97.75	1,13.33	1,06.47

The following departments have comparatively heavy outstanding audit observations :—

Sl. No.	Department	Number	Amount (In lakhs of rupees)
1.	Irrigation and Power ..	12,401	34,03.17
2.	Revenue and Excise ..	19,837	13,94.49
3.	Agriculture and Co-operation ..	11,976	9,61.64
4.	Health and Family Planning ..	13,819	9,48.41
5.	Tribal and Rural Welfare ..	11,919	9,14.35
6.	Community Development and Panchayati Raj	39,171	5,97.42
7.	Industries ..	2,057	5,44.50
8.	Commerce and Transport ..	3,679	4,60.17
9.	Works ..	1,572	3,72.99
10.	Home ..	5,767	3,71.72
11.	Education and Youth Services ..	3,703	1,79.07
12.	Forest and Animal Husbandry ..	6,218	1,53.90

The following are some of the major reasons for which audit observations have remained outstanding :—

Sl. No.	Nature of observation	Number	Amount (In lakhs of rupees)
1.	Detailed contingent bills for lump sum drawal not received	41,779	32,90.41
2.	Sanction to estimates or excess over estimates not received	5,044	27,02.38
3.	Payees' receipts not received ..	20,072	17,46.91
4.	Vouchers not received ..	32,710	11,00.62
5.	Agreements with contractors/suppliers not received	3,863	5,28.05
6.	Sanction for contingent and miscellaneous expenditure not received	8,934	3,06.01
7.	Sanction to reserve stock limit or excess over reserve stock limit not received	22	67.52
8.	Advances paid to Government servants not recovered	13,623	40.87

The facility of drawing amounts as advances on abstract contingent bills by disbursing officers is intended to expedite payment but the abstract contingent bills are to be followed by detailed contingent bills containing all particulars of expenditure with supporting documents. The contingent bills are to be sent to the Audit Officer within three months of the drawal of the advance in respect of works expenditure and within one month in other cases.

In the absence of detailed contingent bills, it is not possible for Audit to know whether the amount has been spent on the purpose or purposes for which the advances were drawn. Rupees 32,90.41 lakhs were held under observation as detailed contingent bills had not been received in the Audit Office at the end of September 1975. The departments with comparatively heavy outstandings are mentioned below :—

Sl. No.	Department	Amount (In lakhs of rupees)
1.	Revenue and Excise ..	10,39.29
2.	Agriculture and Co-operation ..	6,17.82
3.	Tribal and Rural Welfare ..	6,14.91
4.	Home ..	2,18.83
5.	Health and Family Planning ..	1,88.30
6.	Community Development and Panchayati Raj ..	1,85.95
7.	Industries ..	1,41.08
8.	Education and Youth Services ..	1,04.31

A sizeable portion of the total outstandings is due to non-submission of payees' receipts and vouchers. The departments with comparatively heavy outstandings on this account were :—

Sl. No.	Department	Number	Amount (In lakhs of rupees)
1.	Health and Family Planning	9,028	6,67.00
2.	Commerce and Transport	2,877	3,39.06
3.	Irrigation and Power	2,513	3,23.75
4.	Community Development	19,823	2,70.09
5.	Industries	89	2,44.47
6.	Agriculture and Co-operation	3,154	1,53.78
7.	Tribal and Rural Welfare	3,972	1,52.79
8.	Revenue and Excise	2,412	1,44.55
9.	Home	1,455	1,28.48
10.	Forest and Animal Husbandry	1,581	1,01.52

The year-wise analysis of the audit observations issued up to March 1975 which were not settled up to the 30th September 1975 is given below :—

Year of issue	Number of items	Amount (In lakhs of rupees)
1970-71 and earlier years	1,05,680	48,22.35
1971-72	7,148	16,58.16
1972-73	7,727	13,50.93
1973-74	9,045	12,74.43
1974-75	10,535	15,40.98
Total	1,40,135	1,06,46.85

The money value of audit observations in respect of individual items of value of Rs. 0.25 lakh or more outstanding for more than ten years is Rs. 1,66.56 lakhs (251 items) in 13 departments ; the department-wise analysis is given below :—

Sl. No.	Department	Items	Amount (In lakhs of rupees)
1.	Revenue and Excise	98	56.64
2.	Health and Family Planning	59	31.92
3.	Education and Youth Services	56	28.87
4.	Home	13	17.47
5.	Industries	2	9.50
6.	Mining and Geology	5	6.47
7.	Forest and Animal Husbandry (Fisheries)	1	3.62
8.	Rural Development	1	3.01
9.	Commerce and Transport	5	2.83
10.	Agriculture and Co-operation	3	1.65
11.	Finance	3	1.09
12.	Community Development and Panchayati Raj	1	0.50
13.	Irrigation and Power	4	2.99
	Total	251	1,66.56

8.2. Outstanding inspection reports

Audit observations on financial irregularities and defects in initial accounts, noticed during local audit and not settled on the spot, are communicated to the Heads of Offices and higher departmental authorities through audit inspection reports. Important irregularities are also reported to Heads of Departments and the Government. The Government has prescribed that first replies to inspection reports should be sent within four weeks.

At the end of September 1975, 9,098 inspection reports issued up to March 1975 were not settled fully as shown below with corresponding figures for the earlier two years.

	As at the end of September		
	1973	1974	1975
Number of Inspection Reports	6,173	6,831	9,098
Number of paragraphs ..	25,558	28,817	40,592

Of the reports outstanding at the end of September 1975, 6,897 reports related to civil departments, 1,411 to commercial departments and 790 to revenue receipts. These included 622 inspection reports (505 civil and 117 revenue receipts), first replies for which had not been received till the end of September 1975.

The money value of the financial irregularities and other observations of financial significance brought out in the inspection reports which are outstanding for more than ten years is Rs. 3,72.72 lakhs ; the nature of irregularities involved is indicated below :—

	Amount (In lakhs of rupees)
(i) Losses awaiting regularisation ..	47.50
(ii) Unauthorised diversion of funds ..	4.90
(iii) Irregularities in execution of works ..	27.71
(iv) Irregular purchases ..	17.66
(v) Outstanding hire charges ..	1.73
(vi) Advances outstanding for recovery ..	39.43
(vii) Drawal of funds not required for immediate disbursement	12.21
(viii) Excess grants given to bodies/authorities ..	48.33
(ix) Excess grants from the Government of India not refunded	28.59
(x) Loans outstanding for recovery ..	1,16.46
(xi) Other miscellaneous irregularities ..	28.20
Total ..	<u>3,72.72</u>

A sample study of inspection reports relating to 4 offices (under 4 departments) conducted in October 1975 disclosed that the money value of audit observations contained in the inspection reports issued up to October 1974 awaiting settlement (October 1975) is Rs. 1,51.38 lakhs (21 reports, 71 paragraphs) ; the department/office-wise break up is as below :—

	Amount (Rupees in lakhs)
(i) Education Department—	
Director of Public Instruction (Schools) Orissa, Bhubaneswar	1,14.38
(ii) Agriculture and Co-operation Department—	
District Agriculture Officer, Sambalpur ..	29.93
(iii) Tribal and Rural Welfare Department—	
District Welfare Officer, Balasore ..	6.07
(iv) Home Department—	
Inspector General of Police, Orissa, Cuttack ..	1.00
Total ..	<u>1,51.38</u>

R. K. A. Subrahmanya

BHUBANESWAR,
The

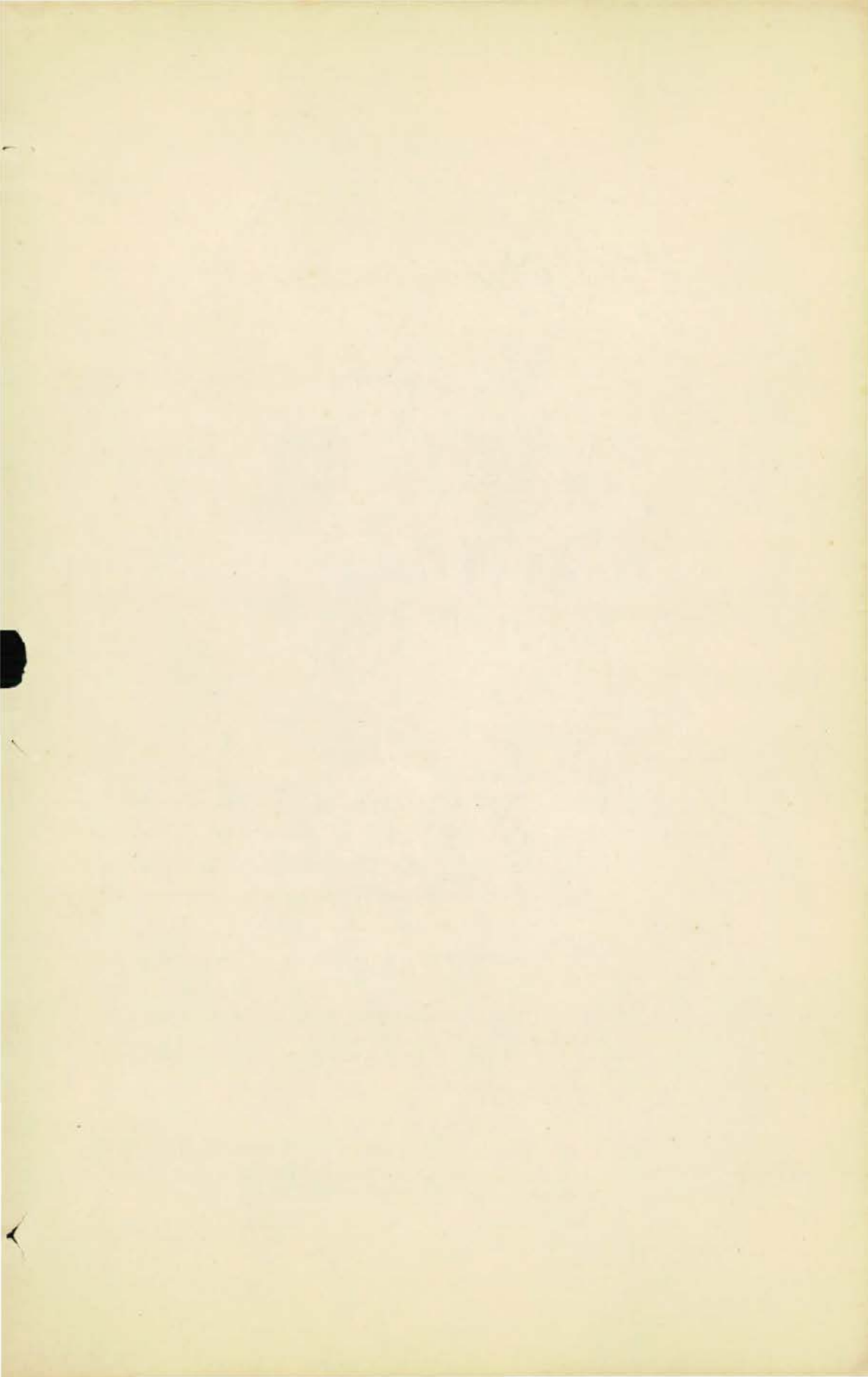
(R. K. A. SUBRAHMANYA)
Accountant General, Orissa

Countersigned

A. Bakshi

NEW DELHI,
The

(A. BAKSI)
Comptroller and Auditor General of India



APPENDICES

APPENDIX I

(Reference : paragraph 1.8 (a) (ii), page 23)

Investment of Government at the end of 1972-73, 1973-74 and 1974-75, dividend/interest earned therefrom during 1972-73, 1973-74 and 1974-75

	No. of concerns	Amount invested	1972-73	
			Dividend/interest received	
			Amount	Percentage
		(In lakhs of rupees)		
Statutory Corporations ..	7	3,96.94	37.56	9.5
Government Companies ..	53	34,45.68	2.34	0.1
Joint-Stock Companies ..	26	1,20.18	4.69	3.9
Co-operatives ..	4,140	13,98.74	2.35	0.2
Total ..	4,226	53,61.54	46.94	0.9

	No. of concerns	Amount invested	1973-74	
			Dividend/interest received	
			Amount	Percentage
		(In lakhs of rupees)		
Statutory Corporations ..	6	3,97.92	10.98	2.8
Government Companies ..	57	36,79.78	0.43	0.01
Joint-Stock Companies ..	26	1,37.68	3.74	2.7
Co-operatives ..	4,168	15,72.80	14.90	0.9
Total ..	4,257	57,88.18	30.05	0.5

	No. of concerns	Amount invested	1974-75	
			Dividend/interest received	
			Amount	Percentage
		(In lakhs of rupees)		
Statutory Corporations ..	6	3,97.92	1.91	0.5
Government Companies ..	56	39,22.48	0.27	..
Joint-Stock Companies ..	26	1,37.68	5.65	4.1
Co-operatives ..	4,169	17,78.43	15.78	0.9
Total ..	4,257	62,36.51	23.61	0.4

The amount of investments given in this Appendix include funds met out of Consolidated Fund as well as earmarked funds and differ from those shown in Appendix I of Finance Accounts which includes the amount debited to Consolidated Fund only.

APPENDIX II

(Reference : paragraph 1.9 (c), page 25)

Statement showing amount paid by Government in discharge of guarantee liabilities on behalf of principal debtors and recovery thereof during 1974-75

Name of the Principal debtor	Amount paid Rs.	Recovery from principal debtors	Remarks
<i>Private parties—</i>			
(1) Shrimati Parbati Ghosh	1,30,695	..	Guarantee given to Orissa State Financial Corporation for repayment of loan obtained for production of Oriya film.
<i>Co-operative Societies—</i>			
(2) Ramachandrapur Saw Mill-cum-Oil Expellor Co-operative Society	1,17,000	..	Guarantee given to the State Bank of India for repayment of the loan.
(3) Kotpad Mangalore pattern Roofing Co-operative Society, Jeypore	1,650	..	Ditto
<i>Government companies—</i>			
(4) Orissa Timber Products, Limited	4,600	..	Ditto
Total	2,53,945	..	

APPENDIX

(Reference : paragraph 1.13 (c),

Statement showing Department-wise and year-wise analysis of utilisation

Serial No.	Name of the Department	Year in which the grant was paid	Building grant		Equipment grant	
			Number of utilisation certificates outstanding	Amount (Rupees in lakhs)	Number of utilisation certificates outstanding	Amount (Rupees in lakhs)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1.	Health and Family Planning	Up to 1971-72	4	3.58	3	0.11
		1972-73	..	..	..	..
		1973-74	..	..	..	..
2.	Urban Development	Up to 1971-72	9	3.14	..	..
		1972-73	11	4.52	1	0.20
		1973-74	..	..	..	..
3.	Labour, Employment and Housing	Up to 1971-72	1	0.02	..	..
		1972-73	..	..	1	0.43
		1973-74	..	..	..	..
4.	Planning and Co-ordination— (a) Planning ..	Up to 1971-72	..	..	..	..
		1972-73	..	..	..	..
		1973-74	..	..	..	..
	(b) Co-ordination	Up to 1971-72	..	..	..	..
		1972-73	..	..	..	..
		1973-74	..	..	..	..
5.	Home ..	Up to 1971-72	..	..	1	0.10
		1972-73	..	..	..	..
		1973-74	..	..	..	..
6.	Community Development and Panchayati Raj— (a) Community Development	Up to 1971-72	245	54.75	..	..
		1972-73	25	6.98	30	4.03
		1973-74	401	40.05	..	..
	(b) Grama Panchayat	Up to 1971-72	37	2.55	..	..
		1972-73	..	..	..	..
		1973-74	36	5.06	..	..
7.	Forest and Animal Husbandry	Up to 1971-72	1	1.63	1	0.40
		1972-73	..	..	..	..
		1973-74	..	..	..	..

III

page 32)

certificates awaited as on the 30th September 1975

Maintenance grant		Miscellaneous grant		Total	
Number of utilisation certificates outstanding	Amount (Rupees in lakhs)	Number of utilisation certificates outstanding	Amount (Rupees in lakhs)	Number of utilisation certificates outstanding	Amount (Rupees in lakhs)
(8)	(9)	(10)	(11)	(12)	(13)
6	1.37	349	39.33	362	44.39
3	0.24	35	3.67	38	3.91
2	1.40	26	3.41	28	4.81
13	0.92	516	3,96.30	538	4,00.36
1	0.10	186	1,57.02	199	1,61.84
..	..	192	1,12.24	192	1,12.24
..	..	11	2.71	12	2.73
..	..	1	1.00	2	1.43
..
..	..	57	6.98	57	6.98
..	..	24	0.22	24	0.22
..
..	..	107	1,92.46	107	1,92.46
..
..
..	..	62	13.66	63	13.76
..	..	23	3.91	23	3.91
..	..	22	1.96	22	1.96
..	..	7,348	23,80.13	7,593	24,34.88
6	0.31	1,875	3,15.15	1,936	3,26.47
205	20.12	2,333	3,46.22	2,939	4,06.39
1,529	1,50.16	2,843	3,12.90	4,409	4,65.61
35	17.01	29	7.32	64	24.33
435	96.08	673	1,24.32	1,144	2,25.46
10	20.09	25	24.99	37	47.11
..	..	8	6.36	8	6.36
3	5.35	6	9.45	9	14.80

APPENDIX

Serial No.	Name of the Department	Year in which the grant was paid	Building grant		Equipment grant	
			Number of utilisation certificates outstanding	Amount (Rupees in lakhs)	Number of utilisation certificates outstanding	Amount (Rupees in lakhs)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
8. Agriculture and Co-operation—						
	(a) Agriculture ..	Up to 1971-72	2	0.20	..	..
		1972-73	..	..	..	..
		1973-74	..	..	..	..
	(b) Co-operation ..	Up to 1971-72	..	..	..	..
		1972-73	..	..	..	..
		1973-74	..	..	..	..
9. Tribal and Rural Welfare						
	Up to 1971-72	197	1,30.87	74	5.61	
	1972-73	..	..	4	0.65	
	1973-74	..	..	..	..
10. Commerce and Transport—						
	(a) Commerce ..	Up to 1971-72	..	..	..	..
		1972-73	..	..	..	..
		1973-74	..	..	..	..
	(b) Transport ..	Up to 1971-72	..	..	..	..
		1972-73	..	..	..	..
		1973-74	..	..	..	..
11. Law						
	.. Up to 1971-72	1	0.07	..	..
		1972-73	..	..	..	..
		1973-74	..	..	..	..
12. Tourism and Cultural Affairs						
	Up to 1971-72	..	..	..	..
	1972-73	..	..	..	..
	1973-74	..	..	..	..
13. Education and Youth Services						
	Up to 1971-72	94	20.64	173	4.73	
	1972-73	152	12.46	70	7.23	
	1973-74	237	48.93	32	0.84	

iii—contd.

Maintenance grant		Miscellaneous grant		Total	
Number of utilisation certificates outstanding	Amount (Rupees in lakhs)	Number of utilisation certificates outstanding	Amount (Rupees in lakhs)	Number of utilisation certificates outstanding	Amount (Rupees in lakhs)
(8)	(9)	(10)	(11)	(12)	(13)
2	2.10	81	1,64.01	85	1,66.31
..	..	20	40.77	20	40.77
..	..	27	63.26	27	63.26
..	..	248	71.85	248	71.85
..	..	46	37.61	46	37.61
..	..	37	38.14	37	38.14
104	15.30	199	60.12	574	2,11.90
5	0.22	49	8.52	58	9.39
..
..	..	84	1.85	84	1.85
..	..	1	0.25	1	0.25
..
..	..	18	1.10	18	1.10
..	..	3	0.23	3	0.23
..	..	15	0.44	15	0.44
2	1.85	90	6.82	93	8.74
1	1.00	20	0.44	21	1.44
2	1.85	89	1.21	91	3.06
..	..	10	4.23	10	4.23
..	..	21	3.38	21	3.38
..	..	2	1.00	2	1.00
7,431	17,22.90	13,510	7,01.39	21,208	24,49.66
10,456	15,82.07	1,388	1,25.67	12,066	17,27.43
6,981	16,38.87	2,624	1,14.03	9,874	18,02.67

APPENDIX

Serial No.	Name of the Department	Year in which the grant was paid	Building grant		Equipment grant	
			Number of utilisation certificates outstanding	Amount (Rupees in lakhs)	Number of utilisation certificates outstanding	Amount (Rupees in lakhs)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
14.	Revenue and Excise	Up to 1971-72	22	1.07	8	0.09
		1972-73	19	0.49	25	0.35
		1973-74	3	0.11	7	0.03
15.	Industries	Up to 1971-72	..	..	..	..
		1972-73	..	..	..	..
		1973-74	..	..	..	..
16.	Works	Up to 1971-72	..	..	..	..
		1972-73	..	..	..	..
		1973-74	..	..	..	..
17.	Irrigation and Power (Irrigation)	Up to 1971-72	..	..	..	..
		1972-73	..	..	..	..
		1973-74	..	..	..	..
18.	Finance	Up to 1971-72	..	..	..	..
		1972-73	..	..	..	..
		1973-74	..	..	..	..
19.	Political and Services	Up to 1971-72	..	..	..	..
		1972-73	..	..	..	..
		1973-74	..	..	..	..
Total		..	1,497	3,37.12	430	24.80

III—concl'd.

Maintenance grant		Miscellaneous grant		Total	
Number of utilisation certificates outstanding	Amount (Rupees in lakhs)	Number of utilisation certificates outstanding	Amount (Rupees in lakhs)	Number of utilisation certificates outstanding	Amount (Rupees in lakhs)
(8)	(9)	(10)	(11)	(12)	(13)
17	18·83	73	31·84	120	51·83
1	0·19	61	1·16	106	2·19
..	..	79	0·85	89	0·99
..	..	82	27·38	82	27·38
..	..	2	0·45	2	0·45
..	..	2	0·45	2	0·45
..	..	7	0·11	7	0·11
..	..	1	0·04	1	0·04
..	..	1	0·04	0	0·04
..	..	5	2·53	5	2·53
..
..	..	2	66·71	2	66·71
..	..	81	2·84	81	2·84
..
..
..	..	23	1·26	23	1·26
..	..	1	0·03	1	0·03
..
27,250	52,98·33	35,753	60,43·72	64,930	1,17,03·97

APPENDIX IV

(Reference : paragraph 2.4, page 44)

Grants/charged appropriations where savings (more than Rs 2 lakhs in each case) were more than 10 per cent of the total provision

Sl. No.	Number and name of grant/charged appropriation	Total grant/charged appropriation	Expenditure	Saving	Percentage of saving
(1)	(2)	(3)	(4)	(5)	(6)
(In lakhs of rupees)					
<i>Revenue Section</i>					
1.	3-A—Expenditure relating to Excise Department	66.93	55.94	10.99	16
2.	5—Expenditure relating to Finance Department	12,78.47	5,13.96	7,64.51	60
3.	6—Expenditure relating to Commerce Department	2,23.08	1,87.13	35.95	16
4.	7—Expenditure relating to Works Department	7.55	5.45	2.10	28
5.	11—Expenditure relating to Tribal and Rural Welfare Department	11,82.19	6,47.34	5,34.85	45
6.	14—Expenditure relating to Labour, Employment, Housing Department	97.48	81.58	15.90	16
7.	16—Expenditure relating to Planning and Co-ordination Department	83.29	54.16	29.13	35
8.	18—Expenditure relating to Community Development and Panchayati Raj Department	12,12.78	10,74.85	1,37.93	11
9.	19—Expenditure relating to Industries Department	4,02.12	3,45.26	56.86	14
10.	21—Expenditure relating to Transport Department	1,27.29	1,01.49	25.80	20
11.	23—Expenditure relating to Agriculture and Co-operation Department	14,49.65	11,70.89	2,78.76	19
12.	24—Expenditure relating to Mining and Geology Department	70.81	58.19	12.62	18
13.	Interest payment ..	33,60.46	27,42.15	6,18.31	18

APPENDIX IV—concl'd.

Sl. No.	Number and name of grant/charged appropriation	Total grant/charged appropriation	Expenditure	Saving	Percentage of saving
(1)	(2)	(3)	(4)	(5)	(6)
	<i>Capital Section</i>		(In lakhs of rupees)		
14.	1—Expenditure relating to Home Department	26.44	14.86	11.58	44
15.	6—Expenditure relating to Commerce Department	29.47	5.31	24.16	82
16.	7—Expenditure relating to Works Department	8,61.82	7,65.66	96.16	11
17.	10—Expenditure relating to Education Department	53.42	43.45	9.97	19
18.	12—Expenditure relating to Health and Family Planning Department	5.37	1.58	3.79	71
19.	13—Expenditure relating to Urban Development Department	1,46.03	1,00.07	45.96	31
20.	18—Expenditure relating to Community Development and Panchayati Raj Department	14.75	10.50	4.25	29
21.	20—Expenditure relating to Irrigation and Power Department	39,04.25	31,09.16	7,95.09	20
22.	22—Expenditure relating to Forest and Animal Husbandry Department	12,60.76	10,39.79	2,20.97	18
23.	23—Expenditure relating to Agriculture and Co-operation Department	12,60.94	10,14.18	2,46.76	20
24.	24—Expenditure relating to Mining and Geology Department.	55.77	13.20	42.57	76
25.	<i>Internal debt of the State Government</i>	21,22.66	16,17.98	5,04.68	24
26.	<i>Loans and advances from Central Government</i>	14,93.69	13,13.95	1,79.74	12

APPENDIX

(Reference : paragraph 3.9,

Misappropriations, losses, etc., reported up to 31st March 1975,

Sl. No.	Name of the department	Cases in which departmental/ criminal proceedings have not been instituted due to non-receipt of detailed reports from sub-ordinate authorities		Cases in which departmental action started but not finalised		Cases in which departmental proceedings finalised and recovery is in progress	
		Number	Amount	Number	Amount	Number	Amount
			(Rs.lakhs)		(Rs. lakhs)		(Rs. lakhs)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1.	Agriculture and Co-operation ..	29	0.88	18	1.68	15	0.30
2.	Community Development and Panchayati Raj	11	1.20	14	0.84	4	0.05
3.	Commerce and Transport ..	4	0.85	17	0.40	..	..
4.	Education and Youth Services ..	6	0.29	19	3.63	6	0.20
5.	Finance ..	9	1.17	6	1.86	1	0.07
6.	Forest and Animal Husbandry	27	1.97	30	2.54	5	0.38
7.	Home ..	11	0.54	17	0.42	1	0.14
8.	Industries ..	8	0.31	8	0.36	2	0.04
9.	Irrigation and Power ..	50	15.30	58	2.05	8	0.21
10.	Labour Employment and Housing	2	0.16	..	..	..	..
11.	Law ..	1	1.69	1	(A)	..	..
12.	Mining and Geology ..	2	(A)	1	0.01	1	0.01
13.	Health and Family Planning ..	32	2.97	1	0.04	..	..
14.	Political and Services ..	1	0.04	..	..	..	..
15.	Revenue and Excise ..	27	1.12	41	3.20	9	2.75
16.	Food and Civil Supplies ..	..	..	1	0.01	..	..
17.	Tribal and Rural Welfare ..	7	1.20	22	2.01	1	0.01
18.	Works ..	48	4.04	117	8.84	43	4.52
19.	Urban Development ..	4	0.07	57	1.78	2	0.04
20.	Rural Development ..	26	0.96	22	0.31	2	0.02
	Total ..	305	34.76	450	29.98	100	8.74

(A) Amount not known.

V

page 72)

pending finalisation at the end of September 1975

Cases in which criminal cases finalised but execution/certificate cases for recovery of the amount is pending		Cases awaiting Government orders for recovery or write off		Cases in court of law		Total	
Number	Amount (Rs. lakhs)	Number	Amount (Rs. lakhs)	Number	Amount (Rs. lakhs)	Number	Amount (Rs. lakhs)
(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
..	..	16	0.59	6	0.44	84	3.89
5	0.30	5	0.56	4	0.58	43	3.53
1	0.01	3	0.18	7	0.16	32	1.60
..	..	6	0.20	1	0.21	38	4.53
..	..	..	..	..	..	16	3.10
..	..	6	0.05	2	0.32	70	5.26
..	..	4	0.09	2	0.09	35	1.28
..	..	2	0.05	1	0.01	21	0.77
..	..	22	0.96	8	0.18	146	18.70
..	..	..	..	..	..	2	0.16
..	..	1	0.01	1	0.02	4	1.72
..	..	1	0.05	..	..	5	0.07
..	..	1	0.01	..	..	34	3.02
..	..	..	..	..	..	1	0.04
32	3.65	25	0.68	23	1.53	157	12.93
..	..	2	0.03	2	0.34	5	0.38
..	..	6	0.23	3	2.40	39	5.85
4	18.04	1	0.10	..	..	213	35.54
1	(B)	1	0.02	3	0.18	68	2.09
..	..	..	..	3	0.05	53	1.34
43	22.00	102	3.81	66	6.51	1,066	1,05.80

(B) Rs. 170

APPENDIX VI

(Reference : paragraph 5.1 , page 130)

Synopsis of important stores and stock accounts

A synopsis of stores and stock accounts for 1974-75 which have been received is given below :—

Sl. No.	Name of accounts	Stores	Opening balance	Receipt	Issue	Closing balance
(1)	(2)	(3)	(4)	(5)	(6)	(7)
(In lakhs of rupees)						
A. PUBLIC WORKS DEPARTMENT						
IRRIGATION AND POWER DEPARTMENT						
1.	Delta Irrigation Project	Building materials ..	—2·40(A)	39·25	34·52	2·33
2.	Salandi Irrigation Project	Small stores ..	1·43	10·88	11·48	0·83
3.	Hirakud Dam Project —					
	(a) Stage I ..	Miscellaneous stores, fuel, spares, etc.	1,98·00	6·60	18·17	1,86·43
	(b) Stage II ..	Ditto	—3·42 (A)	..	..	—3·42
B. CIVIL DEPARTMENT						
HOME DEPARTMENT						
4.	Jail manufactory ..	Manufactured stores, raw materials. etc.	4·76	13·17	13·04	4·89
5.	Jail maintenance ..	Rations, equipments, etc.	11·68	68·63	66·43 (B)	13·88 (C)
6.	Orissa Police Motor Transport Workshop, Cuttack	Spare parts, vehicles, etc.	2·80	7·56	5·94	4·42
7.	Public Relations ..	Radios, batteries, spare parts and audio-visual equipment.	22·91	8·17	4·74	26·34
INDUSTRIES DEPARTMENT						
8.	Orissa School of Engineering, Cuttack	Engineering instruments, equipments, miscellaneous stores, etc.	18·03	3·25	2·17	19·11
FINANCE DEPARTMENT						
9.	Non-judicial stamps ..	..	4·43	1·55	2·23	3·75
10.	Judicial stamps ..	..	3·37	0·42	0·54	3·25

(A) For *minus* balances please see paragraph 5.5 at page 131.

(B) Includes Rs. 0·20 lakh representing value of stores written off.

(C) Includes stores valued at Rs. 0·27 lakh yet to be written off.

APPENDIX VII

(Reference : paragraph 6.1, page 135)

Summarised financial results of working of departmentally managed undertakings disclosed by the *pro forma* accounts for the latest year available

Name of the concern	Year of account	Government capital	Mean capital	Free Reserve	Block Assets	Depreciation	Profit (+) Loss (-)	Percentage of return on mean capital
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
(In lakhs of rupees)								
AGRICULTURE DEPARTMENT								
1. Cold Storage Plant, Cuttack	1970-71	9.03	7.31	..	5.78	3.66	+1.13	15.5
2. Cold Storage Plant, Sambalpur	1966	3.61	6.06	..	3.64	1.82	+0.10	1.6
INDUSTRIES DEPARTMENT								
3. Government Tannery, Titilagarh	1971-72	11.18	8.50	..	3.10	1.60	+1.47	17.4
4. Government Tannery, Boudh	1971-72	6.38	7.55	..	0.44	0.73	-0.39	..
5. Government Shoe Factory, Cuttack	1971-72	12.67	8.16	..	1.27	0.71	-0.24	..
6. Government Tile Factory, Kendrapara	1974-75	0.42	0.54	..	1.09	0.56	-0.03	..
7. Government Tile Factory, Panikoili	1974-75	0.40	0.42	..	0.68	0.36	-0.04	..
8. Government Tile Factory, Balasore	1974-75	0.55	0.55	..	0.31	0.93	-0.06	..
9. Production Centre for Development of Ceramic Industry, Cuttack	1974-75	2.66	2.69	..	0.72	0.39	-0.14	..
TRANSPORT DEPARTMENT								
10. State Transport Service, Orissa, Cuttack	1968-69	1,41.87	97.29	..	3,48.08	1,88.49	+36.39	37.4
FOREST AND ANIMAL HUSBANDRY DEPARTMENT								
11. Exploitation and Marketing of fish	1974-75	13.50	10.00	..	0.70	0.53	+3.50	35

APPENDIX VIII

(Reference : paragraph 7.6, page 155)

Statement of grants disbursed to non-Government Institutions under Education Department

Sl. No.	Name of the Scheme	1971-72	1972-73	1973-74	1974-75
(In lakhs of rupees)					
1.	Assistance to Non-Government Primary Schools	62.72	78.36	74.57	1,27.38
2.	Assistance to Local bodies for Primary Education	10,55.26	12,01.82	12,52.74	18,80.17
3.	Assistance to Non-Government Secondary Schools	5,04.54	5,58.40	7,17.29	10,62.38
4.	Assistance to Local Bodies for Secondary Education	4.10	4.68	1.25	0.69
5.	Grants for Special Education ..	13.98	14.69	19.24	23.35
6.	Grants for Hindi Prachar Sabha ..	0.40	0.41	0.40	0.74
7.	Grants to Non-Government Colleges	58.39	68.09	74.12	1,31.88
8.	Grants to Universities—				
	(i) Utkal ..	39.00	40.08	40.00	52.98
	(ii) Sambalpur ..	31.00	31.00	30.00	34.81
	(iii) Berhampur ..	26.00	26.00	25.00	29.50
	(iv) Orissa University of Agriculture and Technology	Nil	2.27	1.68	1.68
9.	Grants to Universities for implementation of National Service Corps	2.75	6.87	2.51	7.32
10.	Grants for Orphanage ..	1.92	1.41	5.05	2.89
11.	Grants for Scouting and Youth Welfare	1.39	0.56	1.74	0.89
12.	Grants to State Council for Child Welfare	1.56	1.75	1.55	2.50
13.	Grants to Sainik School ..	8.25	6.05	9.00	12.97
14.	Grants to Institute of Physics ..	5.00	7.15	13.71	5.00
15.	Grants to State Youth Welfare Board	1.39	1.05	1.08	0.98
16.	Grants to State Bureau of Text Books	5.94	10.00	4.00	3.50
17.	Grants to Basic Schools ..	1.57	2.25	2.04	2.62
18.	Grants to Children literature ..	0.29	0.31	..	0.30
19.	Grants for Sports and Games ..	..	..	..	0.50
20.	Grants for Education and Welfare of Handicapped.	0.11	0.11	5.72	0.11
	Total ..	18,25.56	20,63.31	22,82.69	33,85.14

APPENDIX IX

(Reference : paragraph 7.8, page 168)

Statement of loans/grants paid by Industries Department

(1)	1971-72		1972-73		1973-74		1974-75	
	Grants (2)	Loans (3)	Grants (4)	Loans (5)	Grants (6)	Loans (7)	Grants (8)	Loans (9)
	(In lakhs of rupees)							
Technical Education	26.16	..	45.59	..	41.64	..	37.73	..
Productivity ..	0.01	..	0.01	..	..	..	0.10	..
Khadi Industries ..	5.20	..	5.00	..	9.18	..	9.25	..
Financial Institution	0.13	..	0.01	..	..	..	1.20	..
Handicrafts ..	2.80	2.59	..	..	..	..	3.50	1.00
Handlooms ..	1.38	2.90	..	..	..	..	4.73	..
Industrial Co-operatives	4.18	..	6.52	3.87	6.66	3.14	0.83	11.09
Credit Co-operatives	..	..	0.50	..	0.30	..	0.30	..
Other Co-operatives	..	..	0.40	..	1.25	..	1.66	0.40
Agro Industries ..	2.00	..	2.00	..	..	..	0.10	..
Rural Industries ..	0.84	1.32	0.96	2.80	0.84	..	0.48	..
Industrial Research	0.45	..	0.45	..	0.45	..	0.45	..
Coir Industries ..	..	..	..	..	0.20	..	..	0.30
Assistance to Educated Unemployed	..	..	..	7.87	15.63	..	..	..
Industrial Units in backward districts	..	..	4.00	..	4.00	..	4.00	..
Small Scale Industries	..	..	0.12	..	0.62	..	0.50	11.15
Statutory Corporations, etc.	..	1,84.62	..	..	..	46.49	..	..
State Aid to Industries Act	..	12.42	..	5.85	..	4.98	..	3.15
Total ..	43.15	2,03.85	65.56	20.39	80.77	54.61	64.83	27.09

