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**REPORT OF THE
COMPTROLLER AND AUDITOR GENERAL
OF INDIA**

**FOR
THE YEAR 1984-85**

UNION GOVERNMENT (CIVIL)

VOLUME I

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OF INDIA

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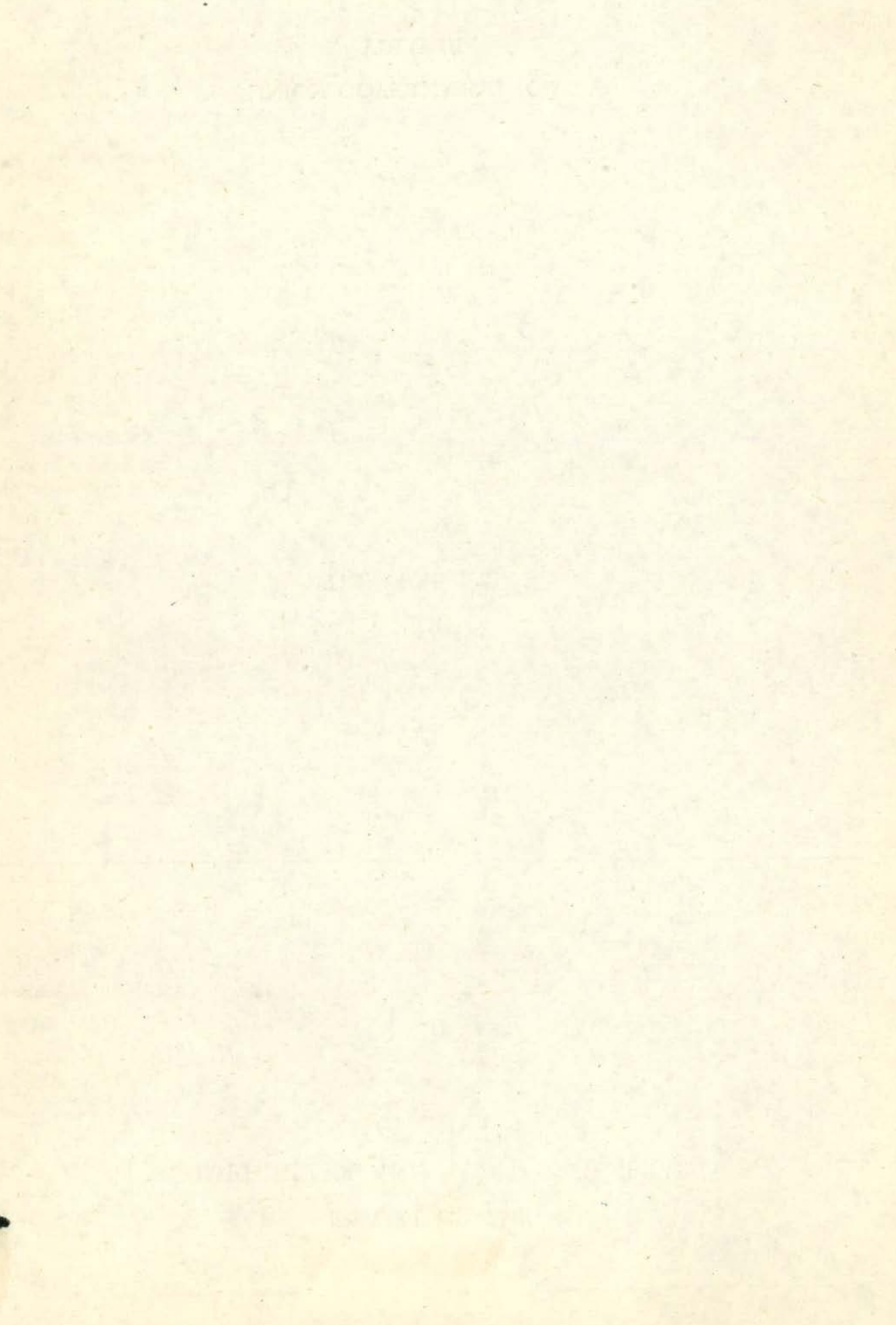


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PREFATORY REMARKS

The Report of the Comptroller and Auditor General of India for the year 1984-85—Union Government (Civil) has been prepared in three separate volumes for submission to the President under Article 151 of the Constitution. This Volume relates to matters arising from the Appropriation Accounts of the Union Government (Civil) for 1984-85 prepared (with a few exceptions) by the Controller General of Accounts and test checked in audit and other points arising from audit of the financial transactions of the Civil Departments of the Union Government except those relating to Departments of Union Territory of Delhi Administration and Central Autonomous Bodies audited by the Comptroller and Auditor General of India under the various provisions of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 which have been given in Volumes II and III of this Report respectively.

2. Certain points of interest arising from the Finance Accounts of the Union Government for

1984-85 consolidated by the Controller General of Accounts and based on the statements of Finance Accounts and other information furnished by the Controller General of Accounts/Controllers of Accounts, are included in Chapter I of this volume.

3. This volume also includes, among others, paragraphs/reviews on Social Forestry including rural fuelwood plantations, Family Welfare Programme, Rehabilitation of Bonded Labour, National Project on Biogas Development, Import and distribution of fertilizers and Badarpur Thermal Power Project—Stage III.

4. The cases mentioned in all the three Volumes of the Report are among those which came to notice in the course of test audit during the year 1984-85 as well as those which came to notice in earlier years but could not be dealt with in previous Reports; matters relating to the period subsequent to 1984-85 have also been included, wherever considered necessary.

Explanatory notes

1. The summarised Financial statements are based on the Statements of the Finance Accounts rendered by the Controller General of Accounts and the Appropriation Accounts of the Union Government and are subject to notes and explanations contained therein.

2. Government accounts being mainly on cash basis, the revenue surplus or deficit has been worked out on cash basis. Consequently, items payable or receivable or items like depreciation or variation in stock figures, etc. do not figure in the accounts.

3. Finance Accounts contain information on progressive capital expenditure outside the revenue account. Prior to rationalisation of accounting classifications, small expenditure of capital nature was also met out of revenue. Information on such capital expenditure being not available. It is not reflected in the accounts.

4. The capital outlay represents capital expenditure booked in the accounts except adjustment made for subsidy on imported fertilizers and that met from internal resources of the Railways and Posts and Telegraphs Departments.

5. Although a part of the revenue expenditure and the loans are used for capital formation by the recipients, its classification in the accounts of Union Government remains unaffected by end use.

6. Under the Government system of accounting, the revenue surplus or deficit is closed annually to Government Account with the result that cumulative position of such surplus or deficit is not ascertainable. The balancing figure as on 31st March 1982 was, therefore, treated as cumulative surplus for drawing up the first Statement of financial position for 1982-83 which took the place of Balance Sheet.

7. Suspense and Miscellaneous balances include cheques issued but not paid, payments made on behalf of States and others pending settlement, amount collected by public sector banks awaiting credit to Government, Coinage balances, etc.

8. Internal Resources of Posts and Telegraphs include Rs. 251.44 crores representing advance rentals under O. Y. T. etc. Schemes.

9. The closing cash balance as per Reserve Bank of India was Rs. 500.57 crores. The difference awaits reconciliation.

SCHEDULE A

(Annexed to Statement of Financial position as on 31-3-1985)

(Rupees in crores)

I. Details of Capital Outlay

As on 31-3-1984		As on 31-3-1985
44972.33	Gross Capital Outlay as per accounts	52826.81
1715.70	Less Revenue Expenditure charged to Capital (Subsidy on imported fertilizers)	2443.01
		<u>50383.80</u>
(a)		
4431.40	Add Capital Expenditure of Railways and Posts and Telegraphs financed from their internal Resources and contribution from others	5007.04
		<u>55390.84</u>
47688.03**	Total Capital Outlay	55390.84

II. Sector-wise Capital Outlay

Sector	Capital outlay during the year	At the end of 1984-85
Civil	5059.62	33482.67
Defence	736.76	6100.63
Railways	1054.41	10737.42
Posts and Telegraphs	840.27	5070.12
	<u>7,691.06</u>	<u>55,390.84</u>

(a) Differs from last year's Report due to subsequent corrections in the expenditure met by Railways and Posts and Telegraphs Departments during 1983-84.

**Prior Period Adjustment of Rs. 11.75 crores made by the Controller General of Accounts in the Accounts for 1984-85.

III. Contribution from Railways, Posts and Telegraphs and others for Financing capital expenditure

	Railways	Others	Posts and Telegraphs	Total
Till end of 1983-84	(a)1831.24	*8.30	(a)2591.86	4431.40
During 1984-85	260.26	..	315.38	575.64
	<u>2091.50</u>	<u>8.30</u>	<u>2907.24</u>	<u>5007.04</u>

IV. Sources and Application of Funds for 1984-85

(Rupees in crores)

(i) Sources

1. Revenue Receipts	28908.92
2. Increase in Debt	6116.54
3. Net Receipts from public account	8160.42
4. Increase in Treasury Bills	3695.84
5. Recoveries from Loans and Advances	3729.27
6. Internal Resources of Railways and Posts and Telegraphs used for Capital Expenditure	575.64
	<u>51186.63</u>

(ii) Application

1. Revenue Expenditure	33133.81
2. Lending for Development and other purposes	10173.15
3. Capital Expenditure	7691.06
4. Increase in Cash Balance	188.61
	<u>51186.63</u>

(a) Differs from last year's Report due to subsequent corrections in the expenditure met by Railways and Posts and Telegraphs Department during 1983-84.

*States, District Boards, etc.

III. Abstract of Receipts and Disbursements for 1984-85

(Rupees in crores)

RECEIPTS

DISBURSEMENTS

SECTION A—REVENUE

		Plan	Non-Plan	Total
I. Revenue Receipts				
Tax Revenue	22218.90			
Interest Receipts	3962.84			
Dividends	143.57			
Share of profits from Reserve Bank of India, Industrial Development Bank, Life Insurance Corporation, Nationalised Banks	237.33			
Other Dividends & profits	25.88			
Aid materials and Equipment	81.16			
Other Non-Tax Revenue	1845.74			
External Grant Assistance	393.50			
	<u>28908.92</u>			
II. Revenue Deficit c/o to Section B	<u>4224.89</u>			
	<u>33133.81</u>			
I. Revenue Expenditure				
Grants to State under the Constitution	20.00	517.52		537.52
Other Grants to State/Union Territory Governments	4095.61	587.16		4682.77
State share of Union Excise Duties		4525.25		4525.25
Interest and Debt Service obligation		5974.50		5974.50
Pension (including Swatantrata Sainik Samman Pension) and Other Miscellaneous expenditure		545.86		545.86
Food Subsidy		1100.82		1100.82
Subsidy on Indigenous Fertilizer		1200.00		1200.00
Assistance for Export Promotion and Market Development Interest Subsidy		518.00		518.00
		540.29		540.29
Other Grants and Contributions	0.43	131.75		132.18
Defence Expenditure		6399.25		6399.25
Subsidy to Railways towards Dividends Relief etc.		100.43		100.43
Other Expenditure	1563.06	4586.57		6149.63
I.A. Revenue Expenditure charged to Capital Subsidy on imported fertilizers-transferred from Section B		5679.10	26727.40	32406.50
				<u>727.31</u>
				<u>33133.81</u>

SECTION B—OTHERS

III. Opening Cash Balance including Departmental Cash Balances and Permanent Advance	1471.80	IV. Gross Capital Expenditure as booked in accounts	7842.73
IV.A. Contribution of Railways and Ports and Telegraphs for Capital Expenditure as per contra	575.64	Less Revenue Expenditure charged to Capital transferred to Section A.	727.31
V. Recoveries of Loans and Advances :			7115.42
(a) From State and Union Territory Governments	2453.82	Add Capital Expenditure financed from Internal Resources of Posts and Telegraphs and Railways as per contra	575.64 7691.06
(b) From Government Servants	89.02	V. Loans and Advances by Central Government :	
(c) From others	1138.73	(a) To State Governments and Union Territories	6177.18
(d) From Foreign Governments	47.70	(b) To other Development Loans	3825.82
VI. Public Debt Receipts (Other than Treasury Bills)	7223.65	(c) To Government Servants.	105.15
VII. Receipts for Treasury Bills (Net)	3695.84	(d) To Foreign Governments	65.00
IX. Public Account Receipts (Net)	8160.42	VI. Repayment of Debt (Other than Treasury Bills)	1107.11
	24856.62	VII. Revenue Deficit b/f from Section A	4224.89
		X. Cash Balance at year end :	
		(a) General Cash Balance	487.93
		(b) Cash with Departmental Offices	1165.35
		(c) Permanent Cash Imprest	7.13
			1660.41
			24856.62

NOTE : (1) Does not include Revenue Receipts and Expenditure of Railways and Posts and Telegraphs.

(2) Defence Expenditure is net of receipts.

(3) Receipts are net of States' share of Income Tax and Estate Duty and Union Territories' share of Estate Duty on agricultural land (Rs. 1251.67 crores).

IV. Analysis of annual financial statements as summarised above brings out the following :—

1. The plan revenue expenditure during the year was Rs. 5679.10 crores against the budget estimates of Rs. 6108.58 crores (including supplementary), disclosing shortfall of Rs. 429.48 crores. The non-plan revenue expenditure during the year was Rs. 26727.40 crores (Rs. 22,353.82 crores during the previous year) against the estimates of Rs. 27,266.53 crores (including supplementary), disclosing a shortfall of Rs. 539.13 crores. The reasons for overall shortfall of Rs. 968.61 crores over the budget estimates plus supplementary of Rs. 33,375.11 crores are given in the Union Government Appropriation Accounts of 1984-85.

The revenue expenditure during the year was Rs. 32406.50 crores (excluding revenue expenditure charged to capital) against Rs. 26,947.63 crores during 1983-84. The detailed reasons for variations are given in the Statement I of the Union Government Finance Accounts of 1984-85.

2. The capital expenditure fell short of budget estimates (including supplementary) by Rs. 253.91 crores. The main reasons for variations in capital expenditure are given in the Union Government Appropriation Accounts of 1984-85.

3. The Actual revenue receipts during the year were Rs. 28908.92 crores against the budget estimates of Rs. 28,451.96* crores and revised estimates of

Rs. 29,456.83 crores. The comparative figures for 1982-83 and 1983-84 are given below :—

Year	*Budget Estimates	Revised Estimates	Actuals
1982-83	21252.82	21608.62	21582.86
1983-84.	24616.20	25021.71	24549.96

*Excludes States' share of income tax and estate duty and Union Territories' share of estate duty on agricultural land.

Additional resource mobilisation from tax revenue on account of new fiscal measures was estimated at Rs. 173 crores.

4. The general cash balance at year end was Rs. 487.93 crores as compared to balance of Rs. 537.24 crores at the end of 1983-84 and of Rs. 4028.32 crores at the end of 1982-83.

5. The overall deficit during 1983-84 was Rs. 1816 crores. The overall deficit for the year 1984-85 was contemplated at the Budget stage at Rs. 1773 crores and at the Revised Estimates stage at Rs. 3985 crores, against which the actual deficit was Rs. 3745 crores. The increase in deficit by Rs. 1972 crores with reference to Budget Estimates was mainly due to overall increase in expenditure (Revenue Rs. 1617 crores : Capital Rs. 1539 crores) provided through Supplementary grants and more loans and advances by Government (Rs. 284 crores) as also shortfall in receipts from Public Debt other than Treasury Bills (Rs. 399 crores) and in recovery of loans and advances (Rs. 175 crores). These increases were partly set off by increased revenue receipts (Rs. 457 crores), increased receipts under Public Account (Rs. 1585 crores). The increase (Rs. 1972 crores) in deficit over the Budget Estimates was reflected in increased borrowings of Rs. 1923 crores under Treasury Bills and decrease in Cash balance of Rs. 49 crores.

6. Including *Rs. 727.31 crores of subsidy on imported fertilizers (booked in the accounts as capital expenditure), which is really expenditure on current consumption, the revenue deficit during 1984-85 was Rs. 4224.89 crores. Capital Expenditure and long term lendings of 17252 crores till the end of 1984-85, were financed from deficit financing.

*Under the existing accounting procedure, cost of imported fertilizers is debited to Major head '505—Capital Outlay on Agriculture—Manures and Fertilizers. Issues made to Food Corporation of India and other agencies are taken as recoveries in reduction of expenditure. The net adjustment under this head reflects by and large subsidy on purchase of fertilizers on cash basis.

7. The revenue deficit of Rs. 4224.89 crores during 1984-85, includes the affect of the following :—

	(Rupees in crores)
Food Subsidy	1100.82
Subsidy on Indigenous Fertilizers	1200.00
Export promotion and Market Development Assistance	518.00
Interest Subsidy	540.29
Subsidy to Railways towards dividends relief etc.	100 43
	<u>3459.54</u>

8. The net outgo on Debt Service obligations, after deducting Interest Receipts of Rs. 3962.84 crores, was Rs. 2011.66 crores, as compared to Rs. 2127.18 crores during 1983-84.

9. The aggregate of States' share of Union Excise Duties (Rs. 4525.25 crores) and Grants to States and Union Territories (Rs. 5220.29 crores) was Rs. 9745.54 crores, representing slightly more than 30 per cent of the total revenue expenditure and over 43 per cent of the total tax revenues of the Union Government.

10. The net loans and advances disbursed to States and Union Territory Governments (Rs. 3723.36 crores) during the year constituted more than 60 per cent of the net receipts from the long term borrowings of the Union Government.

11. The total investment of Government in Statutory Corporations, Government Companies, other joint Stock Companies, Co-operative Banks and Societies, International Organisations, etc. on 31st March 1985 was Rs. 21220.03 crores. No dividend is receivable on investment of Rs. 298.51 crores in International Bodies and on Rs. 1831.12 crores invested in enterprises under construction. The share of profits from Reserve Bank, Industrial Development Bank, LIC and Nationalised Banks was Rs. 237.33 crores on a total investment of Rs. 562.82 crores. The dividend received during the year from others, with investment of Rs. 18527.58 crores, was Rs. 143.57 crores, representing only 0.77 per cent return on investment.

12. The total debt-internal (excepting Treasury Bills), external and small Savings as on 31st March 1985 was Rs. 85426.46 crores out of which external debt was Rs. 16636.65 crores, representing more than 19 per cent of the total debt. The interest paid on external debt during the year was Rs. 460.15 crores constituting over 7 per cent of the total interest payment.

13. Upto 31st March 1985, grants including aid materials and equipments aggregating Rs. 6174.65 crores were received from foreign countries and international organisations, the receipts for the year under report being Rs. 474.66 crores. These are treated as revenue receipts. The cumulative deficit of Rs. 7307.13 crores as on 31st March 1985 has to be viewed in the context of external grant assistance of Rs. 6174.65 crores received so far.

14. The terms and conditions of loans aggregating Rs. 13.72 crores, as detailed below, have not yet been settled.

(Rupees in crores)

Loans to States and Union Territory Governments	0.02
Loans to Government Companies and Corporations, etc.	19.24
	19.26

15. The recovery of principal amounts of loans of Rs. 1816.78 crores and of interest of Rs. 1864.87 crores (total Rs. 3681.65 crores) as detailed below, remained in arrears from the State and Union Territory Governments and Government Corporations/Companies, non Government institutions, etc. at the end of 1984-85.

(Rupees in crores)

	Principal	Interest
From State and Union Territory Governments	18.03	5.27
From Government Corporations/Companies, non-Government Institutions etc.	1798.75	1859.60
	1816.78	1864.87

16. During 1984-85, fresh loans of Rs. 114.96 crores were sanctioned to various public sector enterprises, etc., to enable them to make repayment of principal and payment of interest.

17. The maximum amount of guarantees for which Government have entered into agreement and sums guaranteed outstanding on 31st March 1985 were Rs. 20967.50 crores and Rs. 17459.66 crores (Approximately) respectively.

The details of guarantees invoked during 1984-85 and payments made by Government were as under :—

- (I) Government had guaranteed a net return of 3 to 3½ per cent/5 per cent per annum on the paid up share capital of Branch line Railway Companies. The guarantee was invoked during 1984-85 in the case of three companies and Rs. 16.55 lakhs were paid by Government.
- (II) Rs. 1950 lakhs were paid by Government as a result of invoking guarantees given under Central Guarantee Scheme for small scale industries due to default in repayment of loans/advances.

18. The total amount of contribution to International Bodies made during 1984-85 was Rs. 26.13 crores, Major contribution being to UNDP (Rs. 7.73 crores), United Nations International Children's Emergency Fund (Rs. 1.78 crore), Food and Agricultural Organisation (Rs. 1.02 crores), United Nations Industrial Development Organisation (Rs. 1.19 crores), International Telecommunication Union (Rs. 0.97 crores), United Nations Organisation (Rs. 2.40 crores), World Food Programme Rs. 1.41 crores), UNESCO (Rs. 1.16 crores).

19. Government of India has been rendering assistance to various countries under the Colombo Plan and Special Commonwealth African Assistance Plan. The aid rendered to Governments of Nepal and Bhutan, who are major recipients of aid under the Colombo Plan, during 1984-85 was Rs. 10.85 crores and Rs. 42.57 crores respectively. The aid rendered under the Special Commonwealth African Assistance Plan was Rs. 19.16 lakhs during 1984-85 and Rs. 314.70 lakhs upto the end of 1984-85.

20. The total gross receipts from Treasury Bills during the year were Rs. 131174.45 crores, while the gross discharges were Rs. 127478.61 crores, resulting in a net increase in borrowing of Rs. 3695.84 crores at the year end from this source.

CHAPTER II

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

2. General

The summarised position of actual expenditure during 1984-85 against grants/appropriations is as follows :—

	Original grant/ appro- priation	Supple- mentary	Total	Actual expenditure	Variation Saving
	1	2	3	4	5
(Rupees in crores)					
I. Revenue :					
Voted	14378.56	1640.24	16018.80	15182.38	836.42
Charged	10801.10	444.41	11245.51	11217.83	27.68
II. Capital :					
Voted	5862.70	1741.33	7604.03	7299.28	304.75
Charged	10.15	0.79	10.94	8.46	2.48
III. Public Debt :					
Charged	126100.63	5000.00	131100.63	128585.72	2514.91
IV. Loans and Advances :					
Voted	4682.76	544.38	5227.14	4145.89	1081.25
Charged	5213.62	1065.69	6279.31	6027.27	252.04
V. Others—Inter-State Settlement :				*	
GRAND TOTAL	167049.52	10436.84	177486.36	172466.83	5019.53

*As against provision of Rs. 0.20 lakh, a sum of Rs. 0.05 lakh was paid to the Government of Andhra Pradesh under Inter-State Settlement.

3. The broad results of Appropriation Audit are as follows :—

3.1 The overall supplementary grants and appropriations obtained during 1984-85 constituted 6 per cent of the original grants and appropriations.

3.2 In 29 cases, the supplementary provision of Rs. 121.46 crores was unnecessary as the saving in

all these cases exceeded the supplementary provision obtained. Details are given in Appendix I.

3.3 The overall saving of Rs. 5019.53 crores (net) represented 2.8 per cent of the total provision of voted grants and charged appropriations and 48 per cent of the supplementary provision. It was the net result of saving of Rs. 5035.47 crores in 230 cases and excess of Rs. 15.94 crores in 5 cases as shown below :—

	Savings		Excesses		Net Savings	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
(Rupees in crores)						
Voted Grants	852.24 (in 96 grants)	1386.00 (in 61 grants)	15.82 (in 3 grants)		836.42	1386.00
Charged Appropriations	27.80 (in 45 appropriations)	2769.43 (in 28 appropriations)	0.12 (in 2 appropriations)		27.68	2769.43

3.4 In 32 grants, the savings exceeded 20 per cent of the provision, while in 21 grants, the savings were in excess of 30 per cent. Details are given in Appendix II.

3.5 Out of the final savings of Rs. 2238.24 crores under voted grants and Rs. 2797.23 crores under charged appropriations, savings in 20 Grants and 2 appropriations accounted for Rs. 1867.81 crores and Rs. 2747.94 crores respectively as detailed below :—

Sl. No.	Grant	Amount of Savings (Percentage of savings)	Reasons
1	2	3	4
(Rupees in crores)			
Voted Grants			
Revenue			
1.	11—Foreign Trade and Export Production	24.05 (3.6)	Shortfall in the estimated cash compensatory support to Product Promotion and commodity Development (Rs. 7.25 crores) and in expenditure on interest subsidy on pre and post shipment credits to exporters (Rs. 5.00 crores) and post budget decision to curtail reimbursement of losses to State Trading Corporation (STC) on export of sugar (Rs. 15.52 crores).
2.	12—Textiles, Handloom and Handicrafts	33.85 (9)	Non-payment of interest subsidy on loans sanctioned to managed mills (Rs. 25.95 crores), non-receipt of claims for subsidy from State Governments (Rs. 2.57 crores) and lesser reimbursement of losses on import of cotton by Cotton Corporation of India (Rs. 2.32 crores).
3.	30—Department of Coal	24.60 (17)	Delay in finalisation of the scheme for development of roads in coal field areas (Rs. 16.50 crores), post budget decision to treat the

1	2	3	4
4.	42—Transfers to State Governments	77.51 (4)	expenditure on lignite exploration in Rajasthan, as equity investment in Neyveli Lignite Corporation (Rs. 1.50 crores), discontinuance of the scheme for subsidy for transport of coal after September 1983 (Rs. 2.91 crores) and delay in construction of houses by the coal companies under New Housing Schemes (Rs. 1.15 crores). Non-utilisation of the provision of funds for grants-in-aid to State Governments for special Incentive Schemes for better performance by states following provision made subsequently by the concerned Ministries under their respective grants.
5.	43—Other Expenditure of the Ministry of Finance	267.57 (29.3)	Non-utilisation of a part of lump sum provision (Rs. 300.00 crores) made under the grant for payment of additional instalments of dearness allowance to Central Government Employees due to inclusion of corresponding provision by various Ministries and departments in their respective grants.
6.	49—Family Welfare	27.58 (5.8)	Shortfall in the receipt of (i) supplies of vaccine and drugs (Rs. 2.20 crores), (ii) contraceptives and oral pills and non-receipt of claims from suppliers (Rs. 4.10 crores), non-materialisation of adequate number of grants-in-aid cases to be paid under USAID Agreement (Rs. 2.64 crores), non-filling up of vacant

1	2	3	4	1	2	3	4
			posts and slow progress of construction activities under urban family welfare services scheme (Rs. 2.22 crores), non-receipt of supplies of syringes, needles, vaccines, etc. under Maternity and Child health programme (Rs. 2.43 crores), non-receipt of claims for supplies made by vehicle manufacturers (Rs. 5.78 crores) and less expenditure under Health guide scheme owing to availability with the States, of unspent balances of grants released during the previous year (Rs. 5.73 crores).				110.00 crores) and non-receipt of demands from State Governments for Loans through NCDC for share capital participation in Co-operative Spinning Mills (Rs. 6.30 crores).
7.	63—Village and Small Industries	82.77 (27.8)	Slow pace of disbursement of loans and late submission of claims for subsidy by nationalised commercial banks under self employment scheme for Educated unemployed youth (Rs. 75.17 crores).	11.	9—Ministry of Chemicals and Fertilizers	84.94 (13.8)	Shortfall in the release of budgetary support to public sector undertakings viz., Hindustan Organic Chemicals Ltd., Fertilizers and Chemicals Travancore Ltd., Indian Drugs and Pharmaceuticals Ltd., Hindustan Antibiotics Ltd., Projects and Development India Ltd. and Rashtriya Chemicals and Fertilizers Ltd.
8.	67—Ministry of Irrigation	34.28 (22.6)	Shortfall in the demands for grants by State Governments owing to non-incurring of expenditure by them to the extent provided for Central share in respect of command area Development Programme.	12.	11—Foreign Trade and Export Production	495.68 (92.9)	Change over from gross to net budgeting system in respect of Technical credits to foreign countries and variation in the volume of Trade limits fixed for the grant of technical credits.
9.	95—Nuclear Power Schemes	29.22 (15.6)	Postponement of procurement of fuels for Tarapur Atomic Power Station.	13.	18—Ministry of Defence	33.89 (21.6)	Shortfall in budgetary support to Hindustan Aeronautics Ltd., owing to slow pace of capital expenditure and improvement in its internal resources position, etc.
<i>Capital</i>				14.	28—Department of Petroleum	145.09 (38)	Lesser utilisation of World Bank Loans owing to non-finalisation of contracts and purchase proposals by Oil and Natural Gas Commission, Hindustan Petroleum Corporation Ltd., Bharat Petroleum Ltd. and Madras Refineries Ltd., etc.
10.	6—Co-operation	115.21 (36.5)	Fall in the requirements of Krishak Bharati Co-operative Ltd., owing to slow progress in the implementation of the Ammonia/Urea Project in Gujarat (Rs.				

1	2	3	4
15. 30—Department of Coal	252.76 (21)		Shortfall in budgetary support to Neyveli Lignite Corporation Ltd., Coal India Ltd. and Singareni Collieries Company Ltd. owing to delay in (i) receipt of plant and equipment and (ii) execution of projects.
16. 32—Ministry of External Affairs	26.49 (42.5)		Non-finalisation of loan agreements with the Governments of Bangladesh and Nepal (Rs. 18.23 crores) and non-commencement/finalisation of certain works owing to procedural constraints (Rs. 13.02 crores).
17. 39—Currency, Coinage and Mint	29.44 (30.9)		Non-finalisation of indents for the purchase of plant and machinery through Director General of Supplies and Disposals (DGS&D) and Supply Wing of High Commission of India, London (Rs. 17.97 crores) and shortfall in the quantity of metal purchased for production of coins (Rs. 9.92 crores).
18. 43—Other Expenditure of the Ministry of Finance	34.95 (3.5)		Shortfall in the drawal of credits by certain foreign Governments (Rs. 19.27 crores), less investment in the Asian Development Bank (Rs. 8.29 crores) and non-release of counterpart funds to the Industrial Development Bank of India due to shortfall in the quantum of World Bank Loans (Rs. 9.02 crores).
19. 56—Delhi	27.86 (10.4)		Late issue of sanctions for works and non-availability of site for construction of buildings, non-completion of codal formalities for purchase of land (Rs. 8.18 crores) and receipt of arbitration

1	2	3	4
			awards for payment of compensation under large scale acquisition, development and disposal of land in a less number of cases (Rs. 20.03 crores) and slow progress of works in construction of Yamuna Bridge near the Inter State Bus Terminal (Rs. 10.80 crores).
20. 86—Aviation	20.08 (23.3)		Non-receipt of certain items of equipment, less expenditure on Air Surveillance Radar at Bombay and non-adjustment of certain claims (Rs. 11.14 crores), economy cut on expenditure, late approval of certain works/works estimates, delay in the acquisition of land and non-settlement of claims of the C.P.W.D. (Rs. 5.69 crores) and lesser budgetary support to International Airport Authority of India (Rs. 4.69 crores).
<i>Charged appropriations</i>			
<i>Capital</i>			
21. 42—Transfers to State Governments	233.03 (4)		Non-finalisation of claims by certain State Governments in regard to relief on account of Natural Calamities, non-release of loans to cover gap in resources to one of the State Governments owing to improvement in its financial resources, less payment to State Governments against their share of small savings collections and shortfall in Block Loans and other ways and means advances to State Governments.
22. Repayment of Debt	2514.91 (1.9)		Discharge of less treasury bills than anticipated.

3.6 Excess over grants

In the revenue section there was total excess of Rs. 15.82 crores in 3 grants and Rs. 0.12 crore in

2 appropriations. These excesses require regularisation under Article 115 of the Constitution. The details of excess are given below :—

Sl. No.	Grant	Total grant	Actual expenditure	Excess	Main reasons
		Rs.	Rs.	Rs. (Percentage of excess)	
Revenue					
Voted Grants					
1.	39—Currency, Coinage and Mint	106,05,10,000	109,46,71,165	3,41,61,165 (3.2)	Increase in imports of bank note paper and security ink.
2.	57—Chandigarh	63,00,93,000	75,01,08,368	12,00,15,368 (19)	Revision of accounting procedure.
3.	59—Dadra and Nagar Haveli	6,21,36,000	6,62,14,334	40,78,334 (6.6)	Reasons are awaited (January 1986).
Charged Appropriation					
Revenue					
4.	57—Chandigarh	1,74,31,000	1,84,29,833	9,98,833 (5.7)	Reasons are awaited (January 1986).
5.	94—Atomic Energy Research, Development and Industrial Projects		1,68,612	1,68,612	Payment of arrears of pay and allowances to an employee in satisfaction of a court decree.

3.7 Defective Budgeting

During test check in audit of accounts for 1983-84, the following case was noticed in which defective budgeting resulted in substantial blocking of funds :—

Ministry of Works and Housing

(Grant No. 92—Stationery and Printing)

Under grant No. 92—Stationery and Printing, a provision of Rs. 32.51 crores was made in 1983-84 under the head A.—Stationery and Printing : A. I—Purchase and Supply of Stationery Stores : A. I(F)—Controller of Stationery. There was a saving of Rs. 16.89 crores (52 per cent) under this head which has been explained by the Ministry as mainly due to

less procurement of paper owing to non-finalisation of rate contracts. A scrutiny of the records of the Ministry, however, revealed that the provision of Rs. 32.51 crores included a provision of Rs. 31 crores made on the basis of a similar provision in the revised estimates for 1982-83 (in Grant No. 94—Stationery and Printing under head A.I(I)(6)—Materials and Supplies subordinate to head A.I(I)—Controller of Stationery) for the purchase of paper and other Stationery stores. The latter provision included Rs. 12.37 crores for adjustment of payments made in the previous year (1981-82). Thus the actual anticipated expenditure during 1982-83 was only Rs. 18.63 crores against provision of Rs. 31 crores resulting in excess provision of Rs. 12.37 crores.

CHAPTER III

CIVIL DEPARTMENTS

MINISTRY OF AGRICULTURE AND RURAL DEVELOPMENT

(Department of Agriculture and Co-operation)

4. Import and Distribution of Fertilisers

4.1. *Introduction* : The Central Fertiliser Pool (Pool) was set up in 1944-45 as a State Trading Scheme to popularise the use of fertilisers, make them available at economic rates, ensure equitable distribution of available supplies and rationalise their movement.

The Pool, operated under the aegis of the Ministry of Agriculture and Rural Development, Department of Agriculture and Co-operation (hereafter referred to as department), arranged for import of fertilisers to meet the gap between the indigenous production of fertilisers and the demand.

Till December 1969, the department arranged for the imports through the State Trading Corporation of India (STC). From January 1970, the import from East European countries (Rupee payment areas) was entrusted to the Minerals and Metals Trading Corporation (MMTC) and the import from other sources to the Department of Supply. After July 1975, MMTC was entrusted with imports from all the regions.

A Steering Committee consisting of Secretaries to the Department of Chemicals and Fertilisers, Ministry of Shipping and Transport, Department of Economic Affairs and the Chairman, MMTC under the Chairmanship of Secretary (Agriculture and Co-operation) was set up in September 1978 to oversee the import and distribution of fertilisers.

While the responsibility for import was with MMTC, the work of handling, storage and distribution of non-potassic fertilisers was entrusted to the Food Corporation of India (FCI). Originally FCI undertook this responsibility on agency basis and from March 1976, this is being done on ownership basis.

Since the cost of handling fertilisers by FCI was high and since import was rising, a multi-agency system for handling and distribution of imported non-potassic fertilisers was introduced in May 1978. Under this arrangement, FCI, Indian Potash Limited (IPL), Southern Petro Chemical Industries Corporation (SPIC), Rashtriya Chemicals and Fertilisers

(RCF), Hindustan Fertilisers Corporation (HFC) and Mangalore Chemicals and Fertilisers (MCF) are handling and distributing imported non-potassic fertilisers in specified areas on ownership basis. From 1984-85, Indian Farmers Fertilisers Corporation Limited (IFFCO), Krishak Bharati Corporation Limited (KRIBHCO), Gujarat National Fertilisers Corporation (GNFC), Gujarat State Fertiliser Corporation (GSFC) and Madras Fertilisers Limited (MFL) have also been inducted as handling agencies.

The fertilisers are allotted to the handling agencies when these are on the high seas. Identification of the ports at which these agencies have to handle shipments and the States to which they have to distribute these fertilisers are decided by the department.

In the case of potassic fertiliser, however, the entire import is being handled and distributed exclusively by the IPL on ownership basis since April 1974.

4.1.1 *Payment procedure*

As soon as a contract for supply of fertilisers is finalised by MMTC, the same is intimated to the department alongwith copy of the relevant contract. MMTC claims 90 per cent of the amount of letter of credit required to be opened in favour of the suppliers as advance payment from the department. The balance 10 per cent payment together with bank charges and service charges is subsequently claimed on receipt of a formal sanction from the department.

4.1.2 *Fixing of fertilisers price*

The prices of all fertilisers are fixed by the department under Fertiliser (Control) Order, 1957. These prices are uniform throughout the country and are subsidised. The Ministry of Chemicals and Fertilisers introduced retention price schemes for nitrogenous and phosphatic fertilisers with effect from 1st November 1977 and 1st February 1979 respectively. Under these schemes, the indigenous manufacturers of fertilisers were allowed a post-tax return of 12 per cent on the net worth provided they operated at stipulated levels of efficiencies.

4.1.3 Financial results

The details of purchase and sale of imported fertilisers during 1976-77 to 1985-86 were as under :—

Year	Purchase*	Sale**	short-fall
1	2	3	4
(Rupees in crores)			
1976-77	433.54	381.07	52.47
1977-78	500.96	546.87	(—)45.91
1978-79	752.06	631.98	120.08
1979-80	856.62	574.82	281.80
1980-81	1311.83	976.57	335.26
1981-82	1118.22	1018.00	100.22
1982-83	539.19	483.83	55.36
1983-84	521.67	379.84	141.83
1984-85	1899.87	1172.56	727.31
1985-86	2000.63 (BE)	1599.81 (BE)	600.82 (BE)

BE—Budget Estimates.

*This includes cost of fertiliser, freight, departmental charges, handling charges, price differential, demurrage charges and other miscellaneous expenditure.

**This includes sale realisation, price differential and miscellaneous receipts.

The shortfall has been borne by the department.

4.1.4 Consumption, indigenous production and import of fertilisers

Consumption, indigenous production and import of fertilisers in terms of nutrients excluding opening and closing stock at the beginning/end of the year during the period 1976-77 to 1984-85 were as under :—

Year	Consumption	Production	Imports
(In lakh tonnes)			
1976-77	34.11	23.80	10.51
1977-78	42.86	26.70	15.21
1978-79	51.77	29.40	19.88
1979-80	52.56	29.83	20.05
1980-81	55.16	30.05	27.59
1981-82	60.64	40.93	20.41
1982-83	65.91	44.04	11.32
1983-84	77.20	45.33	13.55
1984-85	83.74 (estimated)	51.80	36.24

It can be seen from the above that the imports which were of the order of 10.51 lakh tonnes (30.8 per cent of consumption) in 1976-77 had gone upto 36.24 lakh tonnes (43.3 per cent of consumption) by 1984-85.

4.2 Excessive imports

4.2.1 According to the Import Plan for 1981-82 and 1982-83, the department decided to keep a buffer stock of 9.90 lakh tonnes (revised in November 1981 as between 8.73 and 10.85 lakh tonnes) and 10.23 lakh tonnes of nutrients in 1981-82 and 1982-83 respectively so that fertilisers could be made available to the consuming areas in time and at short notice. Against this, the buffer stock of fertilisers (imported as well as indigenous) as on 1st February 1982 and 1983 was 16.53 lakh tonnes and 16.82 lakh tonnes of nutrients respectively. The excess import of 6.63 lakh tonnes and 6.59 lakh tonnes of nutrients during 1981-82 and 1982-83 respectively involved blocking up of capital/foreign exchange to the extent of Rs. 391.86 crores worked out on the basis of average price per tonne of fertiliser nutrients imported during the years 1981-82 and 1982-83. On analysing the reasons for excess imports it was found that, while preparing the Import Plans for the years 1981-82 and 1982-83, opening stock of fertilisers was taken on lower side *i.e.* 6.01 lakh tonnes instead of 9.51 lakh tonnes and 12.25 lakh tonnes instead of 16.53 lakh tonnes respectively. This itself accounted for excess import by 7.78 lakh nutrient tonnes in two years (approximate value : Rs. 26.22 crores).

It was also seen that the following stocks of fertilisers with the indigenous manufacturers were not taken into account while formulating the Import Plan till 1981-82.

Period as on 1st February	Stock of fertilisers in hand in terms of nutrients
1979	3.23
1980	2.66
1981	2.93

Omission to take into account the stock in hand of imported fertilisers correctly and stocks held by the indigenous manufacturers led to excessive imports. This not only resulted in blocking up of capital and avoidable outflow of foreign exchange, but also ultimately led to the use of qualitatively inferior fertilisers.

This was particularly so in the case of Di-ammonium Phosphate (DAP). With an opening stock of 5 lakh tonnes in April 1981, the department went for import

of 8.30 lakh tonnes of DAP during 1981-82 (approximate value : Rs. 155 crores), though the average lifting during 1978, 1979 and 1980 (*Kharif* and *Rabi*) was only 4.75, 4.87 and 5.70 lakh tonnes respectively.

It was observed that contracts for imports of over four lakh tonnes of DAP from country 'A' were concluded with four firms in May 1981, as per details given below on the plea that "India buying a smaller tonnage than usual could result in closure of factories (which would not be in the interest of the consumers in the long run) owing to inadequate relief for suppliers to liquidate their stock immediately".

		Rate per tonne (US \$)
Firm 'A'	3,50,000 Tonnes	190 (f.o.b.)
Firm 'B'	20/30,000 Tonnes	247.40 (c & f)
Firm 'C'	15,000 Tonnes	252 (c & f)
Firm 'D'	15,000 Tonnes	252 (c & f)

4.2.2 It was noticed that fertiliser stock as on 1st May 1983 was about 21.63 lakh tonnes with various handling agencies. Out of the above stock, a quantity of 13.79 lakh tonnes was lying with FCI and a sizeable quantity thereof was two years' old. Since this resulted in heavy inventory cost and deterioration of the quality of fertilisers, the department launched a special drive during *Rabi* season (1982-83) to liquidate this stock by giving certain incentives. During the special drive, the department was able to liquidate only 1.58 lakh tonnes against the target of 2.26 lakh tonnes. Details of the actual amount of incentive paid were called for (February 1984) and are awaited (March 1986).

As on 1st July 1983, 9.06 lakh tonnes of Urea and 3.87 lakh tonnes of DAP were lying with FCI for more than two years and the department allowed a rebate of 10 per cent (July 1983) on the statutorily fixed maximum retail prices to accelerate their disposal. The amount of rebate on 8.56 lakh tonnes of Urea and 3.17 lakh tonnes of DAP allotted (till October 1983) to various agencies would work out to Rs. 69.63 crores.

As on 31st May 1984, a quantity of 1.61 lakh tonnes of fertilisers over 3 years' old was lying undisposed with FCI. The latest position in this regard was called for (August 1985) but was awaited (March 1986).

4.3 Fixation of retention price

Retention price of fertiliser fixed by the erstwhile Ministry of Chemicals and Fertilisers varied from year to year and from manufacturer to manufacturer depending on the feed stock used, capital investment involved and efficiency in the running of the plant. This involved subsidy of over Rs. 3500 crores during the period 1978-79 to 1984-85. The correctness of the retention price fixed for various manufacturers from time to time could not be verified as the relevant records had not been made available to Audit (March 1986) despite request made in February 1984.

4.4 Steep increase in service charges

The service charge paid to MMTC for arranging for the imports was fixed as a percentage of the total value of fertilisers imported without linking it to the overhead cost actually incurred by MMTC and it rose from Rs. 3.12 crores in 1974-75 to Rs. 19.32 crores in 1984-85 as detailed below :—

Year	Quantity (In lakh tonnes of material)	F.o.b./ c & f value	Service charges at 1.5 per cent of f.o.b./c & f value
(Rupees in crores)			
1974-75	10.50	208.31	3.12
1975-76	9.38	190.32	2.85
1976-77	20.73	197.17	2.96
1977-78	28.53	267.06	4.01
1978-79	41.82	385.43	5.78
1979-80	40.11	426.28	6.39
1980-81	52.50	723.57	10.85
1981-82	38.94	608.86	9.13
1982-83	19.17	188.68	2.83
1983-84	26.74	323.36	4.85
1984-85	70.34	1287.68	19.32
TOTAL	358.76	4806.72	72.09

The mode of fixation adopted in this case was different from that adopted in certain other Government departments which do not allow automatic proportionate increase with every increase in value, as

the overhead cost need not necessarily increase in direct proportions to the increase in the value of goods handled. For example, the Railways pay the Directorate General, Supplies and Disposals service charges at 0.75 per cent for purchases upto first Rs. 2 crores and at 0.25 per cent thereafter.

Also it was seen that prior to 1st January 1970 STC was paid service charges at 0.5 per cent of the value of fertilisers. However, in September 1971 the service charges payable to MMTC were increased from 0.5 per cent to 1.5 per cent with retrospective effect from 1st January 1970. It was also seen that MMTC had not given details of the actual overhead costs incurred (requested for in February 1982) to the department so far (March 1986).

4.5 Abnormal increase in rate of handling charges

Multi-agencies like FCI, IPL, SPIC, RCF, HFC and MCF have been nominated for handling non-potassic fertilisers. The rates of handling charges payable to various agencies include port handling and port dues, transit and storage losses, depot handling charges, finance charges, storage charges, administration charges, contingencies, freight, inventory holding cost, bags and bagging and taxes. It was seen that in the case of FCI, the handling charges in respect of import in bulk and that in bags had increased from Rs. 362.10 and Rs. 269.30 per tonne in 1976-77 to Rs. 1,200 and Rs. 1,070 per tonne respectively in 1981-82. FCI had claimed handling charges at increased rate of Rs. 1,620.63 per tonne and Rs. 1,470.11 per tonne for bulk and bagged fertiliser respectively from 1981-82. From the details given in Annexure, it is seen that while the rate had increased year after year in respect of all the agencies, the increase was the highest in the case of FCI. An analysis of the reasons for the abnormal increase in the case of FCI indicates that it was mainly due to increase in finance charges including inventory holding cost which had gone up from Rs. 20.70 per tonne (5.7 per cent of total handling charges on bulk imports) in 1976-77 to Rs. 732.95 per tonne (45.2 per cent of total handling charges claimed for bulk imports) in 1981-82.

Similarly, in the case of IPL, handling charges had increased from Rs. 483.95/362 in 1979-80 to Rs. 1,358/1,226 per tonne of bulk and bagged quantities respectively in 1982-83. In this case also, inventory carrying cost on bulk imports had increased from Rs. 44.79 (9.3 per cent of total handling charges) to Rs. 639.89 (47.1 per cent of total handling charges).

The increase in finance charges (including inventory holding cost) and consequent increase in handling charges were attributable to excess imports commented upon in sub para 4.2. Had the imports been restricted to the actual requirements, the service charges paid to MMTC would also have been considerably less.

4.6 Other points of interest

(i) Storage losses

The department has got 102 cases of storage losses of fertilisers pertaining to the period prior to 1st March 1976 awaiting regularisation (March 1986). Out of these, 4 cases involved storage losses of over 100 tonnes, 18 cases of more than 10 tonnes, 18 cases of more than 5 tonnes but less than 10 tonnes, 31 cases from 1 to 5 tonnes and 31 cases less than one tonne. An up-to-date list of cases of storage losses was awaited (March 1986). However, the department stated (March 1986) that there were only 92 cases awaiting regularisation.

(ii) Disposal of sub-standard fertilisers

On 1st March 1976, when the department transferred the functions of handling and distribution of non-potassic imported fertilisers to FCI on ownership basis, the ownership of existing sub-standard fertilisers remained with the department. The stock of sub-standard fertilisers on that day was 62,565 tonnes. On the basis of an average price of Rs. 1,192 per tonne of fertilisers purchased during 1970-71 to 1975-76 (upto February 1976) the value of the sub-standard fertilisers worked out to Rs. 7.46 crores. However, the department assessed the value of the sub-standard fertilisers at Rs. 365.78 per tonne and the total value thereof at Rs. 2.29 crores. The resultant loss is thus estimated at Rs. 5.17 crores on this account. 9,250 tonnes (value : Rs. 1.10 crores) remained to be disposed of (October 1984); latest position is still awaited.

The loss on this account has also not been regularised so far (March 1986).

(iii) Payment/recovery due to revision in prices of fertilisers to/from States, Union Territories and various handling agencies

The department has been revising the prices of fertilisers from time to time. In the event of upward/downward revision of prices, recovery/compensation was to be made/paid for the quantity of Pool fertilisers in stock on the date of such revision.

A scrutiny of the register maintained for watching payments/recovery due to decrease/increase in prices of Pool fertilisers revealed that while increase in prices took place on 8th June 1980 and 11th July 1981, the States of Bihar, Punjab, Jammu & Kashmir, Nagaland and Union Territory of Pondicherry did not furnish any information about the stock position of Pool fertilisers on the eve of the above increases. The amount recoverable on account of increase in the price from these States/Union Territory could not be ascertained in audit.

(iv) *Non-adjustment of 'on account' payment/advances paid to various officials/agencies*

An amount of Rs. 239.62 crores paid as advances during May 1974 to March 1983, was awaiting adjustment (March 1986).

Out of this, Rs. 21.50 crores related to advances given prior to 31st March 1979.

Summing up

- Excess import of 13.22 lakh tonnes of nutrients during 1981-82 and 1982-83 resulted in blocking up of capital/avoidable outflow of foreign exchange to the extent of Rs. 391.86 crores, besides resulting in the use of qualitatively inferior fertilisers.
- In the case of DAP, the department imported 8.30 lakh tonnes (approximate value : Rs. 155 crores) during 1981-82 far in excess of the needs.
- The department disposed of 8.56 lakh tonnes of Urea and 3.17 lakh tonnes of DAP at a rebate of 10 per cent (July 1983) on the statutorily fixed maximum retail price to accelerate disposal of accumulated stock. The amount of rebate allowed worked out Rs. 69.63 crores.
- Retention price of fertiliser fixed by the erstwhile Ministry of Chemicals and Fertilisers varied from year to year and from manufacturer to manufacturer. The correctness of the retention price fixed for various manufacturers from time to time could not be verified in audit as the relevant records were not made available (March 1986). This involved subsidy of over Rs. 3,500 crores during 1978-79 to 1984-85.
- There had been steep rise in payment of service charges made to MMTC from Rs. 3.12 crores in 1974-75 to Rs. 19.32 crores in 1984-85. The increase in service charges from 0.5 per cent to 1.5 per cent in September 1971 with retrospective effect from 1st January 1970 was not based on actual over head cost incurred.
- Rates of handling charges of FCI had increased from Rs. 362.10 and Rs. 269.30 per tonne in 1976-77 to Rs. 1,620.63 per tonne (claimed) and Rs. 1,470.11 per tonne (claimed) in 1981-82 for fertilisers imported in bulk and bags respectively. The increase was highest in the case of FCI mainly due to increase in finance charges (including inventory holding cost) which had gone up from Rs. 20.70 per tonne (5.7 per cent of total handling charges) in 1976-77 to Rs. 732.95 per tonne (45.2 per cent of total handling charges claimed) in 1981-82 because of increased expenditure on buffer stocking.
- 92 cases of storage losses of fertilisers pertaining to the period prior to 1st March 1976 were awaiting regularisation (March 1986).
- The value of 62,565 tonnes of sub-standard fertilisers held on 1st March 1976 was taken as Rs. 2.29 crores against Rs. 7.46 crores based on the average rate of price. Latest position of 9,250 tonnes of stocks remaining undisposed in October 1984 was awaited (March 1986). The loss to the department on this account had also not been regularised so far (March 1986).
- The States/Union Territory of Bihar, Punjab, Jammu and Kashmir, Nagaland and Pondicherry did not furnish any information about the stock position of Pool fertilisers consequent upon the upward revision of prices of fertilisers on 8th June, 1980 and 11th July, 1981. Hence the amount recoverable from them on this account could not be ascertained.
- Advances aggregating Rs. 239.62 crores paid during May 1974 to March 1983 were awaiting adjustment (March 1986); out of these, Rs. 21.50 crores were outstanding for more than 6 years.

ANNEXURE

Rates of handling charges allowed/claimed by various handling agents during 1976-77 to 1984-85.

Name of handling agents	1976-77		1977-78		1978-79		1979-80		1980-81		1981-82		1982-83		1983-84		1984-85				
	Bulk	Bagged	Bulk	Bagged	Bulk	Bagged	Bulk	Bagged	Bulk	Bagged	Bulk	Bagged	Bulk	Bagged	Bulk	Bagged	Bulk	Urea	DAP	Bagged	
FCI	362.10	269.30	517.80	409.80	550.43	444.76	752.70	629.46	866.30	731.88	1620.63	1470.11	925	1050	740
IPL	345	263	483.95	362	747	599	934	802	1358	1226	1080	928	1002	1127	827		
SPIC	402	304	586	433	649	514	825	688	800	645	883	1073	708		
MCF	360	..	480	340	671	525	726	698	919	789	870	755	862	1112	687		
HFC	396	306	525	345	617	432	617	432	..	..	822	672	901	976	676		
RCF	465	342	465	342	524	389	465	342	610	475	732	820	557		
MFL	614	709	439		
GSFC	753	843	578		
IFFCO	773	860	598		
KRIBHCO	727	805	552		
GNFC	723	810	548		

Note :- 1. The above rates in respect of some periods are provisional.
2. Higher rate of handling charges has been taken where there were more than one rate during a year.

MINISTRY OF COMMERCE
(Department of Textiles)

5. Handloom Development—Export Production Projects.

5.1. Introduction

5.1.1 In pursuance of the recommendations of the Sivaraman Committee (July 1974), hereinafter referred to as the Committee, the Government of India sanctioned, in 1976-77, the setting up of twenty-one export production projects (EPP) in 17 States and 2 Union Territories, each covering 1000 handlooms with Central assistance subject to a ceiling of Rs. 40.00 lakhs per project. The main emphasis in the scheme was on augmenting production of exportable variety of handloom products. This scheme was to be implemented by State Governments on commercial lines through their own corporations and other agencies. The Central assistance was to be limited to the first five years of the scheme.

5.1.2 The following guidelines issued by the Government of India through the Development Commissioner (Handlooms) were to be followed by the State Governments while implementing the scheme :—

- (a) A census of the handloom population of the area to be covered by the scheme should be taken and figures made available to the Government of India.
- (b) Present level and pattern of production and wages of weavers and projected pattern and improvement/increase in production and wages should be spelt out.
- (c) Outlay on buildings should be kept to the barest minimum.
- (d) Expenditure on establishment should be kept to the minimum and controlled.
- (e) Major portion of funds should be utilised for modernisation of looms.

5.1.3 Government expected that the projects would run in profit, weavers would receive better earning and their standard of living would improve, besides ensuring them regular gainful employment.

5.1.4 As per the original scheme, the essential components of the projects were as follows :—

Non-recurring expenditure	(Rs. in lakhs)
(i) Buildings	1.00
(ii) Interest on loans for investment on the capital of the corporation	1.50
(iii) Furniture and fittings	0.50
(iv) Machines/equipment	3.00
Sub-total : (A)	6.00
Recurring expenditure	
(i) 25% margin money on working capital	12.50
(ii) Modernisation of looms	18.75
(iii) Establishment charges	2.50
(iv) Training of weavers	2.50
Sub-total : (B)	36.25
Total of (A) and (B)	42.25

5.2 Funding

5.2.1 Out of the estimated cost of Rs. 40.00 lakhs for each project spread over a period of 5 years, 75 per cent of the amount was to be in the form of loan and 25 per cent in the form of grants to State Governments. The funds were to be reimbursed to State Governments periodically on receipt of duly audited statement of expenditure.

5.2.2 The financial assistance provided by the Government of India to State Governments/Union Territory during 1976-77 to 1984-85 was as follows :—

Year	Grant	Loan	Total
	(Rs. in lakhs)		
1976-77	47.50	142.50	190.00
1977-78	25.00	75.00	100.00
1978-79	24.00	73.00	97.00
1979-80	15.50	*46.50	62.00
1980-81	15.25	45.74	60.99
1981-82	22.50	67.50	90.00
1982-83	8.25	24.75	33.00
1983-84	11.49	32.92	44.41
1984-85	11.76	35.26	47.02
(January 1985)			
TOTAL	181.25	543.17	724.42

*Includes loan of Rs. 11.25 lakhs disbursed to Punjab State, but not recorded in the loan register by the Pay and Accounts Officer, D.C. (Handlooms).

The Ministry stated (May 1985) that though these projects were sanctioned in 1976-77, the State Governments were not fully equipped with adequate infrastructure facilities and the work on the projects started effectively from 1979-80.

5.2.3 In the Annual Plan, 1985-86, the EPPs were merged with General projects.

5.2.4 Excess releases/short releases

(a) Government released funds to the tune of Rs. 41.78 lakhs in excess of the approved outlay/ceiling of Rs. 40.00 lakhs per project to the States of Rajasthan (Rs. 7.43 lakhs) and Karnataka (Rs. 34.35 lakhs). The main reason for the excess release to Karnataka was attributed by the Ministry of Commerce to reimbursement of additional expenditure incurred as a result of the two projects in the State having covered 3396 looms against target of 2000 looms and achieved production of cloth valued at Rs. 1313 lakhs against the target of Rs. 600 lakhs. However, the records of the Ministry indicated that excess releases were also facilitated by the availability of funds not allocated to other States for want of audited statements of accounts from them.

(b) Even after a period of eight to nine years since the sanctioning of the EPP, the full amount of the respective approved outlay had not been released by Government to most of the projects for want of audited statement of accounts and/or due to poor performance of some projects as would be seen from the table given below :

Sl. No.	State	Amount released	Amount yet to be released
(Rs. in lakhs)			
1.	Bihar	20.00	20.00
2.	Haryana	30.00	10.00
3.	Himachal Pradesh	20.00	46.00
4.	Madhya Pradesh	35.00	5.00
5.	Maharashtra	30.00	10.00
6.	Orissa	34.50	4.50
7.	Tamil Nadu (2 projects)	70.00	5.00
8.	Uttar Pradesh	20.00	20.00
9.	West Bengal	20.00	20.00

Further, funds released by the Central Government remained unutilised with the implementing agencies in Bihar (1982-83 : Rs. 9.66 lakhs), Haryana (1981-82 : Rs. 14.97 lakhs), Madhya Pradesh (1982-83 : Rs. 7.72 lakhs) and Pondicherry (1983-84 : Rs. 7.17 lakhs). The Ministry stated (May 1985) that the concerned State Governments had been asked to give reasons/justifications for not utilising the funds for the purpose for which these were sanctioned and further stated (September 1985) that in the case of Haryana the amount of Rs. 10 lakhs sanctioned by the Central Government in 1981-82 was released to the implementing agency by the State Government only in 1985.

5.2.5 Loans of Rs. 543.17 lakhs were disbursed to the States/Union Territory during 1976-77 to 1984-85 (January 1985) to be refunded in ten equal annual instalments from the date of first anniversary along with interest. On 31st January 1985, out of Rs. 256.10 lakhs (345 instalments) due for repayment, Rs. 181.17 lakhs (236 instalments) were outstanding with the States/Union Territory as detailed below :

State	Instalment due (up-to January 1985)		Instalment outstanding (as on 31-1-1985)	
	No.	Amount (Rs. in lakhs)	No.	Amount (Rs. in lakhs)
1. Andhra Pradesh	20	15.00	16	12.00
2. Assam	17	13.44	12	8.57
3. Bihar	13	9.75	11	8.25
4. Haryana	17	12.75	12	9.00
5. Himachal Pradesh	13	9.75	11	8.25
6. Jammu & Kashmir	11	9.63	10	8.88
7. Karnataka	44	30.75	29	20.33
8. Kerala	22	15.30	11	8.25
9. Madhya Pradesh	20	14.63	17	12.38
10. Maharashtra	18	13.50	15	11.25
11. Orissa	22	15.26	16	12.00
12. Pondicherry	19	8.75	4	2.00
13. Punjab	22	17.73	12	10.95
14. Rajasthan	18	13.30	11	8.25
15. Tamil Nadu	29	26.63	22	20.63
16. Tripura	15	11.18	11	8.18
17. Uttar Pradesh	14	10.50	10	7.50
18. West Bengal	11	8.25	6	4.50
TOTAL		345 = 256.10		236 = 181.17

Source : Loan register maintained by the Pay and Accounts Office, Development Commissioner (H).

= Excludes interest.

Although the sanctioning authority was required under the rules to conduct a periodical review of all old loans for enforcing prompt and regular payments, this was not done. The Ministry stated (May 1985) that necessary action would be taken to obtain reimbursement of loan from concerned State Governments.

5.3 Implementation of the scheme in the States/Union Territory

The following points were noticed in audit in a test-check (1984-85) :—

5.3.1 Identification and coverage of looms

The project envisaged, *inter alia*, identification and coverage of 1000 looms (except in Jammu and Kashmir and Punjab where coverage was 500 each) outside the cooperative fold, so that more and more

weavers were given work. These projects were, thereafter, to be converted into co-operative ventures.

In the following States, targets set for the purpose were not achieved :—

Sl. State No.	Loom coverage		Position indicating year upto which looms covered	Reasons for shortfall	
	Targets	Actuals			
1	2	3	4	5	6
1. Andhra Pradesh		1000	600	1982-83	Due to delay in release of funds by the State Government and insufficient working capital, mainly on account of non-submission of audited statement of account by the implementing agency.
2. Assam		1000	494	1983-84	Due to inability of the Project to supply yarns to the weavers.
3. Bihar		1000	460	1983-84	Weavers dropped out of the scheme due to non-delivery of fabrics against yarn supplied to them.
4. Haryana		1000	49	1982-83	Due to inadequate space, there was no scope for further extension. Another 450 looms were stated to have been covered under the project by way of providing marketing assistance and job work though the scheme was not intended to provide marketing assistance to master weavers.
5. Himachal Pradesh		1000	659	1982-83	—
6. Jammu & Kashmir		500	431	1982-83	No loom was covered during 1978-79 to 1980-81 on account of delay in finalisation of purchase and backing out by the suppliers of looms. Only 327 looms were in operation in May 1984 and the rest dropped out for the same reasons as indicated against Sl. No. 2 above.
7. Kerala		1000	955	1982-83	—
8. Madhya Pradesh		1000	441	1982-83	Due to the problem of marketing of exportable variety of cloth.
9. Maharashtra		1000	547	1983-84	250 looms yet to be allotted for implementation, another 150 looms not taken up by State/Corporation and construction of 50 looms stated to be in progress. 282 looms not started production upto March 1984, reasons for which are not on record.
10. Pondicherry		1000	316	1981-82	Shortfall was due to (i) inadequate working capital (ii) shortage of space (iii) weavers under the clutch of master weavers and joining project only during the period they are unemployed.
11. Punjab		500	171	1983-84	—
12. Tripura		1000	400	1982-83	—
13. West Bengal		1000	325	1983-84	—

The Ministry stated (May 1985) that while some States had been able to achieve loom coverage in excess of the target due to local conditions and aptitude of local weavers in the area, other States had not been able to achieve loom coverage target due to paucity of funds.

5.3.2 Modernisation of looms

Guidelines issued by the Government of India, envisaged that every effort should be made to utilise

major portion of the funds on the modernisation of looms. Accordingly, a sum of Rs. 18.75 lakhs out of total outlay of Rs. 40.00 lakhs was provided exclusively for this purpose in the scheme. Each project was expected to modernise 200 looms *per annum* and the weavers were to be paid subsidy to the extent of 75 *per cent* of Rs. 2500 per loom towards modernisation of looms. In most of the States, as listed below, the targets towards modernisation of looms were not achieved.

Sl. No.	Name of State	Targets	Achievements	Approved outlay for modernisation	Actual expenditure on modernisation	Year of progress report	Remarks
(Rs. in lakhs)							
1.	Andhra Pradesh	1000	400	N.A.	4.14	1982-83	Active looms 100 only.
2.	Assam	1000	20	4.00	0.22	1983-84	—
3.	Haryana	1000	49	9.50	0.55	1982-83	—
4.	Himachal Pradesh	1000	659	10.00	6.59	1982-83	Reason for non-conversion of balance looms not on record (June 1983).
5.	Jammu & Kashmir	500	114	9.21	11.44	1982-83	—
6.	Karnataka (Bangalore Silk Project)	1000	600	18.75	2.60	1982-83	—
7.	Kerala	1000	764	N.A.	5.20	1982-83	Out of 664 individual looms, only 119 looms worked during last quarter of December 1983.
8.	Madhya Pradesh	800	441	6.01	1.51	1982-83	The approval to the revised scheme to modernise 500 looms as against 800 looms originally envisaged, sought in January 1980 from the Central/State Government was awaited (August 1984).
9.	Pondicherry	1000	106	17.20	4.60	1981-82	No looms belonging to weaver members had been modernised and delay was due to financial constraints.
10.	Punjab	500	Nil.	7.50	2.36	February 1984	Actually spent on purchase/maintenance of company's loom.
11.	Tamil Nadu : Karur Kurinjipadi	1000 1000	Nil. Nil.	13.75 5.40	3.49 0.49	February 1984	Rs. 3.49 lakhs were incurred for purchase of new looms for use by project authorities and not for modernisation of weavers looms. Funds allotted for modernisation of looms were practically not utilised.
12.	Tripura	500	20	3.75	1.88	1982-83	—

The Committee in their report (July 1974) stated that foreign buyers preferred long lengths of pieces to facilitate machine cutting and in order to meet their demand and to increase exports, piece length of forty metres and above would have to be produced which would require special additional attachments. It was also indicated that some experiments were underway and it was necessary to complete them and pass on the technique to all the looms engaged in

export promotion and ensure that necessary attachments were made.

Very little efforts were, however, made in most of the States in this direction as would be evident from export performance mentioned in sub-para 3.4(iii) below. The Ministry stated (May 1985) that the suggestions made by the Committee would be implemented with further assistance to the projects and

that the project authorities would be directed to make arrangements for special additional attachments.

5.3.3 Training of Weavers

The Committee, *inter alia*, recommended training of the weavers in the new equipment and in ensuring the quality of production prescribed in the supply orders from the export market. As such, a provision of Rs. 2.50 lakhs per project was made for the purpose in the original scheme. However, in the States of Haryana, Jammu & Kashmir, Kerala, Maharashtra and Punjab, no training was imparted to the weavers. In 3 States mentioned below, achievements were much below the targets fixed for the purpose.

Sl. No.	State	No. of weavers to be trained	No. of weavers actually trained	Position as on
1.	Karnataka :			
	Bangalore	450	17	March 1983
	Gadag	450	240	March 1983
2.	Pondicherry	400	120	March 1984
3.	Tripura	200	53	March 1982

In Punjab, an amount of Rs. 2.30 lakhs received from the Government of India and shown as spent on training was actually spent on the wages of the Punjab State Handloom and Textile Development Corporation's own weavers employed in handloom complexes.

In Kurinjipadi centre of Tamil Nadu, 500 persons were trained in frame looms at an expenditure of Rs. 1.83 lakhs. This expenditure was not fruitful as there were no frame looms in the centre and trained persons had to work only in pit looms. Similarly, in Karur, 84 weavers, who were taken as trainees, were not imparted any training, but were paid Rs. 2.72 lakhs as wages.

5.3.4 Production and exports under the scheme

In the course of review of the scheme in various States, it was seen that both the objectives of augmenting production of exportable variety and ensuring better earning by the weavers were not achieved as seen from the following data :—

5.3.4 (i) Production

The production of handloom products was much below the targets in the States mentioned below :

Sl. No.	State	Period	Production		Remarks
			Target	Achievement	
(Rs. in lakhs)					
1.	Andhra Pradesh	Upto March 1980	92.19	22.14	Shortage of funds.
2.	Haryana	1979-80 to 1981-82	1.89 (In lakh metres)	0.67	Reasons for low production not analysed by the project.
3.	Karnataka	1978-79 to 1980-81	804.28	399.66	Inability to supply raw materials regularly to weavers due to lack of finance.
4.	Madhya Pradesh	1977 to 1982	281.00	96.90	Inadequate number of weavers and lack of processing facilities.
5.	Pondicherry	1977 to June 1983	260.91	97.11	Looms lying idle and delayed purchase of yarn as working capital had been blocked in finished goods.
6.	Punjab	1981-82 to 1982-83	57.00	22.66	—
7.	Tamil Nadu	1980-81 to 1983-84	1184.00	511.82	—

The project authorities in the States of Orissa and Uttar Pradesh had mainly gone for the production of cheap variety of Janata Cloth (as detailed below) instead of producing exportable variety of handloom cloth.

Sl.	State	Total production (Rs. in lakhs)	Production of Janata Cloth
1.	Orissa	179.00	134.15
2.	Uttar Pradesh	47.36	47.27

The Ministry stated (May 1985) that due to non-tie up arrangements with national agencies (like HHEC and Fabric Society), the project authorities were permitted diversion of production from handloom exportable variety to Janata cloth in the interest of keeping the weavers continuously employed.

5.3.4 (ii) Loom production

National average of expected production per loom per day was 5 to 6 metres with 300 annual working days. The average production per loom per day under the projects was 3.13 metres for cotton and 0.78 metre for silk in Karnataka, 2.47 metres to 3.70 metres in Tamil Nadu, 4.45 metres in Orissa, 1.70 to 2.85 metres in Jammu & Kashmir, 1.21 to

1.96 metres in Kerala and in States like Andhra Pradesh, Assam, Bihar, Rajasthan, Uttar Pradesh and Tripura even below 1 metre. Thus, the target of even 5 metres per loom per day was not achieved in any of the States and consequently the result fell short of the objective of providing regular gainful employment to the weavers.

5.3.4 (iii) Exports

The Committee also recommended that each unit (EPP) would have to be sponsored by a suitable export house and the number of units to be developed would depend upon the number which these agencies were ready to sponsor because without such sponsoring by an export oriented body, the scheme would fail. It was seen in audit that no export of handloom products of the projects was made in the States of Assam (1983-84), Haryana (upto 1982-83), Himachal Pradesh (upto 1982-83), Jammu & Kashmir (upto May 1984), Maharashtra (upto February 1984), Punjab (upto February 1984), Rajasthan (upto March 1984) and Karnataka Cotton Project, Gadag (upto March 1982). The percentage of export ranged only between 3.41 and 14.85 of the total sale of EPP units in some States as detailed below :

Sl. No.	State	Period	Total Sale	Export	Percentage of export to total sale (Rs. in lakhs)
1.	Andhra Pradesh	1980-81 to 1982-83	17.41	1.28	7.35
2.	Karnataka (Two projects)	1980-81 to 1983-84	3415.60	122.08	3.57
3.	Kerala	1978-79 to 1982-83	654.95	97.30	14.85
4.	Pondicherry	1982-83	29.79	3.87	12.99
5.	Tamil Nadu	1980-81 to 1983-84	511.82	70.44	13.76
6.	Tripura	1980-81 to 1983-84	20.50	0.70	3.41

The Government of India after the expiry of initial period of five years, deputed a team to undertake a market orientation tour for handloom fabrics in U.S.A. and Canada during October-November 1981. The team reported, *inter alia*, that "one problem that most projects faced was lack of familiarity with the foreign market.

Production of exportable varieties was, therefore, hampered since most of the work was done in vacuum. Managers, who were supposed to produce exclusive varieties meant entirely for the fashion

market in foreign countries, were themselves unaware of the trends in these markets. This was mainly due to lack of first hand knowledge of these markets".

Most of the implementing agencies, even after completion of 7 to 8 years, expressed their difficulties in the export of handloom products. Some of the difficulties experienced by the projects were :

- (i) No direct contact with the foreign buyers/markets.
- (ii) Lack of marketing facilities.

- (iii) Keen competition among exporters.
- (iv) National level corporations not giving regular orders.
- (v) Export procedure having become highly technical and cumbersome.
- (vi) Importers wanting huge quantity of handloom fabrics of a particular variety at short notice.

The difficulties expressed by the project implementing agencies during 1983 and 1984 showed that nothing concrete could be achieved in augmenting export in spite of the findings of the market orientation team (October-November 1981).

In the Annual Plan, 1985-86 (1st year of the 7th Five Year Plan), Government felt that projects exclusively for the production of export quality goods were not feasible in practice and therefore export quality goods would also be produced by the looms to be covered under the proposed handloom development projects depending on the potentialities for production of such goods under these projects. Accordingly, EPPs had been merged with General Projects.

5.3.5 Working results

The projects were to run on commercial lines and were expected to be self-supporting within a period of five years and no assistance was to be rendered by the Central Government thereafter. However, various States as mentioned below had sustained losses even after this period.

Sl. No.	State	Period	Amount of loss (Rs. in lakhs)
1.	Jammu & Kashmir	Upto June 1983	14.05
2.	Maharashtra	Upto June 1983	5.17
3.	Kerala	1982-83	0.65
4.	Tamil Nadu	Upto 1982-83	30.92
5.	Tripura	1982-83	6.13

5.4. Other topics of interest

Some other interesting points noticed in audit are mentioned below :

- (i) In Kerala, the value of production as shown in the progress reports (1980-81 : Rs. 34.61 lakhs and 1982-83 : Rs. 43.52 lakhs) sent by the Kerala State Handloom Development Corporation to the Director of Handlooms did not tally with the corresponding figures recorded in the registers (1980-81 : Rs. 32.22 lakhs and 1982-83 : Rs. 27.64 lakhs) maintained by the Corporation.

- (ii) In Madhya Pradesh, an amount of Rs. 0.50 lakh which should have been booked as expenditure against the Intensive Development Project was wrongly shown against Export Production Project both of which were being implemented by Madhya Pradesh State Textile Corporation.

The corporation participated in five international fairs/exhibitions during 1978 to 1983 at an expenditure of Rs. 0.50 lakh, but no export orders could be obtained in these trade fairs.

Summing up

The following are the main points that emerge :—

- Failure in conducting periodical review by the sanctioning authority as required under rules had resulted in delay/non-repayment of loans with interest by State Governments.
- The targets in respect of identification and coverage of looms were not achieved in many States.
- The desired objective of encouraging setting up of handlooms capable of producing export quality cloth for catering to the foreign markets/export sales, could not be achieved as major portion of handloom cloth produced through projects was sold in domestic market and in certain States handloom cloth produced in the project was not at all exported.
- The object of improving the earning of weavers had not been achieved as the projects could not provide regular gainful employment to them.
- The projects failed to modernise the looms as envisaged in the scheme in many States.
- The scheme failed to train sufficient number of weavers in the production of latest designs and techniques and in the use of modern devices and equipment.
- The projects did not become self-supporting after the expiry of five years.

MINISTRY OF COMMERCE

6. Cash assistance for export of cosmetics and toiletries

6.1 Cash assistance at 10 per cent of f.o.b. value for export of cosmetics, toiletries and dentifrice was introduced from June 1966. The rates of cash

assistance as fixed from time to time are as follows :—

Period	Rate	(in percentage of f.o.b. value)
6-6-1966 to 29-2-1968	10	
1-3-1968 to 31-3-1970	10+5	The additional 5 per cent was for achieving prescribed increase in exports over previous year.
1-4-1970 to 31-3-1979	15	Condition of prescribed increase in exports over previous year was withdrawn.
1-4-1979 to 30-9-1982	12.5	—
1-10-1982 to 31-3-1984	13	(On all 11 items mentioned against serial no. 1 to 11 below).
1-4-1984 to 31-3-1986	For exports to General Currency Area (GCA)	For exports to other countries

1. Face creams/cold creams/foundations compact/rouge and skin lotions	13	10
2. Lipsticks in retail pack	13	10
3. Shampoos	13	10
4. Shaving cream and shaving lotions	13	10
5. Eye make ups	8	5
6. Tooth paste and tooth powder	10	10
7. Face powder and talcum powder	10	10
8. Bindi	5	5
9. Henna (Mehandi) in consumer packs upto 1 Kg.	5	5
10. Kajal	5	5
11. Kum Kum powder and liquid	5	5
<i>New items</i>		
12. Nail polish	10	7
13. Nail enamel	10	7
14. Lipstick paste/bulk	7	7

The Cash Assistance Review Committee (CARC) of the Ministry of Commerce decided (March 1975) that there should be a detailed cost analysis for rationalising the cash assistance on export of chemical items. This was expected to be done by 31st March 1976. In the meantime, a new inter-Ministerial Committee was formed (March 1976) to review the scheme and decide the rates of cash assistance beyond 31st March 1976. This Committee decided (March 1976) that the rates of cash assistance should be determined by a balance judgement of the following criteria :—

- export potential and domestic availability as well as supply elasticity of the product;
- import content and domestic value addition;
- approximate implicit subsidy, if available, under the import replenishment scheme;
- compensation for irrecoverable taxes and levies;
- difference between the domestic cost and international price of indigenous inputs and raw materials; and
- cost of entry into new market.

Pending detailed review, the rates of cash assistance on 'chemical items' including 15 per cent on 'cosmetics and toiletries' were extended till 31st March 1979.

6.2 Cash assistance from 1st April 1979 to 30th September 1982

The rates of cash assistance on all items of exports became due for revision from 1st April 1979 and were to be fixed on the basis of criteria laid down by the Alexander Committee (January 1978). Under the new criteria, the rates of cash assistance were required to be fixed after taking into consideration the various types of unrefunded indirect taxes, neutralisation of disadvantages of freight and interest on working capital, development of market and initial promotional cost of the export commodity. Accordingly, the Basic Chemicals, Pharmaceuticals and Cosmetics Export Promotion Council (CHEMEXCIL) was asked (October 1978) by the Ministry to furnish information from at least 10 per cent of the manufacturers/exporters of a particular product spread over as wide a geographical area as possible, but it could furnish data in respect of one manufacturer only, which was not producing all items of cosmetics and toiletries on which cash assistance was being allowed upto 1978-79.

On the basis of such scanty data, orders were issued (March 1979) for allowing cash assistance at 12.5 per cent of f.o.b. value from 1st April 1979 on 'cosmetics and toiletries (not specified elsewhere excluding lipstick and shampoo)'. Subsequently, 'shampoo and lipstick' were also made eligible for cash assistance at the same rate from 2nd July 1979. The Ministry further clarified (January 1982) to all licensing/disbursing offices and CHEMEXCIL that 'face cream and snow' and 'talcum powder/face powder' would be covered under the entry 'cosmetics and toiletries (not specified elsewhere)' and that for other items, a separate clarification would be issued. It was only in December 1982, that 11 (eleven) items were identified as eligible for cash assistance from 1st October 1982 under the generic entry 'cosmetics and toiletries (not specified elsewhere)'. Due to delay in issue of clarification by the Ministry in respect of coverage of items under 'cosmetics and toiletries (not specified elsewhere)', cash assistance continued to be paid on other items of cosmetics and toiletries from 1st April 1979 by the licensing/disbursing officers. The rate of cash assistance which was valid upto 31st March 1982 was extended upto 30th September 1982 by a general order issued in April 1982.

The Ministry decided (March 1983) that :—

- where cash assistance had been paid on the 11 items covered by the decision of December 1982, as applicable from 1st October 1982, the cases would not be reopened and no recoveries would be made regardless of whether these exports were made in bulk or in retail packing;
- of these 11 items, where fresh applications were made for export made prior to 1st October 1982 in accordance with the rules and regulations of the Chief Controller of Imports and Exports (CCIE), decisions would be taken in the light of the December 1982 clarification; and
- cases where cash assistance had been paid on exports of items other than the 11 items specified in December 1982 clarification, the matter would be placed before the CARC for decision.

The Ministry had not assessed (November 1985) the amount involved under the last category of cases mentioned above with a view to either recovering the amount from the exporters or regularising the

payments by issuing a specific sanction. One such item was 'nail enamel' on the export of which cash assistance had been paid to firm 'A'. During 1979-80 to 1981-82, the exports of this item by the firm amounted to Rs. 318.47 lakhs which attracted cash assistance of Rs. 39.81 lakhs at the rate of 12.5 per cent. Incidentally, cash assistance on export of nail enamel (specifically introduced as new item from 1st April 1984) was at the rate of 10 per cent for GCA and 7 per cent for other countries.

6.3 Cash assistance from 1st October 1982 to 31st March 1986

The fixation of cash assistance at 13 per cent on 11 items of "cosmetics and toiletries" from 1st October 1982, referred to earlier, was done on the basis of data furnished by CHEMEXCIL in respect of only two manufacturing units, one of which was producing 'hair oil' on which there was no cash assistance. Thus, the data on the basis of which the rate was decided, were not again representative enough.

The list of 11 items included kajal, bindi, henna (Mehandi) and kum kum which were the traditional and monopoly products of India with little or no competition in the world market. As such, the decision to allow the same rate of cash assistance on these items as compared to other items which faced competition from other countries was avoidable.

After obtaining some more data, as desired (November 1982) by the CARC, the matter was placed by the Ministry before the CARC as late as February 1984 when the committee decided to reduce the rate of cash assistance on all items from 1st April 1984. Thus, delayed fixation of lower rates from 1st April 1984 and fixation of higher rates of cash assistance on unrepresentative data resulted in avoidable payments of cash assistance during the period from 1st April 1979 to 31st March 1984. In the case of 'tooth paste', 'tooth powder', 'Henna (Mehandi)', 'face powder' and 'talcum powder' alone, the amount of avoidable cash assistance worked out to Rs. 158.08 lakhs on the exports provisionally valued at Rs. 4,192.46 lakhs during 1979-80 to 1982-83.

Summing Up

The following are the main points that emerge :—

- Till March 1979, cash assistance on the exports of cosmetics and toiletry items was allowed without any cost analysis although it was required to be done as per the decision (March 1975) of the CARC and

the criteria laid down (March 1976) by the inter-Ministerial Committee.

- CHEMEXCIL failed to provide Government with representative and verified cost data and other information in respect of the cosmetic and toiletry industry in time.
- The Ministry had yet (November 1985) to assess the amount of cash assistance paid on cosmetic and toiletry items (other than the 11 items made eligible for cash assistance) during the period from 1st April 1979 to 30th September 1982 with a view to either recovering the amount from the exporters or regularising the payments by issuing a specific sanction.
- Higher rate of cash assistance fixed on unrepresentative data resulted in avoidable payment of cash assistance during 1st April 1979 to 31st March 1984. The amount of cash assistance paid on certain products alone worked out to Rs. 158.08 lakhs on the exports provisionally valued at Rs. 4,192.46 lakhs during 1979-80 to 1982-83.

7. Cash assistance under the scheme of registration of contracts

7.1 Cash compensatory support, also called cash assistance, is paid to exporters as an incentive for promotion of specified exports at the rates determined by the Government from time to time. However, under the scheme of registration of contracts, exporters are entitled to protection against subsequent changes in the rates of cash assistance made from the date of contract. In respect of IBRD/IDA aided projects in India, the date of submission of the tender is taken as the crucial date for determining the cash assistance rate due (instead of the date of contract) provided there is no price variation between the date of submission of the tender and acceptance of the same and subject to other conditions laid down. According to the Import policy of the Government of India (April 1979—March 1980), every contract to be eligible for the benefits of cash assistance under the scheme of registration was required to be registered with an authorised dealer in foreign exchange (scheduled bank) within 45 days from the date of contract, *i.e.* the date on which the offer is accepted by the concluding party.

Further, as per Government of India orders dated 24th November 1979, cash assistance on supplies made for IBRD/IDA-aided projects in India and treated as

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deemed exports was to be granted to the extent of 75 per cent of that admissible for corresponding physical exports.

While conducting a test check of cash assistance payments, it was observed that excess cash assistance amounting to Rs. 10.23 lakhs was paid to firm 'A'.

This firm had entered into a contract with Madras Metropolitan Water Supply and Sewerage Board (MMWSSB) for execution of certain works of an IDA-aided project. The offer of the firm was accepted on 21st February, 1980 by MMWSSB (concluding party) subject to concurrence of the World Bank. This was followed by the notice of award on 3rd March 1980. The contract agreement entered into between the firm and MMWSSB on 21st March 1980 was registered with a scheduled bank on 30th April 1980. Since the registration of contract was not done within 45 days from the date of contract *i.e.* the date (3rd March 1980) on which the offer was accepted, as required under the scheme for registration of contracts, the firm was not eligible to the benefit of protection of rates of cash assistance as prevailing on the date of tender (31st October 1979). The firm was, however, paid cash assistance by the Joint Chief Controller of Imports and Exports (JCCIE), Madras on the deemed exports at the rates of cash assistance as prevailing on the date of tender (31st October 1979) instead of restricting the same to 75 per cent thereof. This resulted in excess payment of cash assistance to the extent of Rs. 9.04 lakhs.

In respect of supply of sluice valves, cash assistance was paid at 12.5 per cent instead of the reduced rate of 10 per cent which came into effect from 7th August 1980. The excess payment on this account was Rs. 0.33 lakh. Excess payment amounting to Rs. 0.86 lakh was also made to the same firm in respect of CI pipes and MS and CI specials due to application of higher rates of cash assistance than those admissible. The total excess payment of cash assistance to firm 'A' thus amounted to Rs. 10.23 lakhs.

The Ministry stated (November 1985) that scrutiny of the acceptance of offer (21st February 1980) and notice of award (3rd March 1980) revealed that these documents were open to further negotiations and clarifications and thus could not take the place of the contract (21st March 1980) and that the contract was got registered with the Bank on 30th April 1980, which was well within the stipulated period of 45 days from the date of contract. The contention of the Ministry is, however, not tenable as according to the Import Policy the date of the contract means the date of acceptance of offer which, in this case, was

3rd March 1980. Though it was mentioned in the confirmed notice of award to the firm that the firm could contract the Contracts Engineer for any further clarification, this in no way made the contract conditional or subject to any further negotiations. Hence, the stipulated period of 45 days for registration of contract in this case was to be counted from 3rd March 1980 (the date of acceptance of the offer of the firm) and not from 21st March 1980.

8. Irregular payment of air freight subsidy on export of leather footwear, finished leather and leather goods

8.1 Mention was made in paragraph 3 of the report of the Comptroller and Auditor General of India : Union Government (Civil), 1978-79, about the irregular payment of air freight subsidy on export of leather footwear, finished leather and leather goods during the period 1st February 1971 to 31st December 1974. Irregular payments of air freight subsidy also occurred during the period 1st April 1982 to 30th September 1982.

Ministry of Commerce had allowed payment of cash assistance on various products, at rates valid upto 31st March 1982 till 30th September 1982. No specific orders were issued to continue air freight subsidy beyond 31st March 1982, since a review of air freight subsidy for finished leather and leather products was contemplated. However, the licensing (disbursing) offices under the Chief Control of Imports and Exports (CCIE) continued to make payments of air freight subsidy beyond 31st March 1982 at the rates prevailing on that date, without any orders from the Ministry.

The Cash Assistance Review Committee (CARC) decided (July 1982) to reduce the rates of air freight subsidy on the export of finished leather and leather products. Formal orders for the revised rates applicable from 1st April 1982 to 31st March 1985 were issued only on 22nd November 1982. These rates were further extended (March 1985) upto 31st December, 1985.

The CCIE instructed (December 1982) all the licensing (disbursing) offices to review all cases where air freight subsidy had been paid at old rates on exports effected after 1st April 1982 and recover excess payments either in cash or from future claims of the exporters. Recoveries amounting to Rs. 26.19 lakhs were effected by three licensing (disbursing) offices and information from ten other offices was awaited (July 1985).

The Ministry of Commerce and the CCIE received a number of representations against reduction of subsidy retrospectively from 1st April 1982 and consequential recovery of excess amount paid. Thereupon, further recovery was stopped and the Ministry of Finance was approached (January 1983) for the continuance of subsidy at old rates till 30th September 1982 and revised rates being made applicable only from 1st October 1982. The Ministry of Finance did not agree to this proposal on the ground that the Ministry of Commerce had not authorised payment of air freight subsidy and no payment was, therefore, due until the decision to extend the scheme was taken. Also, according to the Ministry of Finance, recovery would not affect exports since the exports had already taken place. On being approached again, the Ministry of Finance agreed (May 1983) to waive the recovery of excess subsidy already paid during 1st April 1982 to 30th September 1982 on the ground that exporters could not be blamed for the lapses on the part of licensing (disbursing) offices in making payments of subsidy un-authorisedly. Orders to waive the excess subsidy paid but not recovered were issued in August 1983 without working out the actual amount involved.

The irregular payment was estimated to be between Rs. 60 lakhs and Rs. 70 lakhs, though no accurate figures were known as there was no centralised system of collection of data in the Ministry. Out of this amount Rs. 26.19 lakhs had been recovered by three licensing (disbursing) offices as stated earlier.

The Ministry was requested by Audit (December 1983) to intimate the amount of excess subsidy which was treated as waived, confirm recovery of excess air freight subsidy, if any, paid after 1st October 1982 and intimate action taken to fix responsibility for the irregular payments made without authority by the licensing (disbursing) offices. Information was still awaited (February 1986).

The matter was reported to the Ministry in August 1985, their comments were awaited (March 1986) despite four reminders issued between October 1985 and March 1986.

9. Irregular payment of cash assistance on export of cotton textiles items

9.1 In terms of the scheme of grant of cash assistance sanctioned by the Government of India in July 1968, as amended from time to time, cash assistance on export of various items of cotton textiles was disbursed by the Textile Commissioner (TC) through the Indian Cotton Mills Federation (ICMF), Bombay.

According to the Public Notice issued by the Ministry of Commerce on 14th January 1977 relating to Import Trade Control (ITC) policy for registered exporters which was effective from 1st April 1976 onwards, the relevant date of export in the case of shipment by sea would be determined by the date on the relevant bill of lading or date of mate receipt, whichever was later and in the case of export by air, the date on the air way bill. The ITC policy in respect of registered exporters was applicable to cash compensatory payment also.

The date of mate receipt on the shipping bill is authenticated by the Custom authorities on the shipping bill. In the case of shipment by air, the date on air-way bill (and not the date of the air way bill) is that of flight date which is authenticated by the custom authorities, as in the case of date of mate receipt on the shipping bill.

During test-check in audit (1982-83) it was noticed that the ICMF regulated and paid the cash assistance treating the date of bill of lading in the case of shipment by sea and date of air-way bill in the case of shipment by air as the dates of exports. The rates of cash assistance were reduced by the Government on certain items of textile during the period 1976-77 to 1981-82. But cash assistance was paid at higher rates applicable to the month of exports as per date of bill of lading/air way bill instead of the month of exports as per date of mate receipt/flight date. The ICMF claimed from the TC and paid irregular cash assistance amounting to Rs. 4.45 lakhs in respect of exports treated as made in March 1980 and December 1980 as against April 1980 and January 1981 respectively. The TC did not ensure proper implementation of the procedure prescribed by the Government but accepted (November 1984) the fact that the payment was recoverable and asked the ICMF to recover the excess payments from the concerned exporters. The amount is yet to be recovered (January 1986).

10. Recovery of refundable cash compensatory support

10.1 Claims amounting to Rs. 5.28 lakhs (20 per cent of f.o.b. value) towards cash compensatory support (CCS) for exports of bicycle parts to Nigeria in March 1978 were preferred by a firm to the licensing authority, which released the amount subject to the condition that the sale proceeds of exports were to be realised in foreign exchange from the foreign buyer within the stipulated time limit of 180 days unless extended by the Reserve Bank of India, failing which the entire amount of CCS was to be refunded within one month of stipulated time limit in terms of the instructions issued by Government and also in

accordance with the undertaking of the firm in its application for enrolment. Import replenishment licences for Rs. 1.85 lakhs were also issued to the firm subject to the same conditions as mentioned above. The firm failed to realise the sale proceeds in foreign exchange except a part realised after the stipulated time limit of 180 days.

At the instance of Audit, a 'Demand Notice' was issued to the firm in February 1983 to refund the amount of CCS together with interest, but the firm made an appeal which was rejected by the licensing authority (January 1985). The firm was asked again (May 1985) to refund the amount of CCS paid to it together with interest thereon and also to arrange adjustment of import replenishment licences obtained by it against the said exports, but the firm failed to comply with the demand. A show-cause notice was, therefore, served (July 1985) to explain why it should not be declared a defaulter and also why legal action should not be taken against it to recover the dues.

The Ministry stated (March 1986) that the firm had agreed to the full adjustment from its pending cases and future claims and that Rs. 4.36 lakhs out of cash compensatory support of Rs. 5.28 lakhs and interest thereon and Rs. 1.36 lakhs out of import replenishment licences worth Rs. 1.85 lakhs had since been adjusted.

MINISTRY OF ENERGY

(Department of Power)

11. Excess payment of Employer's contributions to Employees' Provident Fund

11.1 Employees' Provident Funds and Miscellaneous Provisions Act, 1952 was made applicable to every establishment engaged in Buildings and Constructions Industry with effect from 31st October 1980 vide Government of India, Ministry of Labour Notification of 11th October 1980. Under Section 6 of the Act, the contribution which shall be paid by the employer to the fund is 6½ per cent of the basic wages, dearness allowance and retaining allowance (if any) for the time being payable to each of the employees except where the Central Government by a notification enhance the rate of contribution to 8 per cent in its application to any establishment.

It was noticed in audit (June 1984) that despite there being no notification by the Central Government for the enhanced rate of contribution by the employer, the Beas Sutlej Link Project authorities at Sundernagar paid the contribution at the rate of 8 per cent of wages including dearness allowance of the employees for the

period November 1980 to April 1984 instead of 6½ per cent in the case of 3051 non-factory workers. Erroneous application of rate of employer's share of contribution resulted in excess payment of Rs. 17.43 lakhs by the Project authorities to the Regional Provident Fund Commissioner which has not been got refunded so far (September 1985).

Similarly, excess payment had been made in another unit of Beas Project at Talwara but the same was adjusted from the subsequent payment of employer's share of Employees' Provident Fund in July 1983. With the completion of works on Beas Project most of the workers were retrenched in April 1984, as such, the excess payment of employers' share of contribution made in the case of 2731 workers who had since been retrenched has become irrecoverable.

The matter was reported to the Ministry of Energy (Department of Power) in July 1985. Ministry stated (December 1985) that employer's share of contribution towards Employees' Provident Fund was paid by the Project authorities at the rate of 8 per cent under instructions from the Regional Provident Fund Commissioner.

MINISTRY OF ENVIRONMENT AND FORESTS

(Department of Forests and Wild Life)

12. Social Forestry including Rural Fuelwood Plantations

12.1 Introduction

12.1.1 Fuelwood occupies a prominent place as an energy source in rural India. As against the anticipated requirement of about 133 million tonnes of fuelwood per annum during the mid seventies, the projected plantation upto Sixth Plan was to produce only about 49 million tonnes per annum. Considering the present and the anticipated gap by the end of the century, a Centrally Sponsored Scheme "Social Forestry including Rural Fuelwood Plantations" (SFRFP) was launched by the Ministry of Agriculture, Department of Agriculture and Co-operation (now Ministry of Environment and Forests Department of Forests and Wildlife), hereafter referred to as the Ministry, in 1981 in 95 selected districts of 22 States and 3 Union Territories (UTs) with a view to narrowing this gap between the need and level of supply. The scheme was subsequently extended to cover 101 districts in October 1981, 151 districts in June 1982 and 157 districts in January 1983 where dearth of fuelwood was acute.

12.1.2 *Objectives.*—The primary objective of the scheme was to supplement the efforts of the State Governments in meeting the fuelwood, fodder and small timber requirements of the rural people in and around their villages, to minimise pressure on existing forests and thereby gain the ecological benefits of conservation of soil and water and moderation of climate.

12.1.3 The various components of the scheme were :

- (a) raising of rural fuelwood plantations on all available land like degraded forests, community land, waste land, sides of roads, railway lines and canals and in and around individual farms, in the compounds of schools and public buildings and in the backyards of individual houses ;
- (b) free supply of seedlings to farmers and children under the "A tree for every child" programme; and
- (c) raising of nurseries on school premises and by kisans.

12.1.4 *Funding.*—The pattern of Central assistance under the scheme was 50 per cent grant to States and 100 per cent grant to UTs subject to a maximum of Rs. 1000 per hectare for plantations and Rs. 250 for supply of one thousand seedlings to States and Rs. 2000 and Rs. 500 respectively to UTs. The scheme also provided for the setting up of monitoring and evaluation cells (in States and UTs) to ensure satisfactory implementation. For this purpose, the scheme provided 50 per cent of the actual expenditure as Central grant (100 per cent in the case of UTs) subject to a maximum of Rs. 0.50 lakh per annum per State/UT. Additional Central grant of Rs. 7.50 per annum (Rs. 1500 in the case of UTs) per district was also provided for publicity purpose.

12.2. The implementation of the programme by the States/UTs was test checked in audit with particular reference to the performance during 1980-81 to 1983-84 and the important points noticed are given in the succeeding paragraphs.

12.3.1 *Financial/physical achievements.*—The details of year-wise Central grant released, physical/financial targets and achievements during 1980-81 to

1984-85 as compiled by the Ministry were as under :

I. Year-wise outlay, phasing of Central grant and actual expenditure.

Year	Outlay for States			UTs (100 per cent Central grant)	Targetted Central grant	Central releases (Actual)	Expenditure incurred by States/UTs
	Central grant	State share	Total				
1	2	3	4	5	6	7	8
(Rupees in lakhs)							
1980-81	420.88	420.88	841.76	..	420.88	426.60	320.30
1981-82	921.00	921.00	1842.00	45.50	966.50	488.02	1456.98
1982-83	1013.50	1013.50	2027.00	61.75	1075.25	971.82	2163.94
1983-84	1092.00	1092.00	2184.00	77.00	1169.00	1285.44	2583.58
1984-85	1274.22	1274.22	2548.44	94.25	1368.47	1819.86	4261.40 (Outlay)
TOTAL	4721.60	4721.60	9443.20	278.50	5000.10	4991.74	10786.20

Authority : Outlay and yearwise phasing of Central grant Annexure I/A of EFC Memo.

II. Physical targets and achievements

Year	Plantations (In hectares)		Percentage of achievement	Supply of seedlings (Nos. in lakhs)		Percentage of achievement
	Target	Achievement		Target	Achievement	
1980-81	..	3,067	..	..	313.75	..
1981-82	53,750	43,350	80.7	1,366	971.32	71.1
1982-83	60,250	73,039	121.2	1,420	1,589.72	111.9
1983-84	92,530	86,558	93.5	1,775.20	1,879.79	105.9
1984-85	95,717	NA*	..	2,762.52	NA*	..

*Figures of achievements during 1984-85 were not available with the Ministry (November 1985).

Though various States/UTs had reported physical achievement of targets to the Ministry, records showing details of plantation (e.g. area, location and number of trees planted) and raising and distribution of seedlings (e.g. details of nurseries where seedlings were distributed) were not found maintained in Assam, Haryana, Himachal Pradesh, Madhya Pradesh, Meghalaya, Orissa, Rajasthan, Tamil Nadu, Arunachal Pradesh and Mizoram. In the absence of such records, the correctness of the achievements reported to the Ministry by the States/UTs could not be verified in audit.

Following discrepancies/deficiencies were also noticed in the progress reports furnished by the States/UTs.

Arunachal Pradesh.—Against 195 hectares of plantation reported to the Ministry during 1981-82, the actual plantation was 90 hectares only.

Himachal Pradesh.—Top working done on 1.81 lakh existing plants/trees in Bilaspur district was wrongly included in the reported figures of new plantations during 1980-81.

Madhya Pradesh.—Against 21,617 hectares of plantations actually covered in 1982-83 and 1983-84, coverage of 22,810 hectares was reported to the Ministry. Similarly, against 348.79 lakh seedlings distributed during the years 1981-82 to 1983-84, distribution of 922.98 lakh seedlings was reported to the Ministry. In Gwalior Forest Division, the number of seeds germinated and taken as plants raised was reported as 19,284 per hectare during 1983-84 against the norm of 1500 plants per hectare. The discrepancy could not be elucidated by the Forest Officer, who had assured to investigate the matter.

Meghalaya.—In the Social Forestry Division of Nongstoin district of West Khasi Hills, distribution of 3,300 and 70,500 seedlings was reported during

1981-82 and 1982-83 respectively, but in the reports sent to the Ministry these were shown as 1.39 lakhs and 12 lakhs respectively.

Mizoram.—Plantation in 4,000 hectares was reported during 1982-83 against the actual figure of 3,245 hectares.

Punjab.—In Amritsar and Patiala districts, against 10355 hectares of plantation actually covered during 1981-82 to 1984-85, coverage of 10506 hectares was shown in the progress report.

12.3.2 *Excess Central grant.*—As a result of incorrect reporting, excess grant of Rs. 169.20 lakhs had been obtained by Arunachal Pradesh, Himachal Pradesh, Madhya Pradesh, Meghalaya, Mizoram and Punjab. Apart from this, excess grant was also obtained in the following cases :

(i) For plantation in the States, Central grant of Rs. 1000 per hectare was to be limited to 50 per cent of actual expenditure. The actual cost of plantation on 1478 hectares in Seoni, Bhopal, Jabalpur (Katni), Bilaspur and Gwalior districts of Madhya Pradesh ranged between Rs. 1179 and Rs. 1671 per hectare. The total expenditure on plantations in these districts was Rs. 22.23 lakhs, whereas, Central assistance of Rs. 14.78 lakhs was claimed, on the basis of expenditure of Rs. 2000 per hectare. Thus, the State Government got an excess grant of over Rs. 3.66 lakhs.

During 1981-82, an amount of Rs. 200 lakhs was transferred from National Rural Employment Programme (a Centrally Sponsored Scheme) to the Forest Department of Madhya Pradesh for implementation of the programme and of this, Rs. 60 lakhs were spent by the Forest Department on preparation of site for plantation under the scheme of SFRFP. This expenditure of Rs. 60 lakhs was also included in the total expenditure of this scheme for the year 1982-83, resulting in double claim of Central assistance to that extent.

(ii) The guidelines issued by the Ministry envisaged planting of 1500 plants per hectare. The average plantation, however, varied from 625 to 1242 per hectare in six districts of Madhya Pradesh and from 310 to 1315 per hectare in seven divisions of three districts of Uttar Pradesh. The Central grant which was calculated on the basis of presumed plantation of 1500 plants per hectare was, thus, more than the assistance actually admissible.

12.3.3 *Release of funds without obtaining utilisation certificates.*—In the following cases, funds were released by the Ministry without obtaining utilisation

certificates in respect of the Central grant received by the States in earlier years. The total grants released for which utilisation certificates were wanting as on 31st March 1985 were as follows :—

Name of States	Period of grant	Total grant released
		(Rupees in lakhs)
1. Madhya Pradesh	1980-81 to 1983-84	531.00
2. Tamil Nadu	1980-81 to 1983-84	173.80
3. Uttar Pradesh	1980-81 to 1983-84	118.08

In Bihar, Meghalaya, Uttar Pradesh, Arunachal Pradesh, Delhi and Mizoram, the register of grants for watching the progress of expenditure and submission of utilisation certificates to the Ministry was not maintained.

12.3.4 *Diversion of funds.*—Funds to the tune of Rs. 78.65 lakhs were diverted to/or utilised in schemes/works which were not connected with this scheme in the following cases :—

Bihar.—Rs. 0.50 lakh received as Central assistance during 1984-85 for establishing a monitoring cell were spent on salaries etc., of the staff employed for plantation work.

Gujarat.—1590 hectares of land on which advance work had been carried out under different State schemes, viz., 'Soil and Moisture Conservation Scheme' and 'Scheme for Waste Land Afforestation in Kutch' during 1980-81 was transferred in March 1981 and included in the physical achievement of 1995 hectares shown under this scheme in 1980-81. The expenditure on such plantation transferred in March 1981 was Rs. 14.60 lakhs. Apart from this, Rs. 5.29 lakhs spent in Panchmahals (Rs. 4.62 lakhs) and Vadodara (Rs. 0.67 lakh) districts in 1980-81 and 1981-82 on maintenance of seedlings raised prior to the introduction of the scheme of distribution of seedlings and on raising of seedlings covered under separate State/World Bank schemes, were transferred to this scheme.

Haryana.—Rs. 10.21 lakhs, spent during 1980-81 to 1984-85 as establishment charges in three districts (Rohtak, Ambala and Faridabad) not covered under this scheme and Rs. 0.37 lakh incurred during 1982-83 as travelling allowance by the staff of Kurukshetra district in connection with journey not connected with the scheme, were debited to this scheme. In addition, Rs. 7.89 lakhs spent on various State schemes were irregularly transferred in 1981-82 to

SFRFP to obtain Central assistance to the extent of 50 per cent. Apart from this, Rs. 0.72 lakh were spent on construction of buildings though there was no provision for the same under the scheme.

Himachal Pradesh.—Rs. 3.67 lakhs booked initially under State Schemes were transferred to this scheme in 1982-83 merely to correlate the expenditure with budget allotment under this scheme. Apart from this, Rs. 2.67 lakhs spent in Una and Hamirpur districts prior to February 1981, which were not covered by the scheme, were shown as expenditure in Kangra district.

Madhya Pradesh.—Plantation works done in 782 hectares in the districts of Datia, Bhind, Guna, Shivpuri, Morena, Chhatarpur and Damoh, which were not covered under the scheme, were exhibited against Gwalior and Sagar districts which were covered under the scheme. Irregular financial assistance at the rate of Rs. 1000 per hectare worked out to Rs. 7.82 lakhs.

Manipur.—An expenditure of Rs. 3.80 lakhs was incurred during 1983-84 and 1984-85 in the Manipur South district which was not covered under the scheme.

Meghalaya.—An expenditure of Rs. 2.51 lakhs spent on distribution of seedlings in areas other than the selected districts, was adjusted in accounts through inter-divisional transfers during 1981-82 to 1983-84.

Mizoram.—An expenditure of Rs. 9.72 lakhs on maintenance of old plantation during 1982-83 and 1983-84 which was not admissible for Central assistance, was met out of funds received for this scheme. Apart from this, an expenditure of Rs. 2.34 lakhs incurred during March—December 1983 on office expenses, purchase of iron safe, cement, etc., was met out of the funds of this scheme.

Rajasthan.—In Alwar district, Rs. 0.55 lakh were spent during 1983-84 on purchase of steel wire/barbed wire without specifying details of the work. According to the prescribed norms, barbed wire was not required for the work. Position of actual implementation of the work was not known for want of availability of relevant Measurement Books.

Uttar Pradesh.—Rs. 5.99 lakhs were spent during 1982-83 and 1984-85 on items not covered under the scheme, viz. salary of staff when no plantation work/distribution of seedlings was undertaken (Rs. 1.19 lakhs), purchase of barbed wire, tankers and trolleys (Rs. 2.41 lakhs), repair of tractors (Rs. 0.22 lakh) and maintenance of unutilised plants raised under other schemes (Rs. 2.17 lakhs).

12.3.5 *Low survival rates.*—In November 1982, the Ministry advised the State Governments/UT Administrations to conduct survey of the plantations during the previous three years to assess the percentage of survival. It was stated that normally a successful plantation must have at least 75 per cent survival, lower rate affected adversely the success of the programme and amounted to waste of money and time.

It was seen that inspite of above directives, no survey was conducted in the States of Haryana, Punjab and Maharashtra to find out the rate of survival of plants. The percentage of survival was much less in the following States.

Gujarat.—In three districts (Kutch, Panchmahals and Surendranagar), the percentage of survival was, on an average, 49 to 58 during 1980-81 to 1984-85.

Karnataka.—In Bellary division, out of 3,817 hectares of plantations during 1981-82 to 1983-84, the percentage of survival of plants in respect of 483 hectares was less than 25 and in 1,532 hectares it ranged between 25 and 50.

Orissa.—Out of the total area of 53,416 hectares planted during 1978-79 to 1983-84, plantations raised on 19,731 hectares were treated to have failed as the survival percentage of plantations was nil in 7,104 hectares, 1 to 10 in 527 hectares, 11 to 30 in over 6,870 hectares and 31 to 49 in over 5,230 hectares.

Rajasthan.—The overall survival rate was 48 per cent as per evaluation report of the Evaluation Cell of the Forest Department.

Uttar Pradesh.—Although the Chief Conservator of Forest reported percentage of survival from 60 to 70, test check of the records of the forest divisions in respect of 484 hectares of plantation, revealed that it was below 20 in 50 hectares, between 20 and 40 in 182 hectares, between 41 and 60 in 132 hectares and above 60 in respect of only 120 hectares.

12.3.6 *Irregular selection of districts.*—The selection of districts to be covered under the scheme was to be made on the basis of dearth of fuelwood and small timber. Districts which had acute shortage of fuelwood, but were already covered under other similar programmes like Internationally aided projects, social forestry programme of the States, Desert Development Programme, Integrated Rural Development Programme, etc., were not to be selected under the scheme. However, these requirements were not adhered to in the following States/UTs.

Arunachal Pradesh.—Four districts (East Siang, Tirap, West Siang and Lohit), in which deficiency of fuelwood was the maximum, were left out and one

district (West Kameng) which figured at the bottom, in terms of deficiency, was selected.

Gujarat—Three districts (Ahmedabad, Mehsana and Broach), where difference between demand and supply of fuelwood was large were not covered.

Gujarat and West Bengal—In contravention of the directives of the Ministry, seven districts (Kutch, Panchmahals, Surendranagar, Vadodara, Bhavnagar, Jamnagar and Sabarkantha) of Gujarat and six districts of West Bengal (Burdwan, Midnapore, Bankura, 24 Parganas, Birbhum and Nadia), which were already covered under other Centrally sponsored/State/Internationally aided schemes, were selected. Expenditure of Rs. 251.55 lakhs from the Central grant (Rs. 183.09 lakhs in Gujarat during 1980-81 to 1984-85 and Rs. 68.46 lakhs in West Bengal during 1980-81 to 1983-84) was, thus, irregularly incurred. The expenditure of Rs. 68.46 lakhs incurred in West Bengal was legitimately chargeable to the World Bank Project.

Kerala—The scheme was implemented in all the districts of the State without the approval of the Ministry, instead of 4 selected districts, so as to avail of the full Central assistance.

Madhya Pradesh—Though the Chief Conservator of Forests (Development) had collected data in respect of the requirements *vis-a-vis* availability of fuelwood and fodder, three districts (Datia, Bhind and Rajgarh) with 100 per cent deficiency of fuelwood were not selected, whereas other districts, which were comparatively better off, were selected.

12.3.7 *Monitoring*.—The Ministry provided in the scheme the need for creation of a new monitoring cell or strengthening the existing planning and/or statistical cells for watching the implementation of the programme effectively. Central grant to the extent indicated in sub-para 12.1.4 ante was also provided for meeting the expenditure of the above cell. In Bihar, Gujarat, Himachal Pradesh, Madhya Pradesh, Manipur, Maharashtra, Mizoram, Nagaland, Orissa, Punjab, Sikkim, Uttar Pradesh and Arunachal Pradesh, monitoring cells were either not created at all or did not function properly. Rs. 9.45 lakhs were spent on the monitoring cells in the States of Bihar (Rs. 0.50 lakh), Gujarat (Rs. 1.04 lakhs), Mizoram (Rs. 1.00 lakh), Orissa (Rs. 5.87 lakhs) and Sikkim (Rs. 1.04 lakhs) during 1984-85, 1982-83 to 1984-85, 1982-83 to 1983-84, 1980-81 to 1983-84 and 1981-85 respectively without conducting proper monitoring of the programme.

In the absence of effective monitoring cells, shortcomings in implementation of the programme like low rate of survival of plants, excess reporting of physical achievements, inclusion of ineligible districts, diversion of funds, etc., went un-noticed apart from lack of overall appraisal of the implementation of the programme in various States/UTs. Information about survival percentage of plants and creation of monitoring cells was also not included in various periodical reports and returns of States/UTs as prescribed by the Ministry.

12.3.8 *Evaluation*.—Though the scheme had been in operation for the last five years, its impact has not been evaluated by the Central Government as well as the State Governments of Haryana, Himachal Pradesh, Meghalaya, Nagaland, Orissa, Sikkim and Tamil Nadu and Union Territories of Arunachal Pradesh, Delhi and Mizoram. In Punjab, an evaluation of the programme, in some of the districts, for the period 1981-82 and 1982-83 was conducted on a sample basis, by the Economic Advisor to the State Government, but the report was awaited. Although the Ministry claimed in May 1985 that fuelwood and fodder availability had increased in areas where social forestry was taken up, details of actual increase in their availability were not available with it (October 1985).

In Kerala and Madhya Pradesh, evaluation of the programme was initiated in March 1984 and May 1983 respectively, but the evaluation reports were still awaited (October 1985).

In Andhra Pradesh, the Agro Economic Research Centre, Waltair, under the Directorate of Economic and Statistics, Ministry of Agriculture, New Delhi, which took up the study of 'Social Forestry Scheme' in Guntur and Nalgonda districts, observed that instead of the weaker section's households, the rich and well-to-do farmers took advantage of the scheme and most of the farmers took up the plantations not with a view to solving the problem of fuelwood deficiency, but to meet the demands of the industrialists. The programme, as such, turned out to be commercial forestry instead of social forestry.

12.3.9 *Other points of interest*.—(i) In Tamil Nadu, out of 276 lakh seedlings distributed during the years 1982-83 to 1984-85, 207 lakh seedlings were distributed to the beneficiaries on payment of 10 paise per seedling even though these were required to be distributed free of cost.

(ii) Rs. 14.22 lakhs were released to the Jammu and Kashmir Government during 1980-81, but the

scheme has not been implemented so far (March 1985). The unutilised assistance has also not been refunded.

12.3.10 *Summing up.*—Following are the main points that emerge :

- The scheme 'Social Forestry including Rural Fuelwood Plantation' was launched in 1981 in 95 selected districts of 22 States and 3 UTs and was extended to cover 157 districts in January 1983. The primary objective of the scheme was to supplement the efforts of the State Governments/UT Administrations in meeting fuelwood, fodder and small timber requirements of the rural people and to minimise the pressure on the existing forests and thereby gain the ecological benefits of conservation of soil and water and moderation of climate. An amount of Rs. 6,524.80 lakhs were spent on the scheme during the years 1980-81 to 1983-84 out of which Rs. 3,171.88 lakhs were provided by Government of India as Central grant.
- Physical achievements reported by some of the States/UTs were found on higher side. As a result of this, Arunachal Pradesh, Himachal Pradesh, Madhya Pradesh, Meghalaya, Mizoram and Punjab obtained excess Central grant of Rs. 169.20 lakhs. Most of the States/UTs did not maintain the basic records showing details of plantations, distribution of seedlings, etc.
- Forest Department of Madhya Pradesh included Rs. 60 lakhs, which was transferred to it from another scheme, viz. National Rural Employment Programme, in the total expenditure under the Scheme of SFRFP resulting in double claim of Central assistance.
- The Ministry continued to release grants to Madhya Pradesh, Tamil Nadu and Uttar Pradesh without obtaining the utilisation certificates for grants released during earlier years. Utilisation certificates for grants aggregating Rs. 822.88 lakhs released during the years 1980-81 to 1983-84 were awaited from these Governments.
- Out of the Central grant received, funds to the extent of Rs. 78.65 lakhs were diverted by 10 State Governments/UTs for utilisation on schemes not covered under the programme.

- Rate of survival of plantation was very low in Gujarat, Karnataka, Orissa, Rajasthan and Uttar Pradesh which adversely affected the success of the scheme.
- Criteria for selection of districts for the scheme were not followed in some of the States with the result that more needy districts were left out of the scheme.
- Monitoring cells to ensure success of the scheme were either not created at all or did not function properly even though the Government of India provided funds for the purpose separately.
- Though the scheme had been in operation for the last five years, its impact has not been evaluated by the Ministry and by most of the States/UTs.
- In Tamil Nadu, the beneficiaries, who were to be given seedlings free of cost, were made to pay for 207 lakh seedlings at the rate of 10 paise per seedling.
- Though Central grant of Rs. 14.22 lakhs was released during 1980-81 to Jammu and Kashmir, neither the scheme was implemented nor was the unutilised amount refunded.

MINISTRY OF EXTERNAL AFFAIRS

13. Misappropriation of consular receipts

The Ministry of External Affairs in October 1976 issued instructions to the Missions/Posts abroad to dispense with the system of using consular stamps for consular services with effect from 1st January 1977 and instead a consular service register in the prescribed form was required to be maintained by each Mission to record the amount of fees collected against the receipts issued to the Applicants for various consular services rendered. The Consular Officer was required to certify on the register at the end of the day that the fees collected agreed with the entries made in the receipt book. At the end of the day the Consular Assistant was required to deposit the day's collections with the Chancery Accountant/Cashier through a pay-in-slip to be signed by the Consular Officer. The Chancery Accountant/Cashier was to acknowledge its receipts on the duplicate copy of the pay-in-slip duly countersigned by the Head of the Chancery after certifying the receipt entry in the Cash Book. Non-observance of these rules resulted in misappropriation

of Government money in two Missions as indicated below :—

(i) During a test check of the accounts of Mission 'x' by Audit in March 1983 it was noticed that (a) consular receipts of the Mission were deposited with the Accountant after a lapse of 15 to 30 days; (b) the duplicate copy of the pay-in slip did not bear the acknowledgement of the accountant and the Head of Chancery; and (c) in 19 cases, the fees collected during November 1981 to January 1982 amounting to Rs. 3433 were neither entered in the Consular Service Register nor in the Cash Book. The matter was reported to the Ministry in July 1983. The Ministry stated (November and December 1985) that investigation by a two-member team from the Ministry had revealed mis-appropriation of funds to the tune of Rs. 54,269.50 besides several other financial irregularities. The case is at present under investigation by the Central Bureau of Investigation.

(ii) In May 1981, Controller of Accounts, Ministry of External Affairs submitted a note to the Ministry indicating the discrepancies in the cash accounts of the Consulate General of India 'Y' for the period October 1978 to February 1981. Ministry stated (July 1983) that they had also received a report from the Consulate General of India 'Y' regarding mis-appropriation of funds by the Cashier and deputed a team of officers to investigate the matter. The results of investigation revealed that apart from other irregularities, consular receipts to the extent of Rs. 1.77 lakhs from April 1979 to June 1981 were short credited. The case was investigated by the CBI and it was stated by the Ministry (November 1985) that according to the investigation report of the CBI the amount of misappropriation that could be established was DH 46,647 equivalent to Rs. 95,159.88 and the charge-sheet against the then Accountant in Consulate General of India 'Y' had been filed in a court of law and the case was pending trial.

14. Irregular payment on unauthorised halts at Hong Kong/Beijing

The routes approved by the Ministry of External Affairs (November 1981) for travel between India and Beijing/ Ulan Bator/Pyongyang on transfer

or home leave for all categories of officers and members of staff transiting through Hong Kong envisage travel by Air India in Delhi-Hong Kong sector and by train between Hong Kong and Beijing/Ulan Bator/Pyongyang. For journeys on transfer to Beijing/Ulan Bator/Pyongyang 'scheduled halt' of two days can be availed of at Hong Kong. This facility, however, is not allowed for journeys on 'Home leave' and 'Children Holiday passage' (CHP). Further, no scheduled halt at Beijing is admissible in respect of train journeys from Hong Kong to Ulan Bator/Pyongyang or vice-versa either on transfer or Home leave.

2. Scrutiny of the Home Leave and transfer claims for the period from April 1982 to March 1985 revealed irregular payments to the extent of Rs. 1.58 lakhs, to the officials towards daily allowance, hotel charges and other incidentals on portrages, taxi etc. for their unauthorised halts at Hong Kong while proceeding/returning from Home Leave and Beijing while transiting through Beijing either on transfer or Home Leave as indicated below :—

Name of Embassy	Nature of irregularity	Number of cases	Amount involved
			(Rupees in lakhs)
Beijing	Home leave passage halts at Hong Kong	37	0.84
Ulan Bator	Home leave passage/transfer halts at Beijing/Hong Kong	8	0.30
Pyongyang	-do-	9	0.44
TOTAL		54	1.58

The Ministry stated (July 1985) that they had instructed their Missions in Beijing, Pyongyang and Ulan Bator not to incur such expenditure on enforced halts when it was considered avoidable. The Ministry also proposes to take up with the Ministry of Finance the question of issue of sanctions retrospectively covering the above cases and also to lay down specific conditions in future where enforced halt may be granted with consequential payment by Government on Children Holiday passage and Home Leave Fares for entitled officials/family members transiting through Hong Kong.

The Ministry further stated (January 1986) that in the cases pointed out by Audit, the halts availed of by the officers were not "scheduled halts" but "enforced halts". This, is, however, not born out from the facts as no 'enforced halt certificates' were issued by the concerned head of Mission/Post. Even the regularisation of such periods as scheduled halts initially was in contravention of Rules.

15. Avoidable Expenditure

The Embassy of India, Dakar made an overpayment of Rs. 1.19 lakhs to the staff and officers for the period August 1981 to February 1983 as follows :—

1. The Mission was authorised through telex message of 20th July 1981 to pay personal emoluments with effect from 1st August 1981 in the convertible currency in which the remittances were received by it. Neither the Telex message nor its post copy was, however, received by the Mission at Dakar. When the official rate of exchange between Indian Rupee and local currency was revised with effect from 1st February 1982, the Mission requested the Ministry to permit the drawal of personal emoluments either in local currency at the revised official rate of exchange or in US Dollars. The Ministry intimated the Mission on 3rd April 1982 that they had already been authorised to make payment in convertible currency and added that "payments may be made either in US Dollars or Pound Sterling as per our above sanction". This was contrary to the Ministry's telex of 20th July 1981 in as much as the Mission, which was receiving remittances in convertible French Francs, was authorised to disburse emoluments in US Dollars.

2. Instead of making payment in French Francs in which remittances were received or obtaining the Ministry's clarification in case of doubt about the interpretation of Ministry's telex dated 3rd April 1982 the Mission started payments in US Dollars with effect from the salary for April 1982. The Mission purchased Dollars at the Bank's selling rate of US Dollar 1-CFA 311 in May 1982 and US Dollar 1-CFA 343 in March 1983. The official rate of exchange between US Dollar and Indian Rupee during May 1982 to March 1983 was 1=Rs. 9.30 or CFA 296 approx. (Re. 1=CFA 31.80). The payment of personal emoluments in US Dollars instead of in French Francs had resulted in avoidable loss of Rs. 87,058.11 for the period April 1982 to February 1983.

3. The Mission also made the disbursement in US Dollars with retrospective effect in respect of emoluments for the period from 1st August 1981 to 31st March 1982 which had already been disbursed in local currency at the prescribed rate of exchange. The payment in US Dollars was made in disregard of the Ministry's Telex message of 25th July 1981, adopting the rate of exchange of 1 US Dollar = Rs. 8 against the correct rate of 1 US Dollar = Rs. 8.50 prevalent during the period from August 1981 to

November 1981 and of Rs. 9.30 effective from 1st December 1981.

4. The Mission received back a sum of CFA 24,05,795 from the officials in respect of emoluments for the period 1st August 1981 to 31st March 1982 and made the payment in US Dollars which were purchased from the Bank for CFA 34,15,831. Thus the Mission suffered a loss of CFA 10,10,036 equivalent to Rs. 31,762.14 in May 1982 in the process of retrospective revision of the mode of disbursement.

5. On being pointed by Audit, the Ministry asked the Mission (October 1985) to initiate action for effecting recoveries of the overpaid amount of Rs. 1.19 lakhs and to report compliance at the earliest.

16. Uneconomic running of the External Affairs Hostel, Curzon Road, New Delhi.

The External Affairs Hostel at Kasturba Gandhi Marg, New Delhi was constructed in 1965 to provide transit accommodation to the officers and staff of the Ministry of External Affairs. The permissible duration of stay at normal rates of licence fee provided in the rules ranged from one month to four months (one to six months from April 1984) for different categories of officers. For stay beyond the permissible period, enhanced rates were required to be charged for certain categories of officers upto two months and for over stayal beyond this limit, licence fee was to be recovered at market rates.

2. The standard rent for the accommodation and furniture fixed on ad hoc basis by the Ministry prior to the promulgation of the Hostel Rules 1970 was revised in 1975. At the instance of Hostel authorities (July 1977) the rates of licence fee for accommodation and additional services fixed by the CPWD in October 1977 were made effective from 1.11.1977. The CPWD also desired (October 1977) recovery of arrears of licence fee of Rs. 19.89 lakhs from the occupants for the period April 1973 to October 1977. No action was, however, taken by the Ministry to recover this amount from the occupants. The rents were further revised in 1979 by the Ministry. But the CPWD was neither consulted nor approached for revision of rent and rates after every five years from the date of last calculation (April 1973) as required under the rules.

3. Water charges were paid by the Hostel to the NDMC at commercial rates instead of at domestic rates upto 1978-79. This resulted in an avoidable expenditure of about Rs. 3 lakhs. No water charges were, however, recovered from the occupants of the

Hostel till July 1977. The following irregularities were also noticed in the running of the Hostel :—

- (a) In 48 instances which came to the notice of Audit, accommodation allotted was retained beyond the normal permissible period. For overstay beyond the normal period, neither the allotment was cancelled nor enhanced rent under FR 45B or market rent charged from the occupants.
- (b) Rent amounting to Rs. 1.29 lakhs was outstanding (May 1985) against 74 allottees for the period 1977-78 to 1984-85.
- (c) The Ministry of Finance, while approving the Budget Estimates of the Hostel for 1973-74, pointed out that the Hostel should run on a 'no profit no loss' basis. The Hostel, however, had been running into losses. Against the expenditure of Rs. 28.41 lakhs during the period 1981 to 1985 the receipts were only to the extent of Rs. 14.35 lakhs resulting in a loss of Rs. 14.06 lakhs. No remedial action had been taken by the Department.

4. A PBX Board was installed in October 1982 to provide 100 extensions of telephone connections in the residential units of the Hostel. The P&T Department could, however, provide connections in 50 rooms only as the Ministry did not agree to surrender more than 10 direct lines as against 20 lines envisaged earlier. The Board installed in October 1982 was yet to be commissioned because of non surrender of 10 direct lines by the Ministry and belated decision in January 1985 for installation of an automatic metering system on each extension. Ministry's decision to go in for 100 lines PBX was on the higher side as on a clarification sought by its Integrated Finance Division only 32 officers were found to be entitled at that time. The installation fee and rent of the Board etc. worked out to Rs. 0.28 lakh only for 50 extensions against Rs. 0.67 lakh already paid in December 1981 for 100 extensions.

The Ministry stated (September/October 1985) as under :—

- (a) The matter relating to the recovery of Rs. 19.89 lakhs for the period from 1st April 1973 to October 1977 was being looked into and necessary steps would be taken in the matter. Action was contemplated for an upward revision of the licence fees as well as service charges in consultation with the CPWD.

- (b) Payment of water charges to NDMC upto 1978-79 was made at commercial rates as there was only one water connection for the entire hostel including office premises and water charges at billed rates were invariably being recovered now from the residents.
- (c) Hostel accommodation was allotted initially for a short duration only. Request for retention of the Hostel accommodation beyond the permissible period were processed in the Ministry and agreed to in genuine cases only with the approval of the Competent Authority.
- (d) Action was in hand to recover the outstanding hostel dues from the pay bills of the residents.

17. Overpayments and unauthorised remittances

- (i) Unauthorised remittance of Rs. 1.79 lakhs to India involving overpayment of Rs. 1.10 lakhs.

The rates of foreign allowance of India based officers and staff in Accra Mission were revised from 1st June 1982. Under the revised orders, 15 per cent of the net emoluments were required to be drawn in local currency at the exchange rate of Re. 1=Cedis 0.342 and the balance in convertible currency (i.e. Pound Sterling).

2.15 per cent of the net emoluments payable only in local currency were not paid to the officers and staff of Chancery and commercial wing while disbursing their monthly salaries for the period from October 1983 to May 1984. Instead, the entire undisbursed amount totalling Rs. 1.15 lakhs was paid to the individuals concerned by R.B.I. drafts. Besides, arrears of foreign allowance (Rs. 0.53 lakh) for the period 28 June 1982 to November 1983, and compensatory allowance (Rs. 0.11 lakh) for the leave period 1 December 1983 to 7 January 1984, which were partly payable in local currency and partly in Pound Sterlings, were paid in full to the Head of the Mission by R.B.I. drafts. Thus a total amount of Rs. 1.79 lakhs was unauthorisedly remitted by R.B.I. Drafts.

3.(i) The payments were irregular because :

- (a) Out of Rs. 1.79 lakhs an amount of Rs. 1.24 lakhs was payable exclusively in the local currency at the prescribed rate of exchange

of Re 1=Cedis 0.342 but when the remittances were made by R.B.I. drafts, the payable amount of local currency (Cedis 42,601.33) was re-converted into Indian Rupees at the above rate of exchange which was specifically prescribed for the drawal of emoluments only and not for reconversion of local currency into Indian Rupees for any other purpose (b) remittance of part of foreign allowance was not permissible under the Ministry's instructions of November 1980 and (c) prior approval of the Ministry was not obtained.

(ii) Had the issue of R.B.I. drafts been allowed under compelling circumstances in disregard of Ministry's instructions, the local currency payable was required to be converted at the prevailing official rate of exchange viz. Re. 1=Cedis 2.98. At this rate the value of Rs. 1.24 lakhs (Cedis 42,601.33) that was payable in local currency would have been Rs. 2.14 lakh on re-conversion. Thus against the amount of Rs. 0.14 lakh remittance of Rs. 1.24 lakhs was allowed which resulted in overpayment of Rs. 1.10 lakhs.

4. At the instance of Audit (August 1984 and September 1985) the Mission recovered (October and November 1984) Rs. 0.98 lakh (in local currency instead of in Indian rupees) out of Rs. 1.10 lakhs from the individuals concerned. In regard to unauthorised remittances made to India, the Mission has requested the Ministry for its regularisation in relaxation of rules. Recovery of the balance amount of overpayment (Rs. 0.12 lakh) and regularisation of remittance are still awaited.

18. Purchase of Chancery building in Bonn-Avoidable expenditure

Embassy of India, Bonn is accommodated in two adjacent buildings, namely, 262 and 264 Adenauerallee. The building at 262, Adenauerallee was constructed in 1911 on a plot measuring 1331 sq. mts. with a covered area of 380 sq.mts. It was in possession of the Mission since 1951. A proposal for the purchase of this building was sent by the Mission in March, 1976 in consideration of its ideal location. The owner of the building was prepared to sell it at a cost of DM 1 Million (Rs. 22.59 lakhs) and gave the mission 4 months time to purchase it failing which the rent of the premises was to be raised from DM 2700 to DM 5500 p.m. with effect from 1st August 1976. While sending the proposal the Mission also stated that though it might not be economical to purchase the property for DM 1 million on the basis of rent

being paid at that time or even on the basis of rent which was demanded from 1st August 1976 as interest on investment at prevailing bank rate itself would exceed the amount of rent which was being paid or might become payable in the future, it would be in long term interest to purchase it as the value of the property was bound to go up in the central area in which the building was situated. It was suggested in the proposal that in order to meet all the requirements of the office the existing structure might have to be pulled down and a 4-5 storeyed building might be constructed on the plot.

2. The aforesaid proposal was turned down by the Ministry (April 1976) on the grounds :

- (i) that the present building was inadequate to house all the wings of the Mission; and
- (ii) the Ministry did not favour purchasing those properties which needed to be pulled down. Ministry further added that the Mission might send other proposals for purchase of building which might be relatively new, well situated and large enough to accommodate all the wings of the Mission.

3. In June 1981, the Mission renewed the proposal for the purchase of the same building reiterating that it might be available at the same price at which it was offered in 1976. However, in January 1982 the Mission intimated that this building which was owned by the Federal Republic of Germany since 1976, was available at a cost of DM 1.332 million (Rs. 54.08 lakhs). It was also stated by the Mission that the offer was valid only upto the end of March 1982. This proposal was approved on 6th March 1982 by the Ministry and the building was finally purchased.

4. The following comments are offered in this regard :

- (i) The building which was available for purchase at a cost of DM 1 million (Rs. 22.59 lakhs) in 1976 and which was not considered fit for purchase due to inadequate constructed space to accommodate all the wings of the Mission and residual life of which was only 29 years was purchased in 1982 at the enhanced cost of DM 1.332 million (Rs. 54.08 lakhs) resulting in extra expenditure of Rs. 31.49 lakhs. The Ministry stated (March 1985) that some of the considerations that favoured

the purchase in 1982 were (i) the method of financing the purchase of properties abroad had undergone a major change by 1982; and (ii) the chancery building was located in a very prestigious area.

There is nothing on record to show that the proposal for purchase of this building was rejected initially because it had to be financed by a loan from a foreign Bank in West Germany or elsewhere. And, of course, the situation of the building remained the same.

- (ii) The Mission incurred DM 2,69,400 (Rs. 10.93 lakhs) at the rate of DM 2700 p.m. from 1-8-1976 to 30-9-1976 and @ DM 4000 p.m. from 1st October 1976 to 31st March 1982 on account of rent of Embassy residence which could have been avoided had the building been purchased when the proposal was first received in March 1976.

Thus the failure to purchase the building proposed by the Mission in March 1976 resulted in a total avoidable expenditure of Rs. 42.42 lakhs.

19. Non-recovery of repatriation charges

Heads of Missions/Posts abroad have been empowered to incur expenditure on the temporary relief and repatriation of Indian nationals stranded abroad. The cost of passage and the incidental expenditure (upto a maximum of Rs. 2000 in each case) incurred on the repatriation is required to be recovered from repatriated nationals on arrival in India through the Regional Passport Officers (RPOs) in whose jurisdiction the repatriates reside.

2. A destitute Indian national seeking such assistance is required to give an undertaking to repay the repatriation charges. Full details of the expenditure incurred on the destitute along with his application and undertaking are forwarded to the RPO concerned for effecting recovery under intimation to the Ministry. On receipt of these documents, the RPO intimates the total expenditure including the expenditure incurred by him, if any, on the journey from airport to home town, to the Home Department of the State Government/Union Territory for recovery from the repatriates. A monthly report on the progress of recoveries made is required to be sent by the RPOs to the Ministry.

3. The year-wise break-up of repatriation expenditure incurred and the pace of recovery, as furnished by the Ministry is given below :—

Year	Expenditure	Amount recovered upto 31-3-1985	Amount outstanding as on 31-3-1985	Percentage of amount recovered
(Rupees in lakhs)				
1974-75*	1.77	1.14	0.57*	64
1975-76*	4.14	2.36	1.66*	57
1976-77	1.38	0.92	0.46	67
1977-78*	28.47	15.87	12.51*	56
1978-79*	16.86	11.28	5.58*	67
1979-80	15.98	5.24	10.74	33
1980-81	26.10	3.15	22.95	12
1981-82	18.22	6.39	11.83	35
1982-83	21.97	2.42	19.55	11
1983-84	24.83	2.29	22.54	9
1984-85	35.09	0.25	34.84	1
Total	194.81	51.31	143.23	26

(*NOTE :—Recoveries of Rs. 0.27 lakh during these years were waived).

The recoveries of Rs. 51.31 lakhs against the total expenditure of Rs. 194.81 lakhs incurred on the repatriation of destitutes upto 31st March 1985 indicates the slow pace of effecting recoveries.

4. Scrutiny of records relating to recovery of outstanding repatriation expenditure in the Consular Division of the Ministry, Regional Passport offices at New Delhi/Chandigarh/Jalandhar revealed the following :

A-Ministry

(i) No consolidated record of the expenditure incurred on repatriates and the recoveries effected from them was maintained.

(ii) To enable the Ministry to watch the progress of recovery of repatriation charges, all the R.P.Os were required to submit to the Ministry a monthly report of the outstanding repatriation charges *vis-a-vis* the recoveries made therefrom. Neither such reports were received from the RPOs nor the Ministry issued reminders for the non-submission of such reports. Ministry stated (June 1985), that a circular in this regard was being issued.

(iii) The Missions were required to furnish to the Ministry; Controller of Accounts, Ministry of External Affairs and the Regional Passport officers quarterly/annual returns regarding repatriation expenditure, number of repatriates and recoveries effected. Most

of the Missions did not furnish these returns as is evident from the table given below :—

Sl. Period/Quarter N o.	Total No. of Indian Missions	Number of Mis- sions who Submitted the returns
1. October—December 1983.	134	63
2. January—March 1984	134	33
3. April—June 1984	134	28
4. July—September 1984	134	27
5. October—December 1984.	134	28
6. January—March 1985	134	15

Information upto September 1983 was not made available by the Ministry. The number of Missions sending the returns gradually declined from 63 in October—December 1983 to 15 only in January—March 1985.

B-Regional Passport Offices

Due to failure of the Missions to send the prescribed returns regularly to the Ministry, Controller of Accounts and Regional Passport Officers, reconciliation between the figures of repatriation charges as booked by the Controller of Accounts and those intimated to the Ministry could not be carried out. In the absence of any reconciliation it could not be ensured in Audit that the entire repatriation expenditure incurred by the Missions abroad had been registered for recovery by the Ministry/RPOs.

(ii) Recoveries from the repatriates could not be enforced due to the following general deficiencies and defects in observance of the rules and procedures;

- (a) incorrect/incomplete addresses of the repatriates in many cases.
- (b) acknowledgements for the receipt of documents from the Home Department of the State Government/Union Territory was neither watched nor insisted upon.
- (c) reminders to the State Governments/Union Territories for expediting recoveries were not issued.
- (d) some of the repatriates were not able to repay the amount in lump sum.
- (e) effective steps by State Governments/Union Territories to recover the amounts were not taken.

C-Defective provisions in Manual etc.

Existing procedure for the realisation of repatriation charges was ineffective due to the following reasons :—

- (a) In the undertaking obtained from the repatriates, the period within which the expenditure incurred on their repatriation would be refunded after their arrival in India was not indicated. No provision for the levy of interest on delay in repayment of the repatriation charges exists at present.
- (b) There is no provision in the undertakings given by the repatriates for enforcing the recoveries as arrears of land revenues. Ministry of Law had suggested (December 1978) that this could not be done without amendments to the passport Act 1967.

The Ministry stated (January 1986) that even the proposed amendment for enforcing recoveries as arrears of land revenues may not yield desired results as the repatriates are mostly persons without adequate means or properties and litigation against such persons would be costly and time consuming. To safeguard the interest of Government against such losses they proposed to increase the present passport application fee with an element for meeting the repatriation cost.

20. Overpayment to dependents of India-based officers and staff employed by a Mission abroad.

Consequent upon the introduction of visa system for British Passport holders the Ministry of External Affairs authorised in June 1984, the High Commission of India, London to employ 24 Assistants/Clerks and 1 Messenger as "local recruits from contingencies... on fixed wage basis within the rates payable in the scale of local Assistant/Clerk/Messenger taking into account five increments if necessary".

In view of the overriding security considerations, the High Commission decided to offer jobs, on a temporary basis, to the dependents (spouses and children) of India-based officers and staff of the Mission. During June to November 1984 the Mission employed 29 such persons-6 as Assistants, 22 as clerks and one as Messenger. The appointments were made on fixed monthly wages of £ 390, £335 and £ 315 respectively.

The fixation of initial pay of spouses and other dependents of India-based staff appointed in the Missions is, however, governed by a separate set of specific orders of the Ministry of External Affairs. According to these orders a dependent employed in

the Mission "shall receive only the basic pay". An amendment to these orders made in December 1980 to permit the cost of living allowance over and above the basic pay was specifically withdrawn in May 1983. The Ministry's telex message of June 1984 did not supersede or modify these specific orders about the fixation of initial pay of dependents employed in the Mission. The fixed wages of £ 390, £ 335 and £ 315 thus involved overpayments to the extent these were in excess of the basic pays of £ 355, £ 305 and £ 290 in the respective scales. The total overpayment amounted to £ 7116 (Rs. 1.07 lakhs) to the end of April 1985 when the employment of these dependents ceased.

The erroneous fixation of pay was pointed out to the Mission in November 1984. The Mission replied in June 1985, that the wages had been fixed at levels lower than those (£ 395, 345 and 325) arrived at after adding five increments in the respective scales as authorised by the Ministry in June 1984. The Mission added that the matter was referred to the Ministry in April 1985 and the latter had advised (May 1985) that the Mission was within its delegated financial powers to fix the pay of such employees "at any stage they feel to be correct and acceptable to such employees". The reply is not tenable for the following reasons :

- (i) As already stated the Ministry's telex message of June 1984 was in the context of local recruitment from the open market; it did not have the effect of superseding the special orders relating to dependents of India-based employees of the Mission.
- (ii) In its reference of April 1985 to the Ministry also the Mission did not mention that the matter pertained to dependents of India-based employees of the Mission for whom, as stated above, a separate set of orders exist.
- (iii) It is not correct to say that grant of advance increments in this case was within the delegated powers of the Mission, since the grant of advance increments has to be with reference to the age, experience and academic qualifications with reasons to be recorded fully at the time of sanction by the competent authority, and this requirement was not fulfilled as higher initial pay at uniform rates was allowed in all cases with no reasons therefor being placed on record.

Of the total overpayment of Rs. 1.07 lakhs, Rs. 0.51 lakh could have been saved if the Mission

had taken timely action to correctly regulate the pay after the matter was taken up by Audit in November 1984.

The matter was reported to the Ministry of External Affairs in July 1985. The Ministry stated (December 1985) that their specific orders apply only to dependents employed against regularly constituted posts and not to those employed against contingency-paid posts. The contention of the Ministry is not correct as (i) these orders make no such distinction; and (ii) it is obviously untenable that the emoluments which are not admissible to dependents employed against regular posts can be paid to those employed against contingency-paid posts.

21. Underutilisation of property by a Mission abroad

In December 1948, the High Commission of India, London (Mission), acquired a housing property in London on lease for 99 years at a yearly rent of £ 5,500 (enhanced to £5,750 from 15th October 1949). The lease deed executed in January 1949 provides that the Mission is responsible, *inter-alia* to meet all the expenses on rates, taxes, repairs and insurance of the property and that any additions or alterations to the property can be carried out only with the previous consent in writing of the lessor.

2. The property, which is situated in a prestigious area in Central London, comprises one main building and one annexe building with a total floor area of 28,300 sq. ft. and net usable area (excluding corridors, services etc.) of 16,000 sq. ft. Since its acquisition in 1949 on lease, the property had been used as a subsidiary office of the Mission. According to an 'Interim Project Report' on the property made out by the Mission in May 1975, the property had remained grossly underutilised since January 1973, owing to the reductions effected in the strength of the Mission. Subsequently, the offices housed in the above property were shifted to India House and by July 1975, all offices, except the Railway Adviser's office were so shifted. The Railway Adviser's office was also shifted to India House in July 1981. Thereafter only portions of the property occupied by certain units of the public sector undertakings or those allotted to certain security guards/chauffeurs of the Mission remained in use; the major portion of the usable area remained unutilised. The areas occupied by the public sector undertakings were also got vacated between March 1984 and September 1984. Since then the entire property, except a small area occupied by the security guards/chauffeurs has been lying vacant. Of the total usable area of 16,000 sq. ft., the area actually utilised during the years 1975-76 to 1984-85 ranged from

13155 sq. ft. to 2772 sq. ft. The annual rental value of the area not utilised, calculated on the basis of rents charged from the public sector undertakings, ranged from Rs. 4,45,416 (£ 26760) to Rs. 15,59,030 (£ 103590). The Ministry of External Affairs stated (September 1985) that the Mission had used 75 per cent of the useable area in the building and that certain areas were unfit for utilisation because of dampness of a portion to basement and lack of basic facilities like central heating, carpets etc. The reply is not tenable because (i) except for the period from August 1980 to March 1984 the utilisation ranged between 17 to 66 per cent during the 10 years ending 1984-85; (ii) the Interim Project Report itself attributed the gross underutilisation of the property since January 1973 to reduction in the strength of the Mission and not to the factors stated by the Ministry, and (iii) the Ministry have not given any reasons why the inadequacies mentioned by them could not be met to utilise more space.

3. For the areas allotted to the units of public sector undertakings, the Mission charged rent at an annual rate of £ 5.50 per sq. ft. from April 1975 to March 1977, £ 8.09 per sq. ft. from April 1977 to August 1983 and £ 12.00 per sq. ft. from September 1983. In addition, the Mission charged service charges (Operational costs) at an annual rate of £ 1.00 per sq. ft. from January 1979, £ 2.00 sq. ft. from October 1979 and £ 6.00 per sq. ft. from September 1983. It was not clear on what basis these rates of rent and service charges were fixed. Though the public sector undertakings vacated the building between March and September 1984, a total amount of Rs. 21.07 lakhs (£ 140,026) being rent and service charges remained to be collected from them. In addition, amount of £ 11484 (Rs. 1,72,834) is yet to be collected (September 1985) from an autonomous body, to which the Mission allotted space in the building for the period August 1980 to March 1983 at an annual rent of £ 5 per sq. ft. The Ministry of External Affairs stated (September 1985) that the matter had been consistently pursued by the Mission with the defaulters and the last meeting was held in July 1985 and that the Mission was hopeful that the arrears would be collected in the near future.

4. In January 1984, the Ministry of External Affairs conveyed their decision to convert the main building of this property into residential units for senior officers of the Mission and to hand over the Annexe building to the Indian Council for Cultural Relations and Handicrafts and Handloom Exports Corporation of India Ltd. for use as a Cultural Centre. On receipt of this decision, the Mission, instead of

first taking action to obtain the written consent of the lessor to the proposed additions and alterations in terms of the lease deed, proceeded immediately to issue notices to the units of the public sector undertakings to vacate the portions occupied by them. These portions were actually got vacated on various dates between March and September 1984. As a result, while still saddled with the costs of maintaining the property, the Mission lost even the rent and service charge of Rs. 18.72 lakhs (£ 124,362) per annum recoverable from the public sector undertakings; the amount lost to end of March 1985, calculated from the actual dates of vacation by various units works out to Rs. 13.58 lakhs (£ 90,258). At the same time, the units of the public sector undertakings are, thereafter paying as much as Rs. 20.39 lakhs (£ 135,463) per annum as building rent, excluding kitchen rent, service charges etc., which are paid at actuals for hiring alternative accommodation. The Mission has taken no concrete steps so far (June 1985) to actually implement the Ministry's decision of January 1984; it has not even initiated action to obtain the written consent of the lessor and a valuable property is remaining idle. The Ministry of External Affairs stated (September 1985) that the Mission did not approach the lessor for written consent to the proposed conversion of the building before issuing vacation notices to the public sector undertakings in 1984 as a tactical approach so that the lessor should not jack up the price of freehold rights. The argument is not tenable as written consent of the lessor is a condition of the lease and the so called tactical approach did not stop the price of freehold interest from being jacked up from £ 2,50,000 in 1980 to £ 2 million in 1985 as mentioned in the next paragraph.

The lessor's agent wrote to the Mission in March 1980 that his clients were prepared to dispose of their freehold interest in the property for a price of £ 250,000. In January 1982, a local firm offered the Mission a sum of £ 4.6 million for vacant possession of the property with freehold rights. The purchase of freehold rights had, earlier (December 1979), been suggested by the Mission to the Ministry of External Affairs. By the time the Ministry approved of this suggestion (January 1983), the lessor had withdrawn his offer. In August 1984 the Mission informed the Ministry that the lessor would sell the property if the amount is in excess of £ 500,000 and suggested that an offer of £ 550,000 be made. In response, the Ministry required (September 1984) the Mission to ascertain the final amount for which the lessor would be willing to sell the freehold rights. The Mission stated (July 1985) that the lessor was demanding two million pounds for the freehold.

6. In connection with some work of removing dampness in the roof parapet of this building, an independent access scaffold was got erected in 1978 at a weekly rental of £ 12.88. Though the repair work was completed in October 1979, the scaffold was not dismantled and the said weekly rent was continued to be paid. In October 1983, a special structural scaffolding board was provided to strengthen the existing one at a cost of £ 1,652. With this, the weekly rent was also enhanced to £ 29.15 and this rent is still being paid. This has entailed an infructuous expenditure of Rs. 0.98 lakh (£ 6,142) upto March 1985; the infructuous expenditure is continuing. The Mission stated (June 1985) that pending a decision on the development of the building, the expenditure on the scaffolding was unavoidable.

7. Though the building was completely vacated by September 1984, the Mission continued to incur till 19th June 1985 expenditure on the pay and allowances of the receptionist at the rate of £ 463.10 per month. No sanction for this post is available. The Mission stated (June 1985) that the presence of a caretaker was absolutely essential in the building to avoid occupation by squatters, to look after essential services like central heating, water supply and other maintenance work, etc. and that the Ministry had been approached to create a post.

MINISTRY OF HEALTH AND FAMILY WELFARE

(Department of Family Welfare)

22. Family Welfare Programme

22.1 *Introductory.*—The Family Planning Programme (Programme) was introduced in the First Five Year Plan in 1952. From 1966-67, it was made target oriented and time bound. Maternal and Child Health Care Services (MCH Services), designed to improve the health of mothers and children, were also integrated with it during the Fourth Plan period. The Programme was renamed as 'Family Welfare Programme' in 1977-78. The main objectives of the Programme were :—

- (a) to bring down the birth rate from 41.2 per thousand population in 1966 to 32, 30 and 25 by March 1974, March 1979 and March 1984 respectively, through sterilisations (vasectomies and tubectomies), insertions of intra-uterine contraceptive devices (IUD), popularising the use of conventional contraceptive devices (CC) and of oral pills; and

- (b) to promote the health of mothers and children by providing pre/post natal MCH Services through immunisation, vaccinations and other prophylactic treatment.

The programme is a Centrally Sponsored Scheme. In addition to cash assistance, the Central Government also provides assistance in kind in the form of contraceptives, equipment, vaccines, drugs, etc. It is implemented by the States/Union Territories (UTs) through a net work of Rural and Urban Family Welfare Centres and Sub-Centres. Local bodies/voluntary organisations and the organised sector were also involved in the programme. With the introduction of Integrated Services of Maternal and Child Health Care and Health and Family Welfare, no new Rural Family Welfare Centres (RFWCs) were opened after April 1980. The Primary Health Centres (PHCs) opened after April 1980 were to take care of the functions of the RFWCs. The Department of Family Welfare in the Ministry of Health and Family Welfare provides over-all directions and co-ordination to the Programme.

Against the projected outlay of Rs. 914.95 crores during 1952 to 1979-80, expenditure of Rs. 1017.15 crores was incurred on the implementation of the Programme and Rs. 314.16 lakh sterilisations, 81.51 lakh IUD insertions and 30.69 lakh equivalent CC and Oral Pill Users were covered upto 1979-80. The implementation of the Programme during the Sixth Five Year Plan (1980-85) was test checked by Audit in the Ministry and in 18 States and 4 UTs. Important points noticed are given in the succeeding paragraphs.

22.2 *Over-all Performance*

22.2.1 *Financial performance.*—The Sixth Five Year Plan envisaged a total outlay of Rs. 1078 crores, against which a total expenditure of Rs. 1489.97 crores was incurred under various sub-programmes (details given in Annexure I).

Total grants given in cash and kind to 26 States/UTs for the Programme were Rs. 1304.67 crores (State/UT—wise break-up given in Annexure II).

(i) Though the expenditure on implementation of the Programme exceeded the outlay by 38 per cent during the Plan period, there was shortfall in achievement of targets in some crucial areas, e.g., in sterilisation : 21 per cent, in IUD : 18 per cent and in equivalent CC and Oral Pill users : 15 per cent during the same period.

(ii) The all-India average assistance per hundred couples during the respective years of the Plan period in cash and kind was as under :—

Year	In cash	In kind
	(In rupees)	
1980-81	967	66
1981-82	1266	86
1982-83	2240	126
1983-84	2781	163
1984-85	3109	175

(iii) During 1980-85, assistance in kind valuing Rs. 92.30 lakhs was not accounted for in 7 States/UT (Bihar, Haryana, Kerala, Madhya Pradesh, Manipur, Nagaland and Delhi) and materials costing Rs. 21.34 lakhs supplied to 2 States (Kerala Rs. 13.27 lakhs and Bihar Rs. 8.07 lakhs) were not adjusted by the Central Government against the grants payable to these States.

(iv) States have been drawing funds in excess of their requirements and the amounts remaining unspent at the close of the financial year were either utilised in subsequent years or treated as States' receipts/revenue deposits. In Himachal Pradesh and Orissa, unspent balance of Rs. 103.09 lakhs at the close of the financial years during 1977-84 were taken as States' receipts/revenue deposits.

22.2.2 Physical Performance

22.2.2.1 It was envisaged to protect 36.56 per cent eligible couples effectively by the end of Sixth Plan. The achievements, *vis-a-vis*, targets during 1980-81 to 1984-85 were as under :—

Year	Percentage of eligible couples protected	
	Target	Achievement
1980-81	24.74	22.70
1981-82	26.63	23.70
1982-83	29.46	25.90
1983-84	33.69	29.20
1984-85	36.56	31.90

The percentage of eligible couples effectively protected was consistently lower than the all-India average protection rate in 17 States/UTs including Uttar Pradesh 10.80 to 16.70, Bihar 11.90 to 16.80, Rajasthan 13.50 to 19.30, Assam 18.50 to 24.70 and Madhya Pradesh 21.30 to 29.20. However, the protection rate in West Bengal, which remained higher than the all-India average during 1980-81 and 1981-82 declined during 1982-83 (25.70 per cent), 1983-84 (28.00 per cent), and 1984-85 (29.00 per cent).

22.2.2.2 The Fifth Plan objective of reducing the birth rate from 35 per thousand population at the beginning of the Plan to 30 per thousand population at the end of the Plan (1978-79) could not be achieved (all-India birth rate in 1979 stood at 33.1 per thousand population as per Sample Registration of the Registrar General, India). As against the envisaged birth rate of 33.3, 32.8 and 32.3 per thousand population during the first three years of the Sixth Plan respectively, the all-India annual birth rate was 33.7, 33.9 and 33.8 during 1980, 1981 and 1982. While the targets for 1983-84 and 1984-85 were fixed at 31.4 and 30.4 per thousand population respectively, the achievement figures for these years were not available. The States in which birth rate was more than 9 per cent above the all-India annual birth rate during all these years were Uttar Pradesh (16.91, 16.81 and 14.20), Bihar (12.17, 15.34 and 10.36), Madhya Pradesh (10.09, 10.91 and 13.91) and Rajasthan (14.84, 9.44 and 12.43). Information for 1983 and 1984 was not available with the Ministry (October 1985).

22.2.2.3 The cumulative position of achievement of physical targets during Sixth Plan period was as below :—

Details of Programme	Targets	Achievements	Percentage shortfall of targets
			(in lakhs)
Sterilisations	220.37	174.40	20.86
IUD Insertions	87.76	71.67	18.33
Equivalent CC and Oral Pill Users	110.00	93.09	15.37

22.2.2.4 Sterilisation, being a sure and one time method, continues to be the most widely accepted method of contraception. As a result of mid-term appraisal of the Sixth Plan in August 1983, the target of 220 lakh sterilisations, as originally envisaged, was increased to 240 lakhs. However, even the originally envisaged targets could not be achieved at the end of the Plan. In sterilisation, the all-India achievement of targets during the Plan period was 79 per cent.

Laparoscopic tubectomy, a technique of female sterilisation through abdominal approach with the help of laparoscope is performed by well trained surgeons/gynaecologists. During test check of records in States/UTs the following points were noticed :—

- (a) In Madhya Pradesh, there were 169 doctors trained in laparoscopic tubectomy. However, out of 165 laparoscopes available only

138 were supplied to trained surgeons/ Divisional Joint Directors and 27 laparoscopes were lying in stock. Laparoscopic camps were to be held by surgeons who had done more than 500 laparoscopies. It was noticed that only 44 trained surgeons were declared as camp surgeons. In August 1984, while 18 districts had no camp surgeon, the number of camp surgeons available in the remaining 28 districts ranged between 1 and 6 in each district. In the absence of the required number of camp surgeons, private surgeons were engaged in camps who in addition to boarding and lodging and travelling expenses, were also paid laparoscopes' rental of over Rs. 9.29 lakhs during 1981-82 to 1983-84. In 14 districts test checked, the percentage of laparoscopies done by private surgeons was, 97, 84 and 35 during 1981-82, 1982-83 and 1983-84 respectively. In 2 districts of Tamil Nadu, despite availability of 2 laparoscopes and doctors trained in laparoscopic technique with experience of sufficient number of operations to function as team heads, the entire operations were got done by a single private surgeon in camps during April 1983 to March 1984 resulting in an avoidable expenditure of Rs. 4.23 lakhs.

- (b) In Maharashtra, the department had no information regarding the number of Medical Officers trained in laparoscopic tubectomy. The percentage of tubectomies performed by laparoscopic technique to the total sterilisation operations performed was 14, 34 and 25 during 1981-82, 1982-83 and 1983-84 respectively.
- (c) In Phulbani district of Orissa, laparoscopic sterilisations could not be introduced (May 1984) because the laparoscope supplied to the district in March 1984 was defective.
- (d) In Pondicherry, a laparoscope purchased in April 1980 (value Rs. 0.19 lakh) was used only for diagnosis. Laparoscopic sterilisation was started in September 1983 on receipt of a second instrument (value Rs. 0.53 lakh) and by the end of December 1983, 13 sterilisations were done even though no one using that technique had been trained (May 1984).
- (e) Laparoscopic tubectomy, which got momentum in 1982-83, showed a decline in 1983-84 by 57 per cent in Andhra Pradesh,

partly due to camp approach involving discharge of acceptors on the day of operation itself in disregard of the guidelines

- (f) Number of cases to be operated per team per day is 30 at a fully equipped PHC/ Camp and 100 at an upgraded PHC. However in some PHCs in Orissa, laparoscopies ranging between 69 and 189 were performed on certain days during 1983-84 and the number of laparoscopies performed in an upgraded PHC by a single doctor on a particular day came to 337. In Maharashtra, during 1983-84 the number of laparoscopies performed during a day ranged between 65 and 126. In 39 Centres of West Bengal, 14498 operations ranging from 35 to 335 per camp per day were done (1982-84) by a single team. In Andhra Pradesh, some surgeons had performed 144 laparoscopies per day. In Tamil Nadu, number of operations recorded by a single doctor in a camp averaged 320 a day in one district and 300 a day in another district. The number exceeded 500 on six days in both the districts.
- (g) In Goa, Daman & Diu, operation theatres for sterilisation in two Rural Primary Health Centres, remained unused, one from February 1982 and the other from November 1983 (June 1984) due to non-availability of qualified doctors. It was stated that one operation theatre was put to use in July 1985.
- (h) In one district of Tamil Nadu, 86 persons, found unsuitable for operation by the screening Government doctors, were operated by the visiting private surgeon in the camps between August 1983 and February 1984.

22.2.2.5 In IUD, the all-India achievement of targets during 1980-85 was 81.67 per cent, ranging between 15 per cent in Meghalaya and 199.60 per cent in Punjab. The percentage achievement of targets during 1980-85 was less than the all-India achievement in 21 States/UTs including 9 States/UTs (Andhra Pradesh, Bihar, Kerala, Meghalaya, Tamil Nadu, Tripura, Dadra and Nagar Haveli, Goa, Daman and Diu and Lakshadweep) and Ministry of Railways which had shortfalls exceeding 50 per cent.

22.2.2.5(i) In 10 districts of 4 States, there was excess reporting of IUD insertions as compared to IUDs available/consumed during 1980-84—1767

cases (9.35 per cent) in 2 districts of West Bengal, 1151 cases (38.66 per cent) in 5 districts of Madhya Pradesh, 610 cases (5.43 per cent) in one district of Orissa and 499 cases (18.04 per cent) in 2 districts of Jammu and Kashmir.

22.2.2.5(ii) In Uttar Pradesh, while the total number of loops distributed during the year 1981-82 to 1983-84 was 5.18 lakhs, the number of beneficiaries was shown as 6.77 lakhs. A test check of 7 districts also revealed that no records of the follow-up action about expulsion of loops and Copper 'T' (required to be done after every three and five years respectively) were kept in any case, though 16.83 lakh IUD cases done during 1973-80 had become due for replacement by the end of 1984-85.

22.2.2.6 In equivalent CC Users, the all-India achievement of targets at the end of the Plan period was 83.80 per cent. While the States/UTs of Assam, Haryana, Manipur, Meghalaya, Punjab, Uttar Pradesh, Andaman and Nicobar Islands, Arunachal Pradesh and Pondicherry had exceeded the targets, 14 other States/UTs and Ministries of Railways and Defence had recorded less than the all-India average achievement at the end of 1984-85; the shortfall in achievement was more than 50 per cent in Bihar, Jammu and Kashmir, Kerala, Nagaland, Tamil Nadu, West Bengal, Dadra and Nagar Haveli and Delhi.

22.2.2.7 The total number of oral pill users was 9.31 lakhs against a target of 10 lakhs by the end of 1984-85, constituting an achievement of 93.10 per cent. Excepting Haryana, Maharashtra, Meghalaya, Sikkim, Tripura, Uttar Pradesh and Arunachal Pradesh, the achievement in other States/UTs was less than the all-India percentage; the shortfall in achievement was more than 50 per cent in Assam, Bihar, Himachal Pradesh, Jammu and Kashmir, Kerala,

Manipur, Nagaland, Orissa, Rajasthan, Tamil Nadu, West Bengal, Andaman and Nicobar Islands, Chandigarh, Dadra and Nagar Haveli, Delhi and Ministries of Railways and Defence. The Ministry stated (January 1985) as follows :—

"It is true that in some States performance is below target. It is not possible to have uniformity of performance. Some States do better in sterilisation others in IUD and some in CCs. It depends upon the felt needs of the people in a given State".

22.2.2.8 A test check of performance of the programme through voluntary agencies brought out that (a) in Andhra Pradesh, against total State performance, the voluntary organisations and local bodies had shown percentage achievement of sterilisation and IUD ranging from 13 to 17 and 10 to 13, respectively during 1979-83 and (b) in Uttar Pradesh during 1981-83, the percentage achievement of targets declined from 116 to 71 in respect of sterilisations and from 187 to 94 in respect of IUD insertions. Fourteen out of 32 (1981-82), 12 out of 35 (1982-83) and 5 out of 33 (1984-85) grantee institutions did not report performance of MCH Services.

22.3 Infrastructure

22.3.1 *Rural Family Welfare Centres (RFWES)*.— There were 7,284 Primary Health Centres, 5,433 Rural Family Welfare Centres and 82,946 Sub-Centres as on 1st April 1985 to render Family Welfare Services.

The following points in regard to construction of buildings and provision of staff were noticed :—

(i) According to the performance budget of the Ministry for 1985-86, the position/availability of buildings for RFWCs was as below :—

	Position as on				
	1-4-1980	1-4-1981	1-4-1982	1-4-1983	1-4-1984
1. No. of Rural Family Welfare Centres functioning	5,408	5,420	5,428	5,433	5,433
2. No. of Rural Family Welfare Centres with Buildings :					
(a) Completed	2,675	2,837	3,078	3,255	3,255
(b) In Progress	681	666	707	691	691
3. No. of additional Rural Family Welfare Centres' buildings sanctioned	91	300	51	200	—

Against 82,946 Sub-Centres functioning as on 1st April 1985, construction of buildings had been completed for 19,861 Sub-Centres (24 per cent). Construction work was in progress in 3,928 Sub-Centres (5 per cent).

(ii) A test check in the States/UT brought out the following :—

- (a) Works sanctioned during 1978-80 were not taken up or were delayed due to non-availability of land for 101 buildings in 3 States (80 in Uttar Pradesh, 15 in Kerala and 6 in West Bengal). In Bihar, construction of 32 buildings sanctioned during 1978-82 and in Uttar Pradesh, 35 buildings for which estimates had been submitted in 1982 were not taken up or were delayed for want of administrative approval. In Nagaland the construction of a Centre was stopped due to a court case.
- (b) In Uttar Pradesh, out of 532 buildings completed till March 1984, 213 buildings were not occupied for want of electric and water facilities and approach roads. These included 10 RFWCs and 9 Sub-centres (costing Rs. 24.67 lakhs) in 3 districts. In Pondicherry, 2 buildings constructed at a cost of Rs. 2.97 lakhs were not handed over for want of electric fittings; the department stated (October 1985) that one Centre had since been taken over by them. In Rajasthan, one Centre completed at a cost of Rs. 0.67 lakh in 1972 could not be occupied as it was located far away from the town.
- (c) In Kerala, Central assistance at P.W.D. rates for construction of staff quarters and administrative blocks in 54 PHCs was approved by the Central Government during 1978-79 to 1980-81. The construction works in 40 PHCs originally entrusted to the P.W.D. in September 1978 and August 1979 were subsequently given to a Society, for speedy execution on the ground that the work was not started in any of the PHCs by that time by P.W.D. The works approved in 10 PHCs during 1980-81 were also entrusted to the Society in June 1981. No agreements were executed specifying the terms and conditions, rates, etc. and there were also no sanctioned estimates and administrative/technical sanction from the competent authority. By August 1985,

work at 44 Centres was completed at a cost of Rs. 233.21 lakhs against Rs. 200.57 lakhs admissible as Central assistance at P.W.D. rates.

The Society was also entrusted with the construction of Mini-polyclinics in 12 taluk headquarters hospitals and an operation theatre and six bedded ward in a PHC at an estimated cost of Rs. 15.85 lakhs without calling for tenders and without executing any agreements regarding terms and conditions, rates, etc; there was also no sanctioned estimates and administrative/technical sanction from the competent authority. Even though the rules prescribed by the Central Government for utilisation of Miscellaneous Purpose Fund stipulated that the Fund "can on no account be utilised for construction activities", it was decided to meet expenditure on these works from the Miscellaneous Purpose Fund. It was noticed that 2 polyclinics, operation theatre and ward constructed at a cost of Rs. 2.63 lakhs and handed over in 1978, were not put into use for want of equipment, furniture and water supply arrangements. It was stated in 1985 that the polyclinic had since been put into use and the information about the commissioning of one building was awaited (November 1985).

(iii) With a view to increasing facilities for sterilisation and medical termination of pregnancy at peripheral level, the Sixth Five Year Plan envisaged renovation and remodelling of IUD rooms into operation theatres in 833 PHCs. It was noticed that out of 833 PHCs approved by the Central Government for this purpose only 616 PHCs had been selected for such renovation by the States till March 1985; of these, construction work had been completed only in respect of 2 PHCs. Four States/UTs (Jammu and Kashmir, Meghalaya, Arunachal Pradesh and Delhi), which were given approval for 28 PHCs for renovation, had not made any such selection; selection of PHCs in 7 States/UTs (Andhra Pradesh, Bihar, Gujarat, Himachal Pradesh, Uttar Pradesh, West Bengal and Andaman and Nicobar Islands) ranged between 29 and 58 per cent.

(iv) The position of availability of staff as on 1st April, 1984 was as below :—

Category	Required	Available	Percentage shortfall
Medical	6,327	5,395	15
Para-medical	68,925	55,523	19
Other Staff	20,514	12,692	38
TOTAL	95,766	73,610	23

During test check, it was noticed that in 2 States (Himachal Pradesh and Madhya Pradesh) 477 sanctioned Sub-Centres were not functioning/not opened for want of requisite staff. The Ministry stated (January 1986) that 100 per cent staff could never be in position because of leave, suspension, retirement, etc. In any case, Central funds were released only for the staff in position. Funds were not released for vacant posts.

22.3.2 Urban Family Welfare Centre (UFWCs)

(i) There were 2,583 UFWCs (including 349 run by local bodies, 299 by voluntary organisations and 479 by PP Centres) functioning in the country on 1st April 1983, as against the requirement of 2,872 Centres based on 1981 Census. Against 800 additional Centres envisaged in the Sixth Five Year Plan, sanctions for establishment of 700 Centres were issued during 1980-83. Test check in the States showed that as against the requirement of 979 Centres in the States of Madhya Pradesh, Tamil Nadu and West Bengal, only 532 Centres were functioning as on 31st March, 1984 (Data for the subsequent period were not available with the Ministry).

(ii) The staff position as on 30th June, 1983 of 2,371 State run urban Centres including those attached to PP Centres as ascertained by the Ministry revealed the following position (information after 30th June, 1983 was not available with the Ministry) :—

Category	Required	Available	Percentage shortfall
Medical	1,466	1,166	20
Para-medical	5,369	4,476	17
Other staff	1,505	1,250	17
TOTAL	8,340	6,892	17

(iii) Three Centres run by local bodies in 3 States (Assam, Kerala and Uttar Pradesh) and 42 Centres run by voluntary organisations in 7 States/UTs (Assam, Gujarat, Haryana, Maharashtra, Rajasthan, Chandigarh and Delhi) stopped functioning in March 1982. The Ministry had not ascertained the reasons for their dis-continuation and about the utilisation of the assets created out of non-recurring grants released to them through the States/UTs.

22.3.3 Vehicles

22.3.3.1 Against the requirement of 7,226 vehicles, the number of vehicles at the disposal of States/UTs for carrying out the Family Welfare activities at different levels was 7,060 at the end of March 1985.

The shortage of vehicles was more pronounced in Haryana (28.78 per cent), Arunachal Pradesh (18.97 per cent), Madhya Pradesh (13.75 per cent) and Kerala (11.30 per cent).

22.3.3.2 Test check brought out the following points :—

- (a) Bihar had 671 vehicles against the requirement of 766 vehicles as on 31st March, 1985; of these 537 vehicles were in use and 134 vehicles were off the road awaiting condemnation. Uttar Pradesh had 1,153 vehicles during 1984-85 but only 948 were stated to be in use and the remaining vehicles awaited condemnation/replacement (October 1985).
- (b) Against 560 vehicles in the RFWCs, there were only 500 drivers in Uttar Pradesh during the period 1980-85.
- (c) In Nagaland, 9 Jeeps were provided to 8 PHCs and one SDMO though only 3 of these PHCs were functioning as Family Welfare Centres.
- (d) In Madhya Pradesh, Orissa and Uttar Pradesh, Rs. 41.76 lakhs were spent in excess of the norms for P.O.L. and on repairs and maintenance of vehicles during 1978 to 1984.

22.3.4 Training of staff

22.3.4.1 Under the Programme, training is imparted to the medical and para-medical personnel through 7 Central Training Institutes and 47 Health and Family Welfare Training Centres in the States/UTs. In addition, 44 Lady Health Visitor (LHV) Promotional Schools and 411 Auxiliary Nurse-Mid-Wife (ANM) Training Schools are functioning in the country for training in the respective fields. Dais (Traditional Birth Attendants) and Health Guides are trained at the PHCs, Sub-Centres, etc.

22.3.4.2 The following points were noticed from the records of the Ministry and the States :—

- (a) Each Dai was to be provided with a mid-wifery kit to enable her to conduct safe and hygienic deliveries. Out of 5.15 lakh trained Dais, only 3.30 lakh Dais were supplied with such kits upto March 1985. Ministry stated (January 1985) that in future the kits would be procured directly by the States so that these could be supplied to Dais immediately after training.

- (b) In Madhya Pradesh, 26 schools for Health Assistants (Female) were under-staffed, the under-staffing in the category of Principals being 46 per cent and of Public Health Tutors 49 per cent. Ministry stated (January 1985) that with the sanctioning of 6 Regional Teacher Training Institutes in the State all the vacancies would be filled in within 2 years.
- (c) In Orissa, 140 LHV students qualifying 2½ years course during November 1970 to January 1977 were not issued any diploma certificates as the school was not recognised by the Indian Nursing Council.
- (d) In Bihar, Rs. 3.17 lakhs were spent on 167 ANMs admitted on fake certificates during 1979-80 to 1983-84.
- (e) In Gurdaspur district of Punjab, an expenditure of Rs. 1.34 lakhs had been incurred on deployment of hostel staff of the Training School during 1981-84, without establishment of any hostel (May 1985).

22.4. Compensation to Acceptors

22.4.1 The scheme of providing cash incentives to acceptors of sterilisation and IUD by way of compensation for loss of wages has been in existence since 1964 and 1965 respectively. The pattern of Central assistance for payment of compensation which included incentive money to acceptors, cost of drugs/dressings, diet and transport charges and motivators' fees, etc., applicable from 25th February 1983 was at the rate of Rs. 180 per vasectomy, Rs. 200 per tubectomy and Rs. 12 per IUD insertion. During 1980-85 expenditure of Rs. 309.39 crores was incurred by way of compensation. The following points were noticed during test check :—

- (a) In Kerala, 5 institutions run by voluntary organisations were paid compensation amount of Rs. 27.19 lakhs during 1976-85 even though these institutions charged fees for consultation, anaesthesia, rent of bed, cost of medicines, operation charges, etc., from acceptors of tubectomy. In Himachal Pradesh, in one district, transport money of Rs. 1.12 lakhs was paid in 7,492 cases although in such cases free transport was provided by the department.
- (b) Compensation money was spent in excess of the ceiling limits as per the prescribed pattern of Central assistance in 3 States—

Rs. 85.59 lakhs in Kerala during 1980-84, Rs. 20.73 lakhs in Orissa during 1978-83 and Rs. 12.33 lakhs in Uttar Pradesh during 1978-81. Expenditure on medicines in excess of admissible limit was noticed in 3 other States—Rs. 3.48 lakhs in Jammu and Kashmir during 1974-75 and 1978-83, Rs. 2.41 lakhs in Manipur during 1983-84 and Rs. 2.02 lakhs in one district of Maharashtra in 1982-83.

- (c) In 3 States/UT (Andhra Pradesh, Himachal Pradesh and Delhi), Rs. 360.35 lakhs drawn during 1970-85 and advanced to various subordinate units/other Organisations were awaiting adjustment (March 1985).
- (d) In Manipur, out of 427 sterilisation cases involving payment of Rs. 0.77 lakh in 224 cases (18 vasectomy and 206 tubectomy), the medical officers who were shown to have conducted operations at certain stations, were not actually present in these stations on those days.

22.4.2 Miscellaneous Purpose Fund (Fund), was created from May 1976 and a portion of compensation amount on account of sterilisation/IUD was to be credited to it. The Fund was to be utilised for (i) meeting expenditure on *ex-gratia* relief, treatment of post-operative complications and providing facilities for recanalisation; and (ii) purposes relating to the implementation of the family welfare programme (including MCH) and community participation, POL/repairs of family welfare vehicles, purchase of equipment and storage facilities, expanding MCH and E.P.I. Coverage (especially the polio immunisation programme), providing cold chain facilities, etc. The accruals under the Fund during a financial year were to be utilised within that year. However, from May 1982, the State/UT Governments were permitted to utilise 50 per cent of the accruals during the last quarter (further limited to actual unspent amount of that quarter) upto September of the following financial year. The entire unspent balance, thereafter, was to be treated as lapsed and was to be refunded to the Central Government. The States/UTs were required to maintain proforma accounts of the accruals to, and expenditure from the Fund and to forward annually an extract thereof to the Government. It was noticed that :

- (a) Proforma accounts had not been sent by the State Governments. The Ministry stated (January 1986) that proforma pertaining to maintenance of accounts of the

Fund was being sent to the State Governments.

- (b) A separate Fund was not kept in Bihar, Karnataka, Punjab, Delhi and Goa, Daman and Diu. The Ministry stated (January 1986) that all the State Governments had been instructed to keep a proper account of the Fund.
- (c) In 7 States (Andhra Pradesh, Himachal Pradesh, Kerala, Madhya Pradesh, Maharashtra, Orissa and West Bengal), Rs. 178.14 lakhs were utilised from the Fund during 1976-84 on purchase of motor cars, jeeps, projectors, oxygen cylinders, iron safes, and other items not contemplated in Government of India orders. Maharashtra alone accounted for an expenditure of Rs. 134.14 lakhs, out of which Rs. 105 lakhs were spent on purchase of vehicles.
- (d) In 4 States (Himachal Pradesh, Jammu and Kashmir, Kerala and Orissa), Rs. 126.28 lakhs out of the money accumulated under the Fund, were not utilised within the time limit and allowed to accumulate instead of refunding it to Central Government (January 1985).

In 3 States/UT (Andhra Pradesh, Himachal Pradesh and Pondicherry), Rs. 35.88 lakhs which should have been treated as lapsed and refunded to Govern-

ment were retained and utilised beyond the specified dates.

- (e) In 3 States (Himachal Pradesh, Jammu and Kashmir and Orissa), details of utilisation of Rs. 11.64 lakhs advanced to local bodies and various other functionaries for creation of permanent assets, community awards, motivation moneys, etc., during 1977-83 were still awaited (January 1985).
- (f) In Orissa, in one district, Rs. 1.25 lakhs were paid as motivation fee during 1978-84 although the acceptors of sterilisation were self-motivated. In another district, *ex-gratia* payment of Rs. 5,000 each was made after delays of 4 years and 8 months in one case and 2 years and 9 months in another case during December 1978 to March 1983.

22.5. Nirodh (Condom) and Oral Pills

22.5.1 Nirodh

22.5.1.1 *Free Distribution.*—Purchase of condoms made centrally by the Ministry for distribution to the States/UTs. During the years 1980-85, 10,164.75 lakh pieces of condoms valued at Rs. 22.82 crores were purchased for free distribution. As per inventory norms, buffer stock of 25 to 30 per cent of the targeted requirements are to be maintained. The following points were noticed :—

- (i) Purchases were made without correlating the holdings available with State Governments and with the Medical Stores Depots, as shown below :—

Year	Opening Balance with		Purchased during the year	Total	Targeted requirements including buffer stock	Excess holding
	States/UTs	M.S. Depots				
(Figures in lakhs)						
1980-81	1,853.00	516.37	1,090.00	3,459.37	2,847.69	611.68
1981-82	1,799.14	400.15	942.50	3,141.79	2,847.69	294.10
1982-83	1,735.56	124.61	2,240.00	4,100.17	3,278.06	822.11
1983-84	2,151.11	246.54	3,092.25	5,489.90	3,744.00	1,745.90
1984-85	2,813.91	114.00	2,800.00	5,727.91	5,281.30	446.61

The Ministry stated (January 1985) that Nirodh was distributed in the States through various channels numbering more than 5 lakhs spread all over the country and in the interest of the programme as well as to avoid shortage of supplies at any point of time, supplies of larger quantities than required based on targets had been procured.

Further, the distribution of condoms was much less than the holdings available with the States/UTs as shown below :—

Year	Total hold-ings	Distribu-tion	Percentage of distri-bution with re-ference to total holdings
(Figures in lakhs)			
1980-81	3,162.34	1,363.20	43.10
1981-82	3,264.67	1,529.11	46.84
1982-83	3,879.31	1,728.20	44.55
1983-84	5,311.51	2,497.60	47.02
1984-85	5,200.65	3,088.26	59.38

12 States/UTs had shown annual distribution of condoms at less than 50 per cent of the total holdings ranging between 5.78 per cent (Nagaland) to 46.53 per cent (Bihar) during 1980—85.

(ii) It was noticed that reconciliation of stocks in hand with the States/UTs from year to year had not been made. It was stated in January 1985 that the stock balance with the States/UTs was 2,813.91 lakhs as per records of the Ministry against 747.60 lakhs as per States/UTs records. No efforts were made to reconcile these discrepancies. However, the Ministry in October 1985 worked out the opening stock balance with States/UTs for 1984-85 as 1,940.09 lakh pieces by taking nil balance as on 1st December, 1981 pending receipt of inventories from 8 States/UT (Andhra Pradesh, Bihar, Jammu & Kashmir, Meghalaya, Nagaland, Rajasthan, Sikkim and Delhi).

(iii) Test check in States brought out the following points :—

(a) In Kerala, basic records were not kept at peripheral units to verify whether 178.82 lakh condoms, stated to have been distributed during 1975—84, had reached the actual users.

(b) As per records maintained by the Ministry, Uttar Pradesh was supplied 367.30, 300.00, 250.00 and 491.20 lakh pieces of condoms and the State had distributed 289.30, 347.00, 356.90, and 429.40 lakh pieces during the year 1981-82, 1982-83, 1983-84 and 1984-85 respectively. However, the records maintained by the State Government showed that only 31, 90, 130 and 417.35 lakh pieces of condoms were received by the State and only 25.36, 57.88, 159.44 and 329.16 lakh pieces were distributed during the respective years.

(c) Distribution of Nirodh in excess of the available stock holdings ranging from 5,785 to 1.25 lakhs was noticed in 12 PHCs of Madhya Pradesh during 1980-81 to 1983-84.

(d) In Chandigarh, the number of CC Users reported to Government of India was more than those recorded at the reporting units. The excess reporting ranged from 27 to 41 per cent during 1980-81 to 1982-83.

22.5.1.2 Commercial Distribution.—The Nirodh Commercial Distribution Scheme was launched in September 1968 with the objective of making condoms available to the masses at subsidised rates in the country through over 4 lakh retail dealers of 13 major distribution agencies, including private agencies. During 1980—85, the distribution of condoms was 198.15 crore pieces, of which, 92.90 crore pieces were distributed under commercial distribution scheme. The total expenditure incurred on the scheme, including the subsidy of Rs. 20.85 crores was Rs. 40.94 crores during 1980—85.

Though the scheme had been in existence since 1968, the Ministry had not maintained ledger accounts indicating the amounts due, remittances received and amounts outstanding against each distribution agency. The Government had also not prepared any consolidated proforma accounts.

At the instance of Audit, the Ministry worked out from their records that 13 companies had been issued 65.22 lakh gross condoms of sale value (at subsidised rate) of Rs. 538.76 lakhs during 1980—85; the companies had remitted Rs. 471.19 lakhs and balance of Rs. 67.57 lakhs was recoverable from them, of which 3 companies accounted for Rs. 50.23 lakhs. The Ministry stated (January 1985) that the sale proceeds were remitted by the companies after the goods were sold by them and not on receipt of supplies from M. S. Depots; the question of early remittance

of sale proceeds had been taken up with the companies.

22.5.2 *Oral Pills*.—Oral contraceptives in the form of oral pills introduced into the programme in 1974 on selective basis was extended fully in 1977. The purchase of oral pills for their supply to States/UTs is made centrally by the Ministry. The total expenditure incurred upto March 1985 was Rs. 335.44 lakhs out of which Rs. 289.80 lakhs pertained to 1980—85. The distribution of oral pills to acceptors is made through trained para-medicals after screening the acceptor through a check-list and the acceptor is also required to be examined by a doctor within 3 months of acceptance. The following points were noticed :—

- (a) Purchases and distribution were being made by the Ministry without making any correlation between the stocks of oral pill, available with these agencies and their own Medical Stores Depots and their actual utilisation. During 1980—85, however, 233.38 lakh oral pill cycles were procured and 238.68 lakh cycles were supplied to the States; of which, only 174.17 lakh cycles were utilised, leaving 64.5 lakh unutilised cycles (constituting 27.02 per cent of those supplied during 1980—85 alone).
- (b) In Haryana, Punjab and 9 Rural Family Welfare Centres of 4 districts of Gujarat, oral pill users were not examined before and after putting them on oral pills within the prescribed period. The reports and records of follow-up cases for side effects, contra indication, etc., were also not available in 15 districts—Kerala (3), Andhra Pradesh (7) and Gujarat (5).
- (c) The details and records of drop out cases were not available in Kerala and in 7 out of 8 district Bureaux in Bihar. The number of drop out cases of oral pill users in Punjab rose from 1,763 during 1980-81 to 47,970 in 1983-84, for which reasons could not be ascertained.

22.6 *All India Hospital Post Partum Scheme (Scheme)*

Starting from 1969, the Government of India decided to include the All India Hospital Post Partum Scheme in the Five Year Plans as the Post Partum (Post delivery) period was considered to be the point of highest motivation for family welfare. The scheme approved by the Government for the first time in

1969-70 in 59 medical institutions was expanded gradually and by 1984-85 it covered 554 institutions, almost all medical colleges (104), 2 post-graduate medical institutions, 375 district hospitals and other government hospitals, 30 local bodies and 43 hospitals run by voluntary organisations.

With a view to improving health status of expectant/nursing mothers and children in rural areas, Sixth Plan envisaged post-partum facilities to be provided at 400 sub-district level hospitals, where six-bedded sterilisation wards were to be set up and labour rooms upgraded/renovated and surgical equipment, vehicles etc., were to be provided. However, only 50 sub-district level hospitals could be provided with such facilities till March 1984 (information for subsequent period not available with the Ministry). The selected institutions were categorised under 3 types-A, B and C depending upon the number of obstetric (OB) and abortion (AB) cases dealt with annually.

The scheme included provision of additional inputs to respective centres in the form of (a) additional medical, para-medical and publicity staff, (b) separate sterilisation wards with buildings, equipment, beds and (c) vehicles, audio visual equipment, etc. The expenditure on the scheme during 1971—85 was Rs. 6,195 lakhs. The following points were noticed :—

(i) For monitoring and evaluation, co-ordination committees were to be set up in each Centre and at National level, a set of monthly/quarterly/six monthly/yearly statistical returns were to be received from participating Centres by the Ministry. The Ministry had no information about the formation of co-ordination Committees at the Centres. The Ministry stated (January 1986) that the States had been asked to constitute the committees where these had not been formed.

(ii) The Ministry did not analyse the data on targets and performance of Centres in respect of sterilisation, IUD and other methods with reference to the number of living children for direct and indirect acceptors to assess their performance as envisaged in the scheme, reportedly, due to paucity of staff. However, during 1980—85, the all-India percentage shortfall in achievement of targets of total acceptors through sterilisations ranged between 38 and 61 and through other methods between 37 and 61. The achievement of targets of total acceptors in 17 States/UTs was less than the All-India achievement of 62.10 per cent during 1984-85, the shortfall being more than 50 per cent in Assam, Bihar, Kerala, Manipur, Meghalaya, Orissa, Rajasthan, Tripura, West Bengal, Chandigarh, Mizoram and Pondicherry.

The minimum target for sterilisation beds provided to the Centres was 35 tubectomies per bed per annum upto March 1980 and 45 thereafter, for claiming maintenance grant of Rs. 2,400 per annum per bed. While the all-India performance per bed improved during 1980—85 (from 48 in 1980-81 to 83 in 1984-85), 8 States/UTs during 1983-84 and 7 States/UTs during 1984-85 could not achieve the minimum targets; the shortfall in performance per bed per annum was more pronounced (above 30 per cent) in Meghalaya, Sikkim, Goa, Daman and Diu, Orissa and Bihar.

(iii) Each Centre was to have a sterilisation ward, an operation theatre and a room for field staff. Out of 554 Centres, sterilisation wards were wanting in 127 (22.92 per cent), operation theatres in 131 (23.64 per cent) and rooms for field staff in 338 (61.01 per cent) Centres as on 31st March 1985.

(iv) A test check in States/UTs brought out the following further points :—

(a) Construction of buildings for 41 centres sanctioned in 8 States/UTs (Andhra Pradesh, Bihar, Himachal Pradesh, Punjab, Maharashtra, West Bengal, Chandigarh, and Delhi) during 1971 to June 1984 was not taken up. In Delhi, construction of one Centre, sanctioned in March 1981, could not start as funds provided were inadequate and in Himachal Pradesh, funds amounting to Rs. 3.15 lakhs released from 1976 to 1982 for construction of one sterilisation ward and two operation theatres were diverted to other construction works. In Chandigarh, Rs. 1.05 lakhs released during 1971 to 1977 were not used for construction work; the money was utilised (Rs. 0.24 lakh) for office expenses during 1971—73 and the balance of Rs. 0.81 lakh was lying unutilised in the Personal Ledger Account of the Centre.

(b) Buildings constructed for 11 Centres in 7 States/UTs (at a cost of Rs. 24.58 lakhs) were either not put to use for want of equipment, electric and water supply, or were used for other purposes.

(v) In Karnataka, for 39 Centres, only 17 vacuum aspirators, 7 microscopes and 2 ophthalmoscopes were available (March 1984). In Uttar Pradesh, for 74 Centres at district level and 58 Centres at Tehsil level (opened in 1984-85), 39 projectors and 3 tape recorders were made available; 5 projectors and

11 tape recorders were lying with the Directorate. In Madhya Pradesh, 7 Centres were not provided with funds for equipment.

(vi) The staff position in the Centres during 1983-84 (data for 1984-85 not available) was as under :—

Category of Staff	Required	Available	Percentage shortage
Medical	1,581	1,041	34
Para-medical	1,704	1,114	35
Other Staff	1,396	941	33
TOTAL	4,681	3,096	34

The Ministry stated (January 1986) that the State Governments had been asked to fill up the vacant posts.

(vii) To meet the growing demand of trained personnel in insertion of Copper 'T' particularly in PHCs, the scheme envisaged in 1978/79, training of LHV's and PHN's in the insertion of Copper 'T' at 106 Centres run by medical institutions and district level hospitals having services of gynaecologists. The Ministry had not kept any watch over progress of work in this regard. Test check in States/UTs showed that (a) no training was provided in Jammu and Kashmir and Manipur, (b) one Centre in Delhi had not evolved any training programme and another Centre had not provided training since May 1981, (c) in Tamil Nadu, in 6 districts test checked, out of 578 LHV's to be trained 85 were trained in 3 districts and no training was provided in other districts (d) in Bihar, insertion of Copper 'T' was being done by untrained ANM's and (e) in Uttar Pradesh, out of 16,867 ANM's in position as on 1st April, 1985 only 5,075 were trained in insertion of Cu 'T'; the State Government attributed non-utilisation of stocks of Cu 'T' to non-availability of staff trained in its insertion.

(viii) For better health for mothers and children under MCH Supplementary programme, the Centres were to undertake specifically (a) ante-natal and post-natal care including prevention against nutritional anaemia, multi-vitamin treatment and protection against tetanus by immunisation and (b) protection of children against diphtheria, tetanus and whooping cough by immunisation, against nutritional anaemia by prophylaxis and against blindness amongst children by administration of iron and folic acid tablets and vitamin 'A' solution.

It was observed that during 1980—84 only about 50 per cent of the pregnant mothers registered at the Centres had deliveries in the hospitals and only 23 per cent had been immunised against Tetanus Toxoid (TT). Infants immunised against DPT were only 10 per cent; 11.4 per cent (9.30 lakhs) of expectant mothers had been administered third dose of TT from 1980-81 to 1983-84 though as per immunisation schedule, only 2 doses of TT and a booster dose were to be given.

(ix) No physical targets were fixed for the sub-district level hospitals (sub-district level Centres) and, therefore, the performance of these Centres could not be evaluated. The Ministry stated (January 1986) that physical targets would be fixed after a review of the functioning of the programme in these Centres.

22.7. Area Projects

To give a fillip to the programme, particularly in the backward areas of the country, 5 Area Projects (excluding 2 projects taken up in April 1984) were taken up in 1980/1981 in 53 districts of 12 States (Orissa, Andhra Pradesh, Uttar Pradesh, Madhya Pradesh, Tamil Nadu, Gujarat, Haryana, Himachal Pradesh, Maharashtra, Punjab, Bihar and Rajasthan) for intensive development of health and family welfare infrastructure in 794 PHCs with partial financial assistance from foreign agencies. These projects were designed to increase and strengthen in about 5 years, facilities and manpower for providing Health and Family Welfare Services in an integrated manner. The ultimate objectives of these projects were the reduction of fertility and reduction of maternal and child mortality and morbidity. Particulars of these projects are given in Annexure III A.

The following points were observed :—

(i) Progress of expenditure and reimbursement thereof

(a) The total expenditure incurred on these projects from their commencement till June 1985 was Rs. 171.55 crores against the total projects' cost of Rs. 281.61 crores (60.92 per cent). The completion period of projects in 9 States, originally envisaged to be 1985, was extended for periods ranging from 6 to 14 months; however, the progress of expenditure in the States of Andhra Pradesh, Gujarat and Rajasthan continued to be slow as shown in Annexure III B.

(b) The reimbursement claims to the foreign agencies were to be made periodically at certain specified intervals in terms of the agreements made.

The details of reimbursement claimed and received from 1980-81 to 1985-86 (upto September 1985) were as follows :—

Foreign Agency	Reimbursement		Balance due
	Claimed	Received	
	(Rupees in crores)		
ODA	14.92	12.39	2.53
World Bank	35.83	34.26	1.57
DANIDA	23.86	20.67	3.19
USAID	23.08	13.33	9.75
UNFPA	21.70	20.65	1.05
TOTAL	119.39	101.30	18.09

The pace of reimbursement of expenditure on construction in respect of USAID assisted project was slow, because the USAID did not admit claims for reimbursement in respect of construction unless the construction of the whole unit was completed and necessary completion certificates issued by the P.W.D. authorities. Against a claim of Rs. 15.57 crores filed for construction works, the amount reimbursed was Rs. 8.40 crores. The Ministry stated (January 1986) that Department of Economic Affairs had been approached to expedite the USAID reimbursement.

The UNFPA project in Bihar proposed to be taken up in April 1980 was extended from time to time; further extension for 5 years with effect from 1-1-1986 was under consideration of the Government of India. Against an expenditure of Rs. 11.29 crores incurred, claims of Rs. 7.78 crores were preferred; the reimbursement received was, however, Rs. 5.77 crores (October 1985). No reimbursement was allowed for the period April 1981 to December 1983 for expenditure of Rs. 3.47 crores because construction activities could not be undertaken. In the absence of supporting documents, the entire expenditure on construction, amounting to Rs. 1.59 crores for the period April 1983 to September 1984, was not admitted and Rs. 3.31 crores reimbursed in December 1984 were treated as advance.

(ii) Non-conduct of bench mark survey

A bench mark survey (baseline survey) is essential to know the status at the commencement of the project so that at the end of the project the impact of the project could be evaluated. It was noticed that the base line surveys had not been finalised except in respect of Orissa, Andhra Pradesh, Uttar Pradesh, Rajasthan and Bihar.

(iii) *Shortfall in construction of buildings*

The construction of 9,728 buildings (comprising 8,321 Sub-Centres with or without LHV quarters and 1,407 buildings for RFWCs, PHCs, upgraded PHCs, Training Annexes/Sheds, Staff quarters, etc.) was envisaged during the entire project period. The progress in this regard upto March 1985 was that 5,427 buildings (55.79 per cent) had been completed including 4,705 Sub-Centres. The percentage shortfall in completion of construction was more pronounced in 6 States; it ranged between 37.20 (Punjab) and 91.71 (Bihar). It was further noticed that (a) in Maharashtra, out of 316 buildings completed till March 1984, 169 buildings could not be handed over for use due to non-electrification and 6 sub-centres handed over in Osmanabad district had not started functioning (June 1984) for want of the requisite staff and (b) in Orissa, a mid-term review of the building programme conducted by the joint team of the Government of India and U.K. Experts in 1983 pointed out poor quality of work, especially lesser use of cement in concrete work and delays in completion of buildings. Poor construction in staff quarters in one PHC and LHV quarters in 3 sub-centres was reported by the Medical Officer of the Project Area. Two upgraded sub-centres in one PHC, constructed in 1983, were not occupied (May 1984) due to poor construction.

(iv) *Supply of equipment to staff*

During test check, it was noticed that (a) in Madhya Pradesh, 25 per cent Health Guides, 40 per cent Dais and 14 per cent MPWs in position in 8 districts had not been provided with necessary kits and 38 per cent Health Guides in 3 districts were not supplied with the required manuals (March 1984), (b) in Punjab, Health Guides had not been provided with kits, training manuals and quarterly supply of

medicines and (c) in Maharashtra, 3,333 kits for training CHV, due by June 1984, had not been received from a firm, who had been paid Rs. 5 lakhs in advance in March 1984.

(v) *Miscellaneous*

In one of the projects in Orissa, it was observed that (a) most of the furniture and equipment costing Rs. 6.94 lakhs purchased for sub-centres during 1980—83 had not been distributed, (b) out of 6 sets of "Faxi!" (low cost printing equipment) purchased at a cost of Rs. 2.69 lakhs during 1980—82, 3 machines had not been used and 2 machines were out of order, (c) out of 3 vehicles purchased at a cost of Rs. 3.70 lakhs during 1983-84 for transport of students, one vehicle was lying idle and unregistered since July 1983 (August 1984) and (d) two films costing about Rs. 3.16 lakhs, completed in 1983, had not been released for exhibition pending clearance from the censors (July 1984).

22.8 *Maternal and Child Health Core (MCH) Services*

22.8.1 MCH services were recognised as an integral part of the programme during the Fourth Plan. The acceptance of the small family norm is dependent on the confidence amongst the parents about the survival chances of their children, which is sought to be achieved through MCH Services by protection of (a) mothers against tetanus and nutritional anaemia and (b) children against diphtheria, whooping cough (pertussis) and tetanus, polyomyelitis, typhoid, tuberculosis and anaemia as well as blindness due to Vitamin 'A' deficiency.

The physical performance of the MCH Services during Sixth Plan period was as under :—

Details of programme	Targets	Achievements	Percentage achievements	States/UTs showing achievement below 40 per cent
	(Number in crores)			
Polio	3.10	2.65	85.48	Arunachal Pradesh, Bihar and Sikkim.
Diphtheria Pertussis Tetanus (DPT)	7.25	5.00	68.97	Assam, Bihar, Manipur, Tripura and West Bengal.
Typhoid	5.08	2.10	41.34	Assam, Bihar, Kerala, Madhya Pradesh, Orissa, Rajasthan, Sikkim, Uttar Pradesh and West Bengal.
Prophylaxis against blindness among children due to Vitamin 'A' deficiency.	12.59	9.78	77.68	Bihar, Rajasthan, Manipur and Tripura.

The Ministry stated (January 1986) that the shortfall in achievement in some States was mainly due to inadequate availability of infrastructure and the under-reporting of beneficiaries was also a cause of shortfall.

22.8.2 Refrigerator is a vital equipment which helps in retaining the potency of vaccines. A large number

of refrigerators were supplied by the Government of India under various national programmes. Many refrigerators were also purchased directly by the State Health Authorities. According to the information available with the Ministry, the position of refrigerators available with the States/UTs at the end of August 1985 was as below :—

Placement at	Information available from	Total number of refrigerators	In working condition	Not in working condition		Total
				Repairable	Non-repairable.	
State Headquarters	25 States/UTs	786	638	NA	NA	148
District level	25 States/UTs	2657*	1520	NA	NA	1137*
Primary Health Centres	31 States/UTs	6958	5052	1364	542	1906

*The working condition of 501 refrigerators in Uttar Pradesh and 10 refrigerators in Andaman and Nicobar Islands was not available.

Test check conducted in the States/UTs brought out the following :—

- (i) In Kerala, out of 50 refrigerators purchased in 1978 at a cost of Rs. 1.95 lakhs, delay of one to two years was noticed in installation of 5 refrigerators supplied to one district (Trivandrum), 3 refrigerators were not installed and 11 were not working since January 1981 (June 1984).
- (ii) In Orissa, 3 PHCs of Ganjam and 7 PHCs of Cuttack district, not having cold chain facilities were keeping vaccines with them. In Kerala, during the period 1981—84, 38.73 lakh doses of DPT and 26.98 lakh doses of TT vaccines (which were required to be kept at +4° to +8° C) were transported in card-board package from the manufacturing point by road at day temperature and in one storing depot which received 12.46 lakh doses of TT, 15.73 lakh doses of DT and 13.35 lakh doses of DPT during 1981—84, the vaccines were being kept without refrigeration and sent to field centres also without refrigeration.
- (iii) In Punjab, the stock registers of PHCs did not indicate the availability of vaccine carrier kits; it was not clear as to how the temperature required for maintenance of potency of vaccines was maintained during their transportation from the PHCs to the sub-centres. In Orissa 29, sub-centres of

Cuttack district were not supplied with thermocole boxes and in Ganjam district having 211 sub-centres, only 106 thermos flasks were supplied for carrying vaccines (June 1984). In Nagaland, even though funds were provided for the purchase of thermocoles, none of the Family Welfare Centres was provided with thermocole boxes and in one sub-division, 540 vials of Triple Antigen were kept without refrigeration for 10 months in 1982-83. In Uttar Pradesh, in 24 RFWCs test checked, only 165 thermocole boxes were supplied by the end of 1983-84, against the requirement of 382 boxes.

- (iv) As per the guidelines, the unused live polio vaccines at the sub-centres were to be discarded daily. It was noticed that in 4 sub-centres of Punjab, the unused vaccines were kept and used for much longer periods ranging from 16 days to 120 days.

22.8.3 Exaggerated and wrong reports

(i) For 1982-83 and 1983-84, the performance in immunisation and prophylaxis were correlated with the utilisation of vaccines as reported by the States to the Government of India. After allowing the prescribed 10 per cent wastage of vaccine, it was found that some States/UTs had shown the consumption of vaccine in excess of the requirements—in such cases, the possibility of excess wastage, pilferage or over-dosage could not be ruled out; some States/UTs had

reported excess performance—it would be due to either exaggerated or incorrect reporting or under-

dosage of vaccine to the beneficiaries as shown in the tables below :—

(a) (i) Excess consumption of vaccine (1982-83)

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Name of vaccine	Number of States/UTs involved	Doses required	Doses consumed	Percentage of excess consumption of vaccines shown	States/UTs showing pronounced excess consumption in percentage
(Number in lakhs)					
Tetanus Toxoid	21	134.87	184.30	37	Mizoram (361 per cent), Goa, Daman & Diu (261 per cent), Jammu and Kashmir (197 per cent), Meghalaya (182 per cent), Rajasthan (100 per cent), Tamil Nadu (22 per cent), Pondicherry (92 per cent), Delhi (83 per cent), Bihar (82 per cent), Punjab (72 per cent), Orissa (67 per cent) and Haryana (54 per cent).
DPT	3	22.85	29.17	28	—
DT	6	32.48	39.52	22	Goa, Daman and Diu (200 per cent) and Delhi (77 per cent).
Typhoid	8	38.47	61.50	60	Exceeded 100 per cent in Bihar, Madhya Pradesh and Orissa.
Polio	6	23.95	30.07	26	Tripura (106 per cent), Jammu and Kashmir (44 per cent) and Orissa (42 per cent).
Vitamin 'A' solution	9	67.31	110.98	65	Sikkim (638 per cent), Meghalaya (224 per cent), West Bengal (106 per cent), Pondicherry (93 per cent), Madhya Pradesh (76 per cent), Himachal Pradesh (57 per cent) and Goa, Daman and Diu (57 per cent).

(a)(ii) Excess consumption of vaccine (1983-84).

Name of vaccine	Number of States/UTs involved	Doses required	Doses consumed	Percentage of excess consumption of vaccines shown	States/UTs showing pronounced excess consumption in percentage
(Number in lakhs)					
Tetanus Toxoid	2	15.77	20.80	32	Rajasthan (35 per cent).
DPT	7	93.52	116.12	24	Manipur (152 per cent), Nagaland (134 per cent), Meghalaya (81 per cent), Delhi (73 per cent) and West Bengal (37 per cent).
Typhoid	8	58.72	98.08	67	Jammu & Kashmir (779 per cent), West Bengal (246 per cent), Bihar (187 per cent), and Karnataka 143 per cent).
Polio	8	73.85	93.97	27	Manipur (337 per cent), Bihar (58 per cent), Karnataka (38 per cent) and Jammu and Kashmir (28 per cent).
Vitamin 'A' Solution	10	172.24	257.56	50	Goa, Daman and Diu (167 per cent), Orissa (119 per cent), Andhra Pradesh (99 per cent), Tamil Nadu (61 per cent), West Bengal (59 per cent) and Madhya Pradesh (52 per cent).

(b)(i) Excess reporting of performance (1982-83).

Vaccines involved	No. of States/UTs involved	Performance reported	Actual performance that could have been achieved with the vaccine consumed	Percentage of excess reporting	States showing pronounced excess reporting
(Number in lakhs)					
DPT	14	158.87	96.74	64	Manipur (1950 per cent), Karnataka (414 per cent), Mizoram (311 per cent), Andhra Pradesh (130 per cent), Andaman & Nicobar Islands (80 per cent) and Madhya Pradesh (56 per cent).
DT	4	41.21	29.26	41	—
Typhoid	5	26.78	8.53	214	Tamil Nadu (222 per cent), Uttar Pradesh (194 per cent) and Himachal Pradesh (93 per cent).
Polio	6	44.11	32.20	37	Uttar Pradesh (144 per cent).
Vitamin 'A' Solution	1	24.33	14.92	63	—

(b) (ii) Excess reporting of performance (1983-84)

Vaccines involved	No. of States/UTs involved	Performance reported	Actual performance that could have been achieved with the vaccine consumed	Percentage of excess reporting	States showing pronounced excess reporting
(Number in lakhs)					
TT	2	40.97	33.59	22	— —
DPT	7	90.81	69.71	30	Andaman & Nicobar Islands (229 per cent) Jammu and Kashmir (102 per cent) and Bihar (89 per cent).
DT	11	103.73	73.28	42	Andhra Pradesh (91 per cent), Chandigarh (77 per cent) and Gujarat (62 per cent).
Typhoid	3	32.41	19.71	64	Tamil Nadu (130 per cent).
Polio	1	11.57	9.39	23	—
Vitamin 'A' Solution	1	47.71	22.26	114	Maharashtra.

(ii) The test check revealed that :—

- (a) While there was excess reporting by 26.60 per cent in DPT, 35.10 per cent in DT, 36.90 per cent in TT and 18.90 per cent in Vitamin 'A' during certain months of 1982-83 and 1983-84, in 4 districts of Kerala, with reference to the vaccines/solution utilised, records of 3 districts during certain other months showed that vaccines were utilised in excess of requirements, the percentage variations being 13.3, 20.8, 32.2 and 64.8 for DPT, DT, TT and Vitamin 'A' solution, respectively.
- (b) In 24-Parganas district of West Bengal, test check of 9 Centres during 1980-81 to 1983-84 showed that 21,129 doses of Vitamin 'A' were reported to have been administered though there was no stock of Vitamin 'A'.
- (c) An investigation into cases of wrong reporting brought out that (i) in 3 districts of Bihar, instead of taking the last dose of a course of immunisation as one person covered, each dose of a course administered to a person was taken separately in arriving at the figures of achievement.

(ii) In Orissa too, in one PHC of Cuttack district, actual beneficiaries of DPT and Polio were 788 and 414 in 1982-83, but the achievement was shown as 1848 and 1192 respectively by adding various doses given to the same persons, (iii) in Gujarat, in one Centre, second and third doses of DT and DPT were not administered during 1982-83 due to the Auxiliary Nurse-cum-Midwife being on leave, but the target was deemed to have been achieved and (iv) in Nagaland in 2 Centres, achievements in polio vaccination were inflated during 1983; in one Centre where only one dose each of polio vaccine was administered to beneficiaries, the report showed polio immunisation cycle as having been completed and in another hospital, only 372 beneficiaries received complete doses of polio, but progress reports showed 2167 cases.

22.8.4 Non-utilisation of stocks before expiry date

In 2 hospitals of Nagaland, 157 ampules of triple antigen in March 1981 and 16.59 lakh Iron and Folic Acid tablets in November 1983 crossed their expiry dates while in stock, due to delays in supplies by State Family Welfare Bureau to the field offices. In Kerala, 1.04 lakh doses of DPT (costing Rs. 0.50 lakh) crossed expiry date in 1980 before their issue by the Family Welfare Bureau. In Cuttack district of Orissa, none of the 8830 women targeted for TT in-

jections in 7 PHCs were immunised during the year in spite of availability of adequate stock of vaccine. The Ministry stated (January 1986) that States of Nagaland and Kerala will be requested to ensure timely utilisation of drugs to minimise wastage in future.

22.8.5 Inadequate Stock Accounts

In Uttar Pradesh, the closing balances shown by the department during 1982-83, 1983-84 and 1984-85 were less by 12.14 lakh doses for DPT, 16.30 lakh doses for DT and 29.21 lakh doses for TT vaccines, as compared to the figures worked out in Audit. The differences could not be explained by the department. In Kerala, one voluntary organisation which was provided 11,350 doses of DPT and 10,660 doses of TT vaccines free of cost during 1977-78 to 1982-83, had not kept separate accounts of the vaccines utilised even though it was invariably charging Rs. 6 per dose of the vaccine in all cases.

22.9 Media Activities

For strengthening the support to the programme, funds are provided to various media units of the Ministry of Information and Broadcasting. Against Sixth Plan outlay of Rs. 11 crores for media activities, an expenditure of Rs. 14.72 crores was incurred during 1980-85. Information collected from some of the media units brought out the following points :—

- (i) Rs. 172.25 lakhs were spent during 1980—85 through Directorate of Field Publicity. The overall shortfall in achievement of targets of oral communication (seminars, symposia, group discussions, healthy baby show contests, debates, elocution contests, etc.) was 78 per cent during 1980—83, the shortfall being more pronounced in Madhya Pradesh (89 per cent) and Bihar and Rajasthan (76 per cent). The all-India percentage short-fall of photo exhibitions was 55 and it exceeded 70 per cent in 2 regions (North-East Gauhati and North West Ambala and Nahan) and 60 per cent in 6 regions (Madhya Pradesh, East-West Gujarat, Karnataka, Maharashtra and Goa, Orissa and Uttar Pradesh). Information for 1983—85 was not available. The Ministry stated (January 1985) that the impact of publicity could not be judged only by fixing/achieving targets; conditions differed from region to region and from place to place, in areas like the North Eastern regions, Rajasthan and Madhya Pradesh, problems of long distances and difficult terrain were also in the way of achieving the general norms on the

whole; however, efforts were made to achieve the desired norms.

- (ii) Through Doordarshan, an expenditure of Rs. 16.18 lakhs was incurred during 1980—85 (upto September 1984). Out of 50 T.V. films on family welfare undertaken for production at a cost of Rs. 22.71 lakhs, 38 films were completed till March 1984. Test check brought out that the films were being telecast infrequently; only one film was telecast twice and all others only once (5 in 1981-82, 15 in 1982-83, 12 in 1983-84 and 2 in 1984-85) and there was no inter-exchange of films among different Kendras (information for 1984-85 was not available). The Ministry stated (January 1985) that films were assigned to private producers and production of films could not always be completed within the financial year in which they were taken up due to elaborate procedure of committees, which scrutinise and approve the proposals. Further, the Doordarshan had issued instructions that the films should be shown as often as possible and that whenever feasible these be interchanged amongst various Kendras.

- (iii) Through Films Division, Rs. 315.62 lakhs were spent during 1980—85 for production/prints of films on family welfare. Out of 164 films targeted for production during 1980—84, only 91 films were produced (shortfall : 55.49 per cent). Out of the former, 31 film subjects were deleted/deferred, leaving a balance of 42 film subjects at the end of 1983-84 (information for 1984-85 was not available). The Ministry stated (January 1985) that due to delays in sanction/appointment of staff, additional equipment and required additional accommodation the desired production capacity had not been achieved.

709 prints of various films made during 1980—84 (11 in 1980-81, 12 in 1981-82, 89 in 1982-83 and 597 in 1983-84) had not been distributed (October 1984). The cost of these prints was not intimated (information for 1984-85 was not available). The Ministry stated (January 1985) that action had been taken to distribute the films.

22.10 Monitoring and Evaluation

The Evaluation and Intelligence Division in the Department is monitoring and evaluating the programme in the country right from the peripheral level

through various reports and returns from the States/UTs supported by sample verification of acceptors through field checks by each of the 17 States Demographic and Evaluation Cells and Regional Health Offices and Central Evaluation Teams, etc. States are addressed periodically sport-lighting the irregularities regarding (a) reported performance, (b) recorded demographic particulars of acceptors and (c) the eligibility status of acceptors.

(i) Discrepancies in reports/returns of State Agencies.

Test check of reports/returns of State agencies brought out the following discrepancies :—

Name of State/UT	Nature of discrepancy
Gujarat	—The Post Partum Centre (PP) in Panchmahals district in its report to the Directorate had included 473 sterilisation cases referred to it by the RFWCs which also stood included by the Centres in their reports to the Directorate during 1979-83.
Orissa	—As against the actual number of 4001 institutions functioning during 1982-83, the number of institutions shown functioning as per half yearly/annual consolidated reports was 3348. —The total of 611479 live births, still births and abortions did not correspond to the total number of 734369 deliveries reported to have been conducted during 1979-81 and 1982-83. —In one PP centre the figures of 1498 tubectomies during 1980-81 and 1982-83 and 1518 IUD cases during 1978-83 as per target/achievement register did not tally with the figures of 1403 tubectomies and 1376 IUD cases as per compensation payment register.
Delhi	—The figures of 673 sterilisation, 1706 IUD insertions and 44 CC users of one UFW centre were incorrectly taken as 457, 1715 and 3 respectively, in the Directorate during 1981-84.

(ii) *Performance of Sample Survey Agencies*

In sample survey, it was noticed that follow-up services were not provided to 55 per cent of the acceptors during 1980-81, 42 per cent during 1981-82, 61 per cent during 1982-83 and 56 per cent during 1983-84 according to the Regional Health Offices/Central Evaluation Teams.

The survey teams also reported that (a) 18.12 per cent (1980-81) 17.80 per cent (1981-82) 53.30 per cent (1982-83) and 18.40 per cent (1983-84) of sample cases selected for verification could not be located for reasons such as, persons not living in the area, persons having left the area permanently/temporarily, wrong address, etc., and (b) of the contacted cases, 0.50 per cent in 1980-81, 0.30 per cent in 1981-82, 0.70 per cent in 1982-83 and 0.80 per cent in 1983-84 were of in-eligible categories like "unmarried/widow/widower/separated", "wife above 45 years", "spouse already sterilised", "very old men", etc.

(iii) Special point relating to working of the 3 agencies are mentioned below :—

Sample verification by	Remarks
Demographic and Evaluation Cells.	—Sample verification of acceptors by all methods was less than one per cent as against the prescribed limit of 2 per cent during 1980-84; of the number of cases so selected, 5 States (Gujarat, Madhya Pradesh, Orissa, Rajasthan and Uttar Pradesh) accounted for 65 to 79 per cent in the respective years. Out of 17 cells, no reports had been received from 3 in 1980-81, 6 in 1981-82 and 5 each in 1982-83 and 1983-84.
Regional Health Offices	—The percentage of acceptors selected for verification declined from 0.14 in 1980-81 to 0.07 in 1981-82 and 1982-83 and to 0.04 in 1983-84. —During 4 years ending March 1984, out of 17 offices no reports were received from 6 in 1980-81, 8 in 1981-82, 11 in 1982-83 and 6 in 1983-84.
Central Evaluation Teams	—The percentage of acceptors selected for verification declined from 0.42 in 1980-81 to 0.36 in 1981-82, 0.19 in 1982-83 and 0.17 in 1983-84.

—The percentage of acceptors selected varied from State to State during 1980-84; it ranged from 0.09 (Gujarat) to 13.75 (Sikkim) in 1980-81, 0.05 (Madhya Pradesh) to 6.71 (Pondicherry) in 1981-82, 0.02 (Maharashtra) to 2.55 (Tripura) in 1982-83 and from 0.04 (Maharashtra) to 8.36 (Sikkim) in 1983-84. The Ministry stated (January 1985) that the number of acceptors every year had been increasing, whereas, there had been no increase in the staff and that the fall in the percentage verification was inevitable.

22.11 *Other points of interest*(i) *Disbursement of grants to local bodies and voluntary organisations*

(a) In Uttar Pradesh, one grantee institution in Varanasi which performed only post delivery sterilisations was paid Rs. 4.74 lakhs during 1978—85 in excess of admissible grant.

(b) 59 organisations had not furnished utilisation certificates for grants of Rs. 59.29 lakhs given by the Central Government for the period 1976—83 including Rs. 14.29 lakhs given to 24 organisations upto March 1980. Utilisation certificates amounting to Rs. 3,725.84 lakhs had not been received in 3 States (Gujarat for Rs. 3,711.21 lakhs for 1976—85, Uttar Pradesh for Rs. 13.58 lakhs for 1979—84 and Rajasthan for Rs. 1.05 lakhs for 1980—83).

The registers maintained in the Ministry to watch annual statements showing details of assets created out of grants released were incomplete in as much as they did not indicate the amount of grant released for creation of assets, details of assets actually created and follow up action with defaulting grantee institutions.

(ii) *Cases of excess expenditure*

In 4 Post Partum Centres of 2 States (Bihar and Kerala), staff in excess of the approved pattern had been sanctioned, resulting in excess expenditure of Rs. 7.93 lakhs upto March 1985.

In 2 Post Partum Centres of Bihar, 2 projectionists were in position since 1981 but projectors were not provided. In one Post Partum Centre of West Bengal,

a driver was in position from October 1978 to April 1983, though no vehicle was provided, similarly, in 3 districts, Rs. 1.54 lakhs were spent on 6 drivers from 1977 to March 1984 even though no vehicles were available for their services.

In Jammu and Kashmir, extra expenditure of Rs. 18.62 lakhs was incurred on account of payment of monthly salaries from April 1974 onwards instead of honorarium to the field workers in RFW Sub-centres.

In Pondicherry, expenditure amounting to Rs. 3.79 lakhs was incurred in excess of the amount admissible on construction of 2 P.P. Centres.

(iii) *Cases of Misappropriation/Non-accountal of Stores, etc.*

(a) In Uttar Pradesh, misappropriation/pilferage/embezzlement of stocks worth Rs. 16.31 lakhs was noticed during 1976—79.

(b) In 11 districts of Haryana and 7 districts of Punjab, non-accountal/short accountal of stores valuing Rs. 12.49 lakhs was noticed during 1976—83

Summing up

- Though the expenditure (Rs. 1,489.97 crores) on implementation of the programme exceeded the projected outlay (Rs. 1078 crores) by 38 per cent during the Sixth Five Year Plan, the shortfall in achievement of targets in sterilisation, IUD and equivalent CC and Oral Pill users was 21, 18 and 15 per cent respectively. The increase of targets of sterilisation from 220 to 240 lakhs as a result of mid-term appraisal of Sixth Plan was not implemented. The target of protection of 36.56 per cent of eligible couples effectively has not been achieved by the end of the Plan.
- In the case of 82946 Sub-centres as on 1st April 1985 there was a shortfall of 71 per cent in the construction of their buildings (June 1985).
- The Sixth Plan envisaged renovation and re-modelling of IUD rooms into operation theatres in 833 PHCs, against which only 616 PHCs were selected upto March 1985; of these, construction had been completed only in respect of 2 PHCs.

- The overall shortfall in availability of staff as on 1st April 1984 was to the extent of 15, 19 and 38 per cent in respect of medical, para-medical and other staff respectively in Rural Family Welfare Centres.
- Out of 5.15 lakh trained Dais only 3.30 lakhs were supplied with kits required for safe and hygienic delivery.
- In three States (Kerala, Orissa and Uttar Pradesh) compensation money of Rs. 118.65 lakhs was spent in excess of admissible limits.
- In three States/Union Territory adjustment of Rs. 360.35 lakhs advanced (1970-85) to various subordinate units/other organisations was awaited.
- Proforma Accounts of Miscellaneous Purpose Fund were awaited from the State Governments. In 7 States, Rs. 1.78 crores were utilised during 1976-84 for purposes not contemplated under the orders.
- 10,164.75 lakh condoms, costing Rs. 22.82 crores, were purchased for free distribution without correlating holdings available with the States and Medical Stores Depots. The stock accounts in the Ministry were also incomplete due to non-receipt of annual inventories from the States.
- 92.90 crores condoms were distributed through private agencies. The Ministry had not kept any upto date accounts of the amount due, remittances received and outstanding in respect of each distribution agency. Data gathered at the instance of Audit showed balance of Rs. 67.57 lakhs recoverable from 13 companies.
- Out of 233.38 lakh oral pill cycles procured during 1980—85, only 174.17 lakh cycles were utilised.
- Against the envisaged Post-Partum facilities at 400 sub-district level hospitals during the Sixth Plan period only 50 sub-district level hospitals could be provided with such facilities (September 1985).
- Out of 554 Post-Partum Centres, sterilisation wards were not set up in 127 (22.92 per cent), operation theatres in 131 (23.64 per cent) and rooms for field staff in 338 (61.01 per cent) PP Centres as on

31st March 1985 there was over-all shortage of 34 per cent staff in the PP Centres during 1983-84.

- Construction of buildings for 41 PP Centres sanctioned in 8 States/UTs during 1971 to June 1984 was not taken up. Buildings constructed for 11 Centres at a cost of Rs. 24.58 lakhs in 7 States/UTs were either not put to use or were used for other purposes.
- For intensive development of health and family welfare infrastructure in 794 PHCs, 5 Area Projects were taken up with partial financial assistance from foreign agencies. However, out of 9,728 buildings (including 8,321 Sub-centres) envisaged for construction, only 5,427 buildings (55.79 per cent) had been completed. Out of Rs. 119.39 crores claimed as reimbursement of expenditure in respect of these projects, an amount of Rs. 18.09 crores was yet to be recovered.
- The shortfall in coverage of immunisation against Polio, DPT, Typhoid and prophylaxis against blindness due to Vitamin 'A' deficiency ranged between 15 and 59 per cent during 1980—85. Out of 10,401 refrigerators provided at State/District/PHCs levels, for retaining the potency of vaccines, 3191 (31 per cent) were not in working condition. In Nagaland, 16.59 lakh Iron and Folic Acid Tablets crossed their expiry date in November 1983 while in stock, due to delays in supplies by State Family Welfare Bureau.
- Against the Sixth Plan outlay of Rs. 11 crores for Media Activities, expenditure of Rs. 14.72 crores was incurred. In the Directorate of Field Publicity the shortfall in achievement of targets (1980—83) was 78 and 55 per cent in oral communication and Photo Exhibition respectively; in Door-darshan 38 T.V. Films were completed till March 1984 (against 50 undertaken for production) but these were telecast very infrequently.
- Sample Surveys brought out that follow-up services were not provided to 55, 42, 61 and 56 per cent Acceptors of Family Welfare Methods in 1980-81, 1981-82, 1982-83 and 1983-84 respectively.
- 59 organisations had not furnished utilisation certificates for grants of Rs. 59.29 lakhs released by the Central Government during 1976—83. Such certificates for Rs. 37.11 crores had not been received in Gujarat, mostly in respect of District Panchayats.

ANNEXURE—I

Statement showing outlay and expenditure during Sixth Five Year Plan.

Sub-Programme	Sixth Plan Allocations 1980—85	Budget Esti- mates 1980—85	Expenditure 1980—85
		(Rupees in crores)	
1. Direction and Administration	46.50	70.52	70.69
2. Rural Family Welfare Services	384.80	388.83	388.64
3. Urban Family Welfare Services	20.00	33.72	33.49
4. Maternal and Child Health Care Services	41.00	66.42	62.42
5. Transport	24.50	38.88	32.49
6. Compensation -	140.00	309.50	309.39
7. *Other Services and Supplies	103.00	305.79	297.17
8. Mass Education	32.00	36.56	34.45
9. Training Research and Statistics	51.80	63.60	62.38
10. International Cooperation and other Expenditure	166.40	121.69	120.99
11. Health Guides	68.00	77.89	77.86
TOTAL	1,078.00	1,513.40	1,489.97

*Includes Nirodh, Oral Pills, Post-Partum Centres, Family Welfare Programme in Railways, Defence, Posts and Telegraphs, Ministry of Labour and Employment, etc.

ANNEXURE—II

Central assistance released to States and Union Territories with legislatures during 1980—85

State and Union Territory	Cash	Kind	Total
			(Rupees in crores)
1. Andhra Pradesh	114.97	5.19	120.16
2. Assam	26.15	1.47	27.62
3. Bihar	87.88	2.85	90.73
4. Gujarat	77.33	5.52	82.85
5. Haryana	30.07	3.08	33.15
6. Himachal Pradesh	25.35	0.78	26.13
7. Jammu and Kashmir	7.86	0.61	8.47
8. Karnataka	65.30	4.34	69.64
9. Kerala	43.06	2.06	45.12
10. Madhya Pradesh	93.11	5.45	98.56
11. Maharashtra	124.37	10.38	134.75
12. Manipur	4.55	0.21	4.76
13. Meghalaya	3.27	0.17	3.44
14. Nagaland	1.51	0.13	1.64
15. Orissa	75.11	2.69	77.80
16. Punjab	41.44	3.23	44.67
17. Rajasthan	54.56	2.99	57.55
18. Sikkim	1.32	0.06	1.38
19. Tamil Nadu	79.59	3.99	83.58
20. Tripura	5.23	0.19	5.42
21. Uttar Pradesh	190.35	10.95	201.30
22. West Bengal	75.63	4.45	80.08
23. Arunachal Pradesh	0.31	0.04	0.35
24. Goa, Daman and Diu	2.05	0.12	2.17
25. Mizoram	1.66	0.13	1.79
26. Pondicherry	1.44	0.12	1.56
GRAND TOTAL	1,233.47	71.20	1,304.67

ANNEXURE—III-A

Statement showing the States/Funding Agencies under Area Projects

Sl. No.	State (with No. of Districts and PHCs)	Funding Agency	Project cost	Foreign commitment
(Rupees in crores)				
1.	Orissa (132 PHCs in 5 districts).	Overseas Development Agency, U.K. (ODA).	39.42	18.27
2.	Andhra Pradesh (62 PHCs in 3 districts)	World Bank	81.96	46.00
3.	Uttar Pradesh (148 PHCs in 6 districts).			
4.	Madhya Pradesh (58 PHCs in 8 districts).	Danish International Development Agency (DANIDA).	42.10	27.15
5.	Tamil Nadu (69 PHCs in 2 districts).			
6.	Gujarat (37 PHCs in 2 districts).			
7.	Haryana (21 PHCs in 3 districts).	United States Agency for International Development (USAID).	51.79	40.00
8.	Himachal Pradesh (24 PHCs in 3 districts).			
9.	Maharashtra (29 PHCs in 3 districts).			
10.	Punjab (31 PHCs in 3 districts).			
11.	Bihar (149 PHCs in 11 districts).	United Nations Funds for Population Activities (UNFPA).	66.34	60.79
12.	Rajasthan (34 PHCs in 4 districts)			
TOTAL			281.61	192.21

ANNEXURE—III-B
Progress of Expenditure

States	Date of		Project cost	Expenditure	Percentage of expenditure to cost	Termination period extended to
	Commencement	Termination				
(Rupees in lakhs)						
Orissa	August 1980	July 1985	3942.29	2502.54	63.48	September 1986
Andhra Pradesh	April 1980	March 1985	2372.36	1537.20	64.80	December 1985
Uttar Pradesh	April 1980	March 1985	5823.64	4515.38	77.54	December 1985
Madhya Pradesh	November 1981	October 1986	2334.30	1135.51	48.64	
Tamil Nadu	November 1981	October 1986	1875.80	1073.15	57.21	
Gujarat	August 1980	September 1985	1185.34	748.71	63.16	March 1986
Haryana	"	"	773.87	628.64	81.23	"
Himachal Pradesh	"	"	1100.37	1085.21	98.62	"
Maharashtra	"	"	1330.27	1127.41	84.75	"
Punjab	"	"	789.72	727.84	92.16	"
Bihar	January 1981	March 1988	5251.85	1128.59	21.49	
Rajasthan	July 1980	June 1985	1381.19	945.09	68.43	March 1986
TOTAL			28161.00	17155.27	60.92	

MINISTRY OF HOME AFFAIRS

23. Supply of sub standard stores through the DGS&D—rejected stores

Supply and Service Group of Indo-Tibetan Border Police, New Delhi, has been procuring stores against rate contract through the Director General, Supplies and Disposals (DGS&D). Under the normal procedure, the stores are inspected by the inspection staff of the DGS&D which verifies the quality and quantity

before their despatch by the suppliers to the Government Offices. The supplier is paid 95% of the value of the stores against despatch documents and the balance 5% is released on receipt of the stores by the indenting Government Offices after inspection.

During the years 1980-84, a large quantity of stores acquired through the DGS&D was rejected by the supply and Service Group, Indo-Tibetan Border Police, Tigri Camp due to inferior quality of the supplies as detailed below :—

Sl. No.	Particulars of goods	Month of receipt of goods	Quantity rejected (nos.)	Rate in rupees per Unit	Value : of stores
1	2	3	4	5	6
					(Rs. in lakhs)
1.	Steel Trunks	8/83 to 12/83	133	102+ CST @ 4%	0.13
2.	(i) Jungle Boots	1/83 to 4/83	13458	38.10 and 38.90 + CST@4%	5.28
	(ii) Jungle Shoes	1/81 to 7/82	10105	36.95 and 37.00 + CST@4%	3.89
3.	Hand Towels	12/83	12117	8.50	0.98
4.	Woollen Blankets	6/82 to 11/82	8326 1748	59.95 62.69	6.09
5.	Durries	8/81	900	22.70	0.20
6.	Stove Heating (Coal burning)	8/83	320	294.90	0.06
7.	Soap Laundry	10/84	39000 bars	5.40	1.99
8.	Parat Small (Aluminium)	9/83	150	62.00+ CST	0.09
	TOTAL				18.71

The rejected items had neither been taken on stock, nor removed by suppliers except 11,668 jungle boots and 133 steel trunks. Thus Government funds to the extent of Rs. 18.71 lakhs stand blocked. The responsibility for acceptance of sub-standard goods by the inspection staff of the DGS&D has not yet been fixed. The Department stated that :—

- (i) the cases of purchase of jungle shoes and woollen blankets involving Rs. 9.98 lakhs had been taken up by the Central Bureau of Investigation.
- (ii) for the rejected steel trunks, the Chief Controller of Accounts had been requested to recover the total cost of Rs. 14109.16 including Sales tax from the firm.

- (iii) on the recommendations of the DGS&D, the hard towels were accepted at 3 per cent price deduction.
- (iv) Rs. 0.06 lakh had been received from Railways as compensation and for the balance of Rs. 0.14 lakh the firm had agreed to bear the loss of durries and the Chief Controller of Accounts had been requested to effect the recovery from the firm.
- (v) the shortage of stove heating had been made good by the firm.
- (vi) the rejected 39000 bars of soap laundry had been back-loaded to the firm and the cost had been recovered.

- (vii) out of Rs. 18.71 lakhs, Rs. 9.41 lakhs (which should actually be Rs. 8.55 lakhs) might be considered as withheld/recovered/settled. The stores relating to balance amount had been kept under proper shelter and there was no perceptible deterioration in their condition.

From the comments of Ministry it is apparent that on being pointed out by Audit, the Ministry took action to recoup the loss of Rs. 3.27 lakhs in respect of rejected items of Steel Trunks, Hand Towels, Durries, Stove Heating and Soap Laundry and Parat Small. But rejected stores viz, Jungle Shoes, Woollen blankets and Durries cost Rs. 10.12 lakhs are still lying with the Indo-Tibetan Border Police and have been neither taken on stock nor returned to supplier.

24. Irregularities and defects in maintenance of initial records

24.1 Financial irregularities and defects noticed during local audit are included in the Inspection Reports issued to the Departmental officers for necessary action. Settlement of 613 Inspection Reports containing 2246 Paragraphs issued to various Departments of the Ministry of Home Affairs upto 31st December 1984 was pending on 30th June 1985. The Yearwise details given in Appendix III bring out that some of the paragraphs of the Reports had remained outstanding since 1962-63 and in the case of 89 Reports involving 573 paragraphs even first replies were not received.

24.2 The irregularities noticed broadly relate to non-observance of rules relating to handling of cash, non-maintenance of store accounts properly, inadequate security from officials handling cash or stores, defective maintenance or non-maintenance of log books of staff cars, purchase of stationery in excess of authorised limit, delay in recovery or non-recovery of advances, excess payment of grants, improper maintenance of GP Fund accounts of Group 'D' Staff, etc.

24.3 Some important points remaining outstanding are mentioned below briefly :—

- The cost of deployment of various battalions of the Central Reserve Police Force (CRPF) to different States for the maintenance of internal security etc. amounting to Rs. 21 crores (Approx.) had not been recovered till January 1984. No effective steps were taken to effect the recoveries. CRPF units were also deployed to the Bharat Cooking Ltd. and the Eastern Coal Fields Ltd. Rs. 11.71 lakhs and Rs. 24.71 lakhs were

outstanding against the Bharat Cooking Ltd. (1978-79) and Eastern Coal Fields Ltd. (1975-76 to 1977-78 and 1979-80) respectively. Reasons for non-recovery of these amounts were not available.

- According to Government of India, Ministry of Home Affairs instructions, the cost of deployment of Border Security Force on internal security duty in States is recoverable from the concerned State Governments. An amount of Rs. 119.86 lakhs was recoverable from various State Governments as on 31st March 1983. Latest position of the the outstandings is still awaited.
- A plot of land measuring 75.1 acres was purchased in September 1976 at a cost of Rs. 1 lakh at Zunhebto, Nagaland for locating the permanent Headquarter of the Battalion No. 111 and 112.

Another plot of land measuring 74.9 acres was also purchased at a cost of Rs. 1 lakh for bringing two battalions namely (No. 111 and 112) to the same place. The entire land measuring 150 acres acquired at a cost of Rs. 2 lakhs for permanent location of the two battalions was lying unutilised (June 1985). Ministry's comments are still awaited.

- The following amounts were paid to Greh Kalyan Kendra by the Department of Personnel and Administrative Reforms during the year 1976-77 to 1978-79.

Year	Amount
	(Rupees in lakhs)
1976-77	5.40
1977-78	5.97
1978-79	4.85
	16.22

As per G. I. decision No. 1(b) below rule 151(2) of the General Financial Rules, upto 50 per cent of total annual grant can be released without receiving the audited statements of accounts and in exceptional circumstances upto 75 per cent. It was, however, noticed that the entire grant for the year 1977-78 and three fourth of the grant for 1978-79 were released without receiving

the audited statements of accounts for the years in violation of the rules.

- Steel folding cots numbering 1500 and costing Rs. 1.65 lakhs including sales tax, received by the Inspector General of Border Security Force, Jammu, from M/s D.S.C.O. Co-operative Industrial Society Ltd., New Delhi, through Director General, Supplies and Disposals were neglected as these were found sub-standard/below specifications, when inspected in November 1983 and again in August 1984, these were returned to the firm in September 1984. An amount of Rs. 1.57 lakhs being 95 per cent of the bills was paid to the firm in July 1983. The cots had not been replaced by the firm (January 1986).
- The Director General, Border Security Force stated (January 1986) that as far as the recoveries and replacement of stores were concerned the subject comes under the purview of DGS&D who had been requested for early settlement of the case.
- In spite of repeated mention by Audit since 1970-71, the Director General Border Security Force, had not recovered the amount of Rs. 19.57 lakhs over paid towards ration money, house rent allowance and charges on account of telephone calls in excess of the prescribed limit and other allowances from the Border Security Force Personnel and Officers. Out of this, a recovery of Rs. 1.88 lakhs on account of ration money was waived by the Ministry of Home Affairs and only Rs. 0.15 lakh on account of excess telephone calls was recovered thus leaving a balance of Rs. 17.54 lakhs remaining outstanding on June 1983. No further progress of recovery had been reported.
- During the Course of Audit of the Office of Inspector General of Police, Chandigarh, it had been noticed that Stores/Stock Register of Arms and Ammunition and other ordinary store was not being checked properly as required under Rule 516 of Public Rules. This omission resulted in shortage of certain articles such as, Short Range Shells (120), Long Range Shells (120), Speed Heat Grenades (144), and Empty Drums (40).

MINISTRY OF HUMAN RESOURCE DEVELOPMENT.

(Department of Education)

25. Non-adjustment of advances to institutions for payment to Scholars/Fellows

25.1 Under external scholarship and cultural exchange schemes the External Scholarship Division of the Department of Education sanctions and draws in advance amounts payable to awardees on account of scholarship, fellowship, maintenance allowance, outfit allowance, book allowance, tuition fee etc. These advances are remitted to the institutions in India where the awardees study or are likely to study, for disbursement to them with the clear instructions that receipts may be obtained from each awardee student for amounts paid to him/her every month. The institutions are required to submit to the Department quarterly statements of accounts in respect of each awardee alongwith payees' receipts, sub-vouchers, etc. To watch the disbursement of these scholarships etc., to awardees and to ensure the receipt of accounts and unspent amounts from the institutions, the Department did not maintain any control records which were required to be maintained from April 1969 as per instructions issued by the Ministry of Finance. Control registers called objection books were, however, started by the Ministry from 1979-80 onwards. According to these registers out of 7581 items of such advances amounting to Rs. 190.29 lakhs, 4096 items amounting to Rs. 91.75 lakhs were outstanding against various institutions as detailed below :

Year	Advances paid		Advances Outstanding	
	Items	Amount	Items	Amount
	(Rupees in lakhs)		(Rupees in lakhs)	
1979-80	1495	34.88	712	15.00
1980-81	1610	39.70	927	21.64
1981-82	1553	37.21	833	20.11
1982-83	1402	35.78	680	13.61
1983-84	1521	42.72	944	21.39
TOTAL	7581	190.29	4096	91.75

25.2 The Institution wise details of the outstanding amounts were, however, not available in the records of the Department.

25.3 The amount of advances still outstanding for adjustment for the period prior to 1979-80 was not

available in the absence of any records kept by the Department. The Ministry stated (May 1985) that settlement of accounts prior to 1979-80 was watched on the office copies of bills kept in the respective files which had already been weeded out during September 1981 to February 1983. The Ministry could not produce any records to show that receipt of adjustment accounts and payees' receipts in respect of the amounts of advances paid prior to 1979-80 was ensured from all the institutions before the weeding out of the bills on which amounts were drawn as advances. The Ministry further stated (November 1985) that the educational institutions had not adequately responded to their request for submission of quarterly accounts in respect of each awardee duly supported by the payee's receipts etc.

MINISTRY OF LABOUR

26. Rehabilitation of Bonded Labour

26.1 Introductory

26.1.1 The System of debt bondage in India is the outcome of certain categories of indebtedness which have been prevailing for a long time involving certain economically exploited, helpless and weaker groups of the society. Bonded Labour System originated from the uneven social structure characterised by feudal and semi-feudal conditions.

26.1.2 The bonded labour system was abolished by law throughout the country with effect from 25th October 1975 under the Bonded Labour System (Abolition) Act, 1976. On the enforcement of the Act, all bonded labourers stand legally freed and discharged from any obligation to render bonded labour and their debt liquidated.

26.1.3 Under the Act, identification, release and rehabilitation of bonded labourers is the responsibility of the State Governments. For this purpose, the State Government concerned conferred necessary powers upon the District Magistrates who were to be assisted by Vigilance Committees to be constituted at the district as well as sub-divisional level. The released bonded labourers were being rehabilitated under certain on-going Schemes by the State Governments till May 1978 when the Centrally Sponsored Scheme for Rehabilitation of Bonded Labourers was introduced. The Scheme envisaged rehabilitation grant upto a maximum of Rs. 4,000 per bonded labourer, half of which was to be treated as Central share and the other half being met by the State Government.

26.2. Objectives

26.2.1 The Central Objective of the Scheme was to provide to the bonded labourers, gainful employment on the one hand and income generating units on the other hand to ultimately lift them above the poverty line.

26.2.2 Schemes for Rehabilitation

The bonded labourers were required to be rehabilitated under one of the following schemes :—

- (a) *Land Based.*—Allotment of land, development, improvement and reclamation of land and provision of credit facilities, seeds, fertilizers, irrigation bullocks, agricultural implements and other inputs.
- (b) *Non-land based.*—Provision of milch cattle, cows, buffaloes, pigs, goats, sheep etc. depending upon the social sensibilities of the bonded labourer and physical environment, extension of the coverage of veterinary services and institutional link-up for marketing of produce.
- (c) *Skill/Craft based.*—Identification of skill/craft, training and supply of raw material, implements, working capital, work shed, linkage with market through cooperatives or other State-aided institutions.
- (d) *Others.*—Such as cooperative Schemes.

26.3. Organisational Set-up

26.3.1 At the Centre, the coordination, supervision and control of rehabilitation of bonded labourers under the Act is the responsibility of the Ministry of Labour. A Bonded Labour Cell functions under the Director General (Labour Welfare). Till 4th July, 1983, there was a Screening Committee with representatives from the Ministry of Finance, Ministry of Home and Ministry of Labour, Department of Rural Development and the Planning Commission which scrutinised and sanctioned the rehabilitation schemes. Thereafter, all rehabilitation Schemes were to be screened and sanctioned by the State Government at the State level and the requirement of formal submission of the schemes to the Ministry of Labour was dispensed with. The incidence of Bonded Labour was in existence in 12 States (Andhra Pradesh, Bihar,

Gujarat, Haryana, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Orissa, Rajasthan, Tamil Nadu and Uttar Pradesh). No Central Assistance was however, obtained by Maharashtra.

26.4. Implementation of the Programme

26.4.1 *Vigilance Committees.*—As per the Act, Vigilance Committees were required to be constituted at district level and sub-divisional level for successful planning, implementation and coordination of the programme. In spite of the great importance of the functions assigned to these Committees, a number of States did not take action to constitute them.

26.4.2 The Ministry of Labour took up the matter with the State Governments in January 1983. The Ministry informed Audit in April 1985 as under :—

- (i) Vigilance Committees have been set up in all districts and sub-divisions in 8 States/Union Territories (Arunachal Pradesh, Assam, Gujarat, Haryana, Himachal Pradesh, Nagaland, Tamil Nadu and Delhi).
- (ii) In 11 States/Union Territories (Andhra Pradesh, Bihar, Kerala, Madhya Pradesh, Maharashtra, Meghalaya, Orissa, Rajasthan, Uttar Pradesh, West Bengal and Pondicherry), these Committees have been set up except in a few districts/sub-divisions.
- (iii) In other 9 States/Union Territories (Jammu and Kashmir, Karnataka, Mizoram, Punjab, Sikkim, Tripura, Andaman & Nicobar Islands, Dadra and Nagar Haveli and Goa, Daman and Diu), they were taking action to constitute/reconstitute the defunct Committees.

The Ministry informed Audit in March 1986 that in Sikkim and Dadra and Nagar Haveli also the Committees have been set up except in a few districts and sub-divisions.

26.4.3 The information relating to constitution of Vigilance Committees in various divisions, sub-divisions of the respective States collected by Audit is indicated in Annexure I.

26.4.4 *Records to be maintained by the Vigilance Committees.*—As per Rule 7 of the Bonded Labour System (Abolition) Rules, 1976, every District

Vigilance Committee was required to maintain registers containing names and addresses of freed bonded labourers, statistics relating to Vocation, Occupation and income of every freed bonded labourer and details of the benefits received by them including benefits in the form of land, inputs for agriculture, training in handicrafts and allied occupation, loans at differential rates of interest or employment in urban areas or semi-urban areas.

In the course of Audit it was observed that none of these prescribed registers had been maintained correctly and upto date and in some cases the registers had not been maintained at all as indicated in Annexure II.

In the absence of proper maintenance of these registers, it would have been difficult not only to formulate the schemes for rehabilitation of freed bonded labourers, but also to utilise funds sanctioned and released under the Centrally Sponsored Scheme as by the time the funds were received the whereabouts of the persons would not be known making the task of socio-economic rehabilitation of freed bonded labourers almost impossible.

26.4.5 *Meetings of the Vigilance Committees.*—Vigilance Committees have to meet periodically and at least twice a year. It was noticed that these Committees were not meeting regularly.

A test check of the records in some of the State Government revealed the position as indicated below :—

- (a) In Andhra Pradesh, no district level meetings were held during 1983-84 in any of the 4 districts test checked and only one meeting each was held in 2 districts in the year 1984-85. Out of 13 sub-divisions of these districts, Vigilance Committees had not been constituted in 2 sub-divisions, only 5 meetings in 4 sub-divisions were held during 1984-85. No information was available with the collector about 7 sub-divisions.
- (b) In Bihar, out of 12 districts, test checked, no meetings of the Vigilance Committee were ever held in 7 districts while these were not held twice a year in 4 districts.
- (c) In Tamil Nadu, out of 6 districts test checked, District Vigilance Committees did not

meet at all during 1982 in 4 districts, and during 1983 and 1984 in 2 districts. It met only once a year in Madurai district. Out of 19 sub-divisions test checked the Committees did not meet in two sub-divisions and met only once a year in 6 sub-divisions.

- (d) In Madhya Pradesh, no meetings of the Committees were held during 1976-77 to 1984-85 in 4 out of 11 districts test checked. In the remaining 7 districts only 15 meetings were held against 98 meetings required to be held.
- (e) In Orissa, no meetings of the Vigilance Committees were held.
- (f) In Rajasthan, one meeting each was held in 5 districts and 6 sub-divisions during 1984-85 out of 27 districts and 85 sub-divisions for which information was available.
- (g) In Uttar Pradesh only 2 meetings were held in 1983 and 9 in 1984 in 9 districts test checked.

26.5 Pattern of Finance and Central Assistance

26.5.1 Centrally Sponsored Scheme.—The State Governments were provided Central assistance on matching (50 : 50) basis for rehabilitation of bonded labourers. The Scheme envisaged provision of rehabilitation grant upto a ceiling limit of Rs. 4,000 per bonded labourer, half of which was to be given by the Central Government to the State Governments as Central assistance. The bonded labour was required to be given assistance by the State Governments in kind upto a ceiling of Rs. 4,000 under land based, non-land based or skill/crafts based schemes.

Apart from the resources under the Centrally Sponsored Scheme the Blue Print on Rehabilitation of Freed Bonded Labourers (September 1982) recommended that if the amount of Rs. 4,000 was not sufficient to rehabilitate a bonded labourer, the State Governments could utilise funds available under certain on-going schemes, non-plan resources and institutional finance.

26.5.2 Central Outlay and Corresponding release of Central Assistance.—Yearwise approved plan out-

lay, budget provision and actual amount released there against for the scheme is indicated below :—

Year	Approved Annual plan outlay	Budget Provision	Central Assistance released
(in lakhs of rupees)			
1978-79	100.00	100.00	97.64
1979-80	100.00	100.00	53.62
1980-81	200.00	200.00	198.94
1981-82	250.00	250.00	250.03
1982-83	200.00	269.10	269.05
1983-84	450.00	421.00	217.07
1984-85	450.00	529.00	529.71
Total	1750.00	1869.10	1616.06

The Planning Commission had approved a total outlay of Rs. 25 crores for the Sixth Five Year Plan (1980—85) while annual plan outlay for the plan period totalled Rs. 15.50 crores. The Central assistance actually released during this period was to the extent of Rs. 1464.80 lakhs against the budget provision of Rs. 1669.00 lakhs.

26.5.3 Release of funds.—During the period from 1978-79 to 1984-85 an amount of Rs. 1817.93 lakhs was to be released against approved schemes as Central assistance to the State Governments as 50 per cent share of the Central Government for the rehabilitation of 99,536 freed bonded labourers. Against this, Central assistance amounting to Rs. 1616.06 lakhs was actually released to the State Governments and a further amount of Rs. 13.62 lakhs representing unspent balance with the State Governments was adjusted by short release of Central assistance as detailed in Annexure III. The remaining amount of Rs. 188.25 lakhs forming part of the schemes to rehabilitate 23,166 freed bonded labourers in 8 States (Bihar, Karnataka, Kerala, Madhya Pradesh, Orissa, Rajasthan, Tamil Nadu and Uttar Pradesh) has not so far (May 1985) been released although these were payable in 1978-79 (Rs. 0.55 lakh), 1979-80 (Rs. 1 lakh), 1980-81 (Rs. 86.90 lakhs), 1981-82 (Rs. 38.97 lakhs), 1982-83 (Rs. 12.65 lakhs), 1983-84 (Rs. 31.03 lakhs), and 1984-85 (Rs. 17.15 lakhs). (Statewise details are given in Annexure IV). There was also inordinate delay in releasing grants amounting to Rs. 168.42 lakhs in respect of 19,920 freed bonded labourers in 6 States (Andhra Pradesh, Bihar, Karnataka, Orissa, Kerala and Tamil Nadu) the delay being 3 to 4 years (Rs. 21.44 lakhs), 2 to 3 years (Rs. 18.29 lakhs), 1 to 2 years (Rs. 128.69 lakhs) (Statewise details in Annexure V).

The Ministry stated (March 1986) that delay in release of assistance in these cases was on account of non-receipt of utilisation certificates from the State

Governments for the grants given for the districts involved in the preceding years.

26.5.4 *Excess Central Assistance*.—The table below shows the Central assistance released in excess/short to 9 States during the period from 1978-79 to 1984-85.

Sl. No.	Name of the State	Central assistance released as per Ministry's records	Total actual expenditure under centrally sponsored scheme	Central assistance admissible i.e. 50% of total actual expenditure	Excess(+) Shortfall (—)
1	2	3	4	5	6
(Rupees in lakhs)					
1.	Andhra Pradesh	205.40	—*	—*	—
2.	Bihar	93.74§	165.86§	82.93§	(+)10.81§
3.	Karnataka	398.38	899.21	449.60	(—)51.22
4.	Kerala	9.53	4.43	2.22	(+)7.31
5.	Madhya Pradesh	21.59	19.70	9.85	(+)11.74
6.	Orissa	547.30**	526.16	263.08	(+)284.22
7.	Rajasthan	42.07	80.36	40.18	(+)1.89
8.	Tamil Nadu	14.23	32.76	16.38£	(—)2.15
9.	Uttar Pradesh	225.43	469.73	234.86	(—)9.43
		1557.67	2198.21	1099.10	(+)253.17*

*Excluding the figure of Andhra Pradesh, as the expenditure figures are not available. The State Government/Directorate had no information on the amounts actually spent by the implementing agencies at the district level.

§Position for 7 test checked districts only.

£Position upto August 1984 only.

**Out of this Rs. 1 lakh was stated to have not been drawn by the State Government.

Significantly, in Kerala, Madhya Pradesh and Orissa, the total expenditure fell short of the total Central assistance released.

26.5.5 *Awaited Utilisation Certificates*.—As per instructions issued by the Ministry on 3rd September 1982, the State Governments were required to furnish utilisation certificates latest by 30th April of the year following financial year to which the grant pertained.

Serial No.	Name of the State	1982-83		1983-84		1984-85	
		Targets	Achievements	Targets	Achievements	Targets	Achievements
1	2	3	4	5	6	7	8
1.	Andhra Pradesh	5600	1820	1590	2328	2614	2083
2.	Bihar	4958	4036	2872	3032	1500	1785
3.	Karnataka	12154	12311	10000	2656	10000	7284
4.	Kerala	720	72	292	173	250	..
5.	Madhya Pradesh	135	264	250	248	1143	832
6.	Maharashtra	..	..	..	..	250	319
7.	Orissa	7500	12841	7500	6234	10000	4952
8.	Rajasthan	200	114	..	..	275	564
9.	Uttar Pradesh	4249	4249	5000	412	4000	4009
10.	Tamil Nadu	312	312	1300	2060	1294	1554
	Total	35828	36019 (100.5%)	28804	17143 (59.5%)	31326	23382 (74.6%)

It was, however noticed that as on 31st August 1984, utilisation certificates for the grant released by the Government of India, to the extent of Rs. 426.31 lakhs were still awaited from the State Governments. State wise break up thereof is indicated below :—

Sl. No.	Name of the State	Amount of Central Assistance released upto March 1984	Amount for which utilisation certificate received	Amount for which utilisation certificate pending	Percentage of Column 5 to Column 3
1	2	3	4	5	6
(Amount in lakhs of rupees)					
1.	Andhra Pradesh	122.24	105.90	16.34	13.37
2.	Bihar	123.79	63.22	60.57	48.93
3.	Gujarat	0.39	..	0.39	100.00
4.	Karnataka	349.29	102.86	246.43	70.55
5.	Kerala	9.53	3.77	5.76	60.44
6.	Madhya Pradesh	20.08	5.53	14.55	72.46
7.	Orissa	244.85	233.21	11.64	4.75
8.	Rajasthan	41.30	19.98	21.32	51.62
9.	Tamil Nadu	10.04	0.64	9.40	93.63
10.	Uttar Pradesh	164.84	124.93	39.91	24.21
	Total	1086.35	660.04	426.31	39.24

Utilisation certificates were awaited for Rs. 426.31 lakhs pertaining to the years 1978-79 (Rs. 21.35 lakhs), 1979-80 (Rs. 10.01 lakhs), 1980-81 (Rs. 82.51 lakhs), 1981-82 (Rs. 57.72 lakhs), 1982-83 (Rs. 55.68 lakhs) and 1983-84 (Rs. 199.04 lakhs).

26.5.6 *Targets for rehabilitation of bonded labourers*.—Targets for rehabilitation of freed bonded labourers, fixed by the Planning Commission for the year 1982-83, 1983-84 and 1984-85 for the states where bonded labourers had been identified and the corresponding achievements there against as intimated by the Ministry of Labour are shown in the table below :—

26.5.7 Number of bonded labourers rehabilitated.—

As per records of the Ministry of Labour as on 31st March, 1985, 1,79,355 bonded labourers were identified and 1,21,468 were rehabilitated leaving 57,887 bonded labourers still to be rehabilitated. The test check of the records of 9 State Governments revealed that the position as per the Ministry's information and as per the records of the State Governments as on 31st March 1985 was as under :—

Name of the State	As per Ministry's records		As per States' records	
	Number identified	Number rehabilitated	Number identified	Number rehabilitated
1	2	3	4	5
Andhra Pradesh	13936*	11755	14576	12837
Bihar	9717	8766	10276	7906
Gujarat	63	63	—§	—§
Haryana	316	21***	—	—
Karnataka	62689	24754	62807	24834
Kerala	829	820	829	536
Madhya Pradesh	2861	2851	2861	1076
Maharashtra	613	540	—§	—§
Orissa	35850	23799	40309	24659
Rajasthan	6652	4072	6652	2567
Tamil Nadu	33076	33056	33076	32930
Uttar Pradesh	12753**	10971**	12733	12709
	179355	121468	184119	120054

*Upto 30th September 1984.

**Upto 28th February 1985.

§Figures not available.

***Of the remaining 295, 72 were repatriated to their native places in other states, 119 migrated of their own and 2 expired.

The table reveals marked disparity in the figures of bonded labourers rehabilitated in respect of the State of Bihar, Kerala, Madhya Pradesh and Rajasthan.

26.6 Diversion/Misuse of Central Assistance

26.6.1 During the review of the accounts of the Centrally Sponsored Scheme in the States, the following kinds of diversion of funds amounting to Rs. 125.61 lakhs for unauthorised purposes came to notice.

26.6.2 The Centrally Sponsored Scheme precludes from its scope the expenditure on construction activities incidental to the rehabilitation work. For example, construction of houses for bonded labourers, dug wells, cattle/poultry sheds were to be constructed by the State Governments out of their own funds or certain on-going schemes. Contrary to this provision, it was noticed that :—

- (a) In Karnataka, an amount of Rs. 12.41 lakhs was used to finance Peoples' Housing Scheme in one district in May 1984; the amount was, however, recouped in November 1984. Another amount of Rs. 5 lakhs was diverted to National Rural Employment Programme in November 1984 and is yet to be recouped (May 1985).
- (b) An expenditure of Rs. 2.09 lakhs was incurred by the Government of Andhra Pradesh for construction of Community cow shed and irrigation wells (Rs. 0.54 lakh), dairy schemes by Small Farmers Development Agency (Rs. 0.06 lakh), unremunerative irrigational wells (Rs. 1.11 lakhs) and purchase of lorry (Rs. 0.38 lakh).
- (c) In Rajasthan, an amount of Rs. 13.11 lakhs was given as assistance for construction of houses to 1148 released bonded labourers during the period 1982-83 to 1984-85.
- (d) In Orissa, test check revealed the following cases of misutilisation/diversion of funds provided under the scheme :—
 - (i) A sum of Rs. 24.33 lakhs spent on Economic Rehabilitation of Rural Poor during 1981-82 to 1984-85 in 8 blocks was treated to have been spent on rehabilitation of bonded labourers without actual identification and registration as such. The amount was credited to the Personal Ledger Accounts of Panchayat Samities to augment their funds.

- (ii) A total amount of Rs. 1.55 lakhs in 2 blocks was diverted and utilised for certain other purposes including other expenses of the block.
- (iii) An amount of Rs. 67.12 lakhs was spent in 14 blocks on raising plantations for rehabilitation of bonded labourers instead of meeting the expenditure from the funds of the State Government.

26.6.3 In certain cases, instead of providing immediate assistance to the freed bonded labourers, funds were deposited with certain agencies or banks as indicated below :—

- (a) In Karnataka, an amount of Rs. 27 lakhs was deposited in banks in a district in December 1982 as short term deposits but was withdrawn in March 1983. The banks charged a Commission of Rs. 0.05 lakh at the time of withdrawal while allowing interest on such deposits.
- (b) In Madhya Pradesh, an amount of Rs. 14.38 lakhs drawn out of Central Assistance during 1978-79 was paid as advance in March 1979 to Madhya Pradesh State Tribal Co-operative Development Federation which was not connected in any way with rehabilitation of bonded labourers. This was done to avoid lapse of Central Assistance. The amount was refunded by the Federation in July 1980. Significantly, out of total Central Assistance of Rs. 21.59 lakhs released to the State Government during 1978-79 to 1984-85 only Rs. 4.52 lakhs could be utilised.
- (c) In Karnataka, the District Rural Development Societies, Mysore, Shimoga, Kolar, Hassan and Chickmagalur had realised a total amount of Rs. 9.58 lakhs towards interest on deposits retained in banks out of the assistance released. Of this, Rs. 0.16 lakh were credited to Government in 1983-84 in Hassan and Rs. 0.05 lakh were utilised on the scheme in Kolar during 1984-85. The balance of Rs. 9.37 lakhs remained with the Societies (June 1985).

26.6.4 In Karnataka where an amount of Rs. 97.24 lakhs was spent in one district to rehabilitate 2441 bonded labourers, the Deputy Commissioner apprehended a large scale misuse of funds, such as (i) the capital goods disbursed in many cases were never brought to the villages, (ii) Rs. 1000 in

cash was disbursed to bonded labourers (the information relating to number of bonded labourers was not available) instead of giving capital goods, and the remaining amount was misutilised, (iii) benefits were given to persons other than those identified; (iv) one person acted as middleman who hired the capital goods for a day and later returned them to original owners and, thereafter, the grants were divided between him and officials after giving small amounts to the beneficiaries. In this way a small group of persons knocked off the benefits and divided it among themselves. The Government ordered an enquiry in February 1984, by the Corps of Detectives which is still in progress (June 1985).

26.6.5 An amount of Rs. 14 lakhs was released by the Government of India in 1978-79 for the rehabilitation of 700 released bonded labourers in one District of Rajasthan. The work of rehabilitation was proposed to be got done through a Samiti which was registered on 19th March 1979. An amount of Rs. 28 lakhs (including State's share of Rs. 14 lakhs) was placed at the disposal of the Samiti. The Samiti in turn deposited this amount in a Co-operative Bank on 27th March 1979. All the 700 freed bonded labourers were made the members of the Samiti having shares of Rs. 4000 each. The utilisation certificates for the full amount were furnished to the Ministry of Labour in May 1979 but the work of rehabilitation of these bonded labourers was actually taken up only in 1982-83.

26.7 Identification of bonded labourers and their release from bondage :

26.7.1 So far bonded labourers have been identified by the State Governments in 12 States. The Ministry, when requested to intimate reasons for non-identification of bonded labourers in the remaining States, replied (April 1985) that these States had been denying the existence of bonded labourers. The Ministry also stated (June 1985) that it was not aware whether these States had conducted house to house surveys to detect bonded labourers as had been suggested to them in May 1982.

In its Report, (March 1984) the Programme Evaluation Organisation of the Planning Commission had pointed out that the task of identification had not been taken up by the States seriously by undertaking systematic house hold surveys. It further stated that some of States did not want to admit existence of bonded labour as it might bring bad name to them. The Report also incorporated a comparative study of the number of bonded labourers estimated by State

Governments and National Sample Survey Organisation as indicated below :—

Sl. No.	Name of the State	As estimated by State Governments	As estimated by National Sample Survey Organisation
1	2	3	4
1.	Andhra Pradesh	12,701	7300
2.	Assam . . . . .	..	4400
3.	Bihar	4,218	102400
4.	Gujarat	42	4200
5.	Haryana . . . . .	..	12900
6.	Himachal Pradesh . . . . .	..	..
7.	Jammu & Kashmir . . . . .	..	900
8.	Karnataka	62,689	14100
9.	Kerala	700	400
10.	Madhya Pradesh	1,531	116200
11.	Maharashtra . . . . .	..	4300
12.	Manipur . . . . .	..	..
13.	Meghalaya . . . . .	..	..
14.	Nagaland . . . . .	..	..
15.	Orissa	337	5400
16.	Punjab . . . . .	..	4300
17.	Rajasthan	6,000	2400
18.	Tamil Nadu	27,874	12500
19.	Tripura . . . . .	..	..
20.	Uttar Pradesh	4,469	31700
21.	West Bengal . . . . .	..	21600
22.	All Union Territories . . . . .	..	..
	Total	1,20,561	3,45,000

The estimates by the National Sample Survey Organisation (N.S.S.O) were forwarded by the Ministry to the State Governments in May 1982. The Government of Maharashtra reported in July 1982 that 292 bonded labourers had since been identified. In February 1984, the Ministry informed the State Governments that the figures of bonded labourers indicated by the National Sample Survey Organisation (N.S.S.O) were estimated figures arrived at on the basis of random survey and were meant only for guidance to be kept in view at the time of conducting periodical surveys to ascertain existence of bonded labourers. Neither there was evidence to show nor was the Ministry of Labour aware whether such periodical surveys were done by the State Governments which had reported non-existence of bonded labourers.

26.7.2 The process of identification of bonded labourers was intended to be a time bound programme as otherwise the system of bonded labour would continue even after it has been legally abolished. In effect, the identification process has become continuous even after over nine years of the enforcement of

the Act. This is being continued in the Seventh Five Year Plan also. On being pointed out by Audit, the Ministry stated (April 1985) that no specific probe has been made by the Ministry into the factors contributing to delay or difficulties encountered by the State Governments in the process of identification of bonded labourers.

26.7.3 Although the Act is applicable to Urban as well as rural population there was no evidence to show that attempts had been made to identify bonded labourers in the Urban Population. When specifically requested to intimate the number of bonded labourers identified in the Urban population, the Ministry replied (May 1985) that this information was not available.

26.7.4 *Release Certificates.*—In the National Seminar conducted in collaboration with the National Labour Institute in February 1983 there was a consensus that release certificates should be issued to the freed bonded labourers. The proceedings of the Seminar were sent by the Ministry to the State Governments in June 1983. In October 1983, the Government of India issued instructions to the State Governments to indicate, in the monthly progress reports, by opening an additional column, whether, after identification and release, a formal certificate of release has been issued by the competent authority (District Magistrate or Sub-Divisional Magistrate). A scrutiny of the available monthly progress reports (June 1984 to March 1985) revealed that in 2 States (Gujarat, Karnataka), these certificates were reported to have been issued. In 2 States (Bihar, Kerala), the certificates were not issued, in 3 States (Maharashtra, Madhya Pradesh and Uttar Pradesh) no information was available, in the case of Rajasthan the information was reported to have been sent through wireless or letters etc.

The Ministry replied (July 1985) that it was not maintaining any records in respect of the number of released bonded labourers to whom release certificates had been issued by the concerned State Governments.

A test check of records of the State Governments, however, revealed as under :—

- (i) In 2 districts of Rajasthan release certificates for 3488 bonded labourers had not been issued;
- (ii) In 11 districts of Madhya Pradesh release certificates had been issued in 788 cases only out of 2017 bonded labourers released upto 1984-85;
- (iii) In 3 districts of Karnataka, most of the released bonded labourers had not been

issued certificates. In Orissa, certificates were not issued to 35650 out of 36105 bonded labourers.

26.8 Rehabilitation of bonded labourers :

26.8.1 *Timelag between release and rehabilitation.*—It was emphasised in the Report on National Seminar on Identification and Rehabilitation of Bonded Labour held in February 1983 in collaboration with the National Labour Institute that release of a bonded labourer not followed immediately by rehabilitation would always force the labourer to go back to his old master and bondage. Copies of this Report were sent by the Ministry of Labour to the State Governments in June 1983.

A test check of the records of State Governments revealed that there was substantial time lag between release and rehabilitation of bonded labourers. In 4 States (Karnataka, Kerala, Rajasthan and Uttar Pradesh) and 33 districts test checked (Andhra Pradesh-4, Bihar 7, Madhya Pradesh-11, Orissa 5 and Tamil Nadu-6), the time-lag between release and rehabilitation in respect of 55,876 bonded labourers rehabilitated is indicated below :—

Time lag	Number of bonded labourers.	Percentage
No time lag	2,249	4.02
Less than 1 year	9,972	17.85
1 to 2 years	4,770	8.54
2 to 3 years	5,746	10.28
3 to 5 years	4,910	8.79
More than 5 years	28,229	50.52
	55,876	100.00

State wise break up is as indicated in the Annexure VI. While only 4 per cent bonded labourers were rehabilitated without any time lag, in 51 per cent cases there was delay of more than 5 years in rehabilitation after release from bondage.

26.8.2 *Scheme for rehabilitation.*—In majority of cases adequate efforts were not made to identify viable schemes/programmes for the rehabilitation of the released bonded labourers. The programme Evaluation Organisation, in its report (March 1984) revealed that in majority of cases where land was allotted, it was reported to be not of good quality except in a few districts like Medak and Ranga Reddy (Andhra Pradesh), no irrigation facilities were made available due to which the beneficiaries were not able to utilise the allotted land; in a good number of cases where milch animals were provided the breed was of improved variety which required clean surroundings, a shed to avoid extremes of temperature and good feed arrangements besides, veterinary facilities. In

the absence of such congenial surroundings, the animals died. The Report further pointed out that there was no arrangement for marketing of milk and other products in 17 out of 18 districts surveyed. In 10 out of 18 districts surveyed, schemes were chosen by the implementing authorities and either no choice was allowed or there was no scope of choice because the programme was limited.

A test check of the records of the State Governments in Audit revealed the following position :—

- (i) In Madhya Pradesh, there was nothing on record to show that the freed bonded labourers were consulted to ascertain their choice or aptitude as contemplated before formulating the schemes. In respect of 8 schemes involving 78 bonded labourers, during 1980-81 to 1983-84, the beneficiaries either refused to accept the schemes sanctioned or desired a different scheme than the one sanctioned. In 58 cases the beneficiaries were provided assistance for schemes other than those sanctioned and in 26 cases Rs. 0.90 lakh could not be utilised because of refusal by beneficiaries to accept the scheme.
- (ii) In Rajasthan, agricultural land measuring 8,507 bighas, 8 biswas had been allotted to 759 bonded labourers out of 3,314 got released in a district. In a survey conducted by the Revenue staff of the State Government during 1981 it was observed that 141 persons were not cultivating the lands allotted to them—34 for want of means of cultivation, 26 due to the land being uncultivable and for 81 reasons were not known.
- (iii) Cultivable lands measuring 779.22 acres were assigned to 526 freed bonded labourers in 5 districts in Tamil Nadu. The Tehsildar of one district reported in November 1983 that :—
 - (a) Only 15 out of 232 persons to whom lands were assigned had brought them under cultivation.
 - (b) 67 persons who received bank loan assistance of Rs. 2.10 lakhs could not cultivate the lands due to climatic conditions, encroachments and improper demarcation and allotment. Most of them were reported to have gone back to their original places to work as coolies.

(iv) In Kerala, 170 persons were supplied with 5 goats each during 1983-84 as rehabilitation assistance. In one district, 75 per cent of the 150 goats supplied (May 1984) were reported dead (November 1984) which was attributed to lack of experience of the beneficiaries in maintenance of goats. In another district, majority of the 50 goats supplied were no longer with the beneficiaries. In none of the above cases, the aptitude of the beneficiaries for maintaining the goats was ascertained :—

- (a) 200 freed bonded labourers were reportedly rehabilitated in the Industrial Gem cutting Co-operative Society in Thirupanjali village in Tiruchirapalli district of Tamil Nadu, although its total membership ranged from 51 to 60 only and the members employed ranged from 15 to 17. The Secretary of the Society stated (February 1985) that members who were not employed by the society had gone back to work under their old masters.
- (b) In one district, a Society in which 69 freed bonded labourers were employed in 1976-77 was wound up in October 1984 due to continued loss in working. The object of employing them in the Society was not achieved.

26.8.3 *Non integration of Centrally Sponsored Scheme with other schemes.*—The State Governments had represented from time to time that the rehabilitation assistance of Rs. 4,000 per bonded labourer was totally inadequate for formulating any worth while schemes for rehabilitation and pleaded for enhancement of the ceiling. It was emphasised in the 'Blue Print on the Rehabilitation of freed Bonded labourers' that the amount available under the Centrally Sponsored Scheme being extremely limited, it was desirable that funds under the different on going schemes should be integrated with the former so that the objective of a more purposeful rehabilitation was achieved. In the National Seminar on identification and rehabilitation of bonded labour held in February 1983, it was recommended that group approach should be adopted as far as possible because it enabled the delivery system to ensure the provision of infrastructure facilities to integrate various programmes. The Central Standing Committee was informed in March 1985 that in spite of instructions suggesting adoption of a group or community approach most of the State Governments had been rehabilitating the bonded labourers under individual beneficiary oriented schemes,

where there was no pooling of resources from different schemes. The individual based schemes were not capable of providing meaningful rehabilitation. The Evaluation Report of the Programme Evaluation Organisation of the Planning Commission (March 1984) revealed that out of 18 districts of different States surveyed, only in one district some efforts were made to give benefit to the released bonded labourers under 'Food for work Programme', 'Janta Housing Scheme' and employment under Public works Department.

A test check of the records of the State Governments showed that there were cases in which the assistance provided for rehabilitation fell short of even the ceiling of Rs. 4,000 per bonded labourer.

- (a) In 6 districts of Bihar, the quantum of assistance varied from Rs. 1,223 to Rs. 3,638.
- (b) In Tamil Nadu out of 1104 beneficiaries who received assistance between February 1981 and January 1985 in 6 districts, the quantum of assistance was less than Rs. 1,000 in 146 cases and between Rs. 1,000 and Rs. 2,000 in 768 cases.
- (c) In one district of Karnataka, out of 2,250 bonded labourers rehabilitated during the years 1981-82 and 1982-83, in 342 cases the assistance provided was below Rs. 1,000 and in 1473 cases below Rs. 1,500, in another district, it was Rs. 1,000 in the case of 10 beneficiaries.
- (d) In Andhra Pradesh, the amount of assistance provided for in the proposals submitted by collector upto November 1981 ranged between Rs. 750 and Rs. 2,000 for each bonded labourer (In one district Rs. 3,000). In one district the quantum of assistance provided for in the schemes was between Rs. 1,200 and Rs. 1,500.
- (e) In Orissa average per capita expenditure was lowest at Rs. 1,617 per beneficiary in a district and the highest at Rs. 3574 per beneficiary in another district. The State average was Rs. 2,134 against Rs. 4,000 to be spent on each bonded labourer.

26.8.4 *Rehabilitation assistance to ineligible persons.*—A test check of records of the State Governments revealed that assistance under the scheme was also given to ineligible persons. In one district of Bihar, 11 persons wrongly identified as bonded labourers were given financial assistance amounting

to Rs. 0.44 lakh; none of 829 bonded labourers identified in 4 districts of Kerala came under the definition of bonded labourer as the debtor-creditor relationship could not be clearly brought out. Out of these, 536 were actually rehabilitated by the end of March 1985 and in Madhya Pradesh, during 1983-84 and 1984-85 an amount of Rs. 7.89 lakhs was paid to 228 bonded labourers in 2 districts who had already been rehabilitated under Integrated Rural Development Programme.

The Ministry stated (March 1986) that the action of Madhya Pradesh Government was in order as the State Governments had been advised to integrate suitably the Centrally Sponsored Rehabilitation of Bonded Labour Scheme with other and poverty programmes. It was, however, noticed in Audit that in the sanction for the release of grants under the scheme there was a specific condition laid down by the Government of India that these funds were not to be utilised to give grants to bonded labourers already benefited from the Central/State Grants under other on-going schemes.

26.9 Monitoring the progress of the programme :

In the guidelines circulated by the Ministry in May 1978 the States were directed to send quarterly progress reports on the implementation of the scheme for rehabilitation of bonded labourers. Later on, in May 1982 monthly progress reports were also prescribed. These reports were available with the Ministry only from June 1984 onwards, the reports for the earlier period were stated (April 1985) by the Ministry to have been weeded out. No orders for weeding out of these reports were, however, shown to Audit. In the absence of these reports it could not be ascertained as to what extent the monitoring of the implementation of the Scheme was effective.

A test check of the records of the State Governments, however, revealed as under :—

(i) Government of Karnataka did not send the monthly progress reports from May 1982 to January 1983 and March 1983 to June 1983. It also did not send quarterly progress reports for the quarter ending 30th June 1982 to 31st March 1984 and 30th September 1984 to 31st March 1985. The monthly progress reports from April 1984 to December 1984 were, however, sent together in January 1985.

(ii) In Madhya Pradesh, against 924 monthly reports required to be sent during the period 1978-79 to 1984-85 only 224 reports were sent of which 90 were delayed for periods ranging from one month to four months and records of remaining 50 reports

were not available for test check. For the remaining 650 reports, the State Government did not receive requisite information from the districts. Scrutiny of monthly reports sent by the State Government further revealed that the reports received from the district authorities were neither scrutinised nor formed the basis for compilation of reports sent to the Government of India. The State Government stated (June 1985) that the information from districts was not received regularly and the reports sent to the Government of India were based on the report of the Labour Commissioner.

(iii) In the case of Andhra Pradesh, the monthly and quarterly reports were sent by each district to the State Government on two occasions in one district on 24th October 1978 and 31st March 1982 and once in another district on 16th March 1979. In respect of the other 2 districts test checked no reports at all were sent upto 1982-83. It was stated that from 1982-83, material was being given for the 20 Point Programme and as such no separate reports were sent.

In the case of Rajasthan, from May 1978 to April 1982 no progress reports were sent. Scrutiny of later reports indicated that the number of bonded labourers rehabilitated was shown in the reports in excess of the number actually rehabilitated.

26.10 Non-fulfilment of Central objective of the scheme

The Blue print on the rehabilitation of bonded labourers emphasised that the Central objective of any worthwhile scheme of rehabilitation was to provide to the bonded labourers gainful employment on one hand and income generating units as would ultimately help in lifting them above the poverty line on the other. The Ministry of Labour issued specific instructions in September 1982 that such programmes of rehabilitation of bonded labourers should be finally selected as would enable them to cross the poverty line and to prevent them from sliding back to debt bondage. A test check of the records of the State Governments revealed that no follow up action had been taken to see whether the beneficiaries had been utilising the assistance with a view to adding to the incremental income, whether the economic lot of the rehabilitated bonded labourers was improving and whether there were any cases where the released bonded labourers lapsed back into bondage.

On being asked by Audit whether any steps were taken to find out the number of rehabilitated bonded labourers who had so far been brought above the poverty line and how many still remained below the

poverty line, the Ministry replied (May 1985) 'this information is not available with us'.

As regards the availability or otherwise of information on the number of bonded labourers who, after initial release from bondage, relapsed again into bondage, the Ministry replied (May 1985), 'this information is not available with us, nor has it been called from the State Governments'.

26.11 *Summing Up*

The following are the main points that emerge :—

- Vigilance Committees had not been constituted at all in 7 States/Union Territories.
- Meetings of the Vigilance Committees, where constituted, were not held at regular intervals.
- Records in the form of registers required to be maintained under Rule 7 of the Bonded Labour System (Abolition) Rules 1976 were either not maintained or where maintained did not contain full details.
- An amount of Rs. 188.25 lakhs forming part of the schemes to rehabilitate 23166 freed bonded labourers in 8 States was not released by the Ministry although the same was payable during the period from 1978-79 to 1984-85.
- Out of Central assistance of Rs. 1086.35 lakhs released upto March 1984, the utilisation certificates were awaited for an amount of Rs. 426.31 lakhs for the grants released during the years 1978-79 to 1983-84.
- In certain States there was substantial diversion of funds received under the Bonded Labour Scheme to other schemes/purposes.
- In one district of Karnataka where an amount of Rs. 97.24 lakhs was spent to rehabilitate 2441 bonded labourers, the capital goods disbursed in many cases were never brought to the villages; cash was disbursed to bonded labourers instead of giving capital goods and even, this did not exceed Rs. 1000 per individual. Benefits were given under the scheme of rehabilitation to persons other than those identified as bonded labourers.
- In one district of Rajasthan an amount of Rs. 14 lakhs received as Central assistance in 1978-79 for rehabilitation of 700 bonded labourers was shown as utilised in May 1979 although the work of rehabilitation of these bonded labourers was actually taken up only in 1982-83.
- The task of identification of bonded labourers was not taken up by the States seriously by undertaking household surveys. The process of identification, which was initially intended to be a time bound programme, had become continuous and was being continued in the Seventh Five Year Plan.
- No attempt had been made, so far, to identify bonded labourers in urban areas.
- In several States, release certificates as required under the Scheme were not issued to the bonded labourers released.
- As on 31st March 1985, out of 1,79,355 bonded labourers identified, 1,21,468 were rehabilitated as per the records of the Ministry.
- There was substantial time lag between release and rehabilitation of bonded labourers. A test check of records of 9 States revealed that out of 55,876 bonded labourers rehabilitated upto 1984-85, 28229 (50 per cent) were rehabilitated after a time lag of 5 years.
- Adequate efforts were not made to identify viable schemes/programmes for rehabilitation of released bonded labourers.
- Rehabilitation benefits were also provided to ineligible persons in a number of States.
- The monthly and quarterly progress reports required to be sent by the States to the Central Government were not being received regularly.
- The Ministry of Labour did not monitor the performance of State Governments under the scheme as a result of which the achievement of the Central objective of the scheme of rehabilitation of bonded labour could not be ascertained.

ANNEXURE—I

Sl. No.	Name of the State	Number of districts in which Vigilance Committees have been set up	Number of districts in which Vigilance Committees have not been set up	Number of Sub-divisions in which Vigilance Committees have been set up	Number of Sub-divisions in which Vigilance Committees have not been set up	Remarks
1	2	3	4	5	6	7
1.	Andhra Pradesh	14 in December 1983 and 9 in February 1984	..	41 (of 15 districts) in December 1983 to February 1984	27 (of 8 districts)	
2.	Bihar	32 between June 1983 to November 1984	6	Nil		Vigilance Committees at sub-divisional level were not set up.
3.	Karnataka	..	..	..	..	No Vigilance Committees at district and Sub-divisional level were constituted.
4.	Kerala	6	8	6	8	
5.	Madhya Pradesh	42	3	148	**	**In Sub-divisions of 3 districts committees were not set up.
6.	Uttar Pradesh	61	6	204	39	
7.	Orissa	5 in 1978 and constituted/reconstituted in August 1981	8	20 in August 1981	37	
8.	Rajasthan	27	..	85	2	
9.	Tamil Nadu	16	..	All Sub-divisions	..	

ANNEXURE—II

States	Total Number of districts/sub-divisions or blocks	Number of districts/ sub-divisions test checked	Vigilance Committees not formed	Registers not maintained or nature of defects in registers where maintained
1	2	3	4	5
1. Andhra Pradesh .	23/68	4 districts	27 sub-divisions of 8 districts.	Excepting in 2 Talukas, the registers were not maintained in any of the districts.
2. Bihar	38 districts	12 districts	6 districts	Where the Vigilance Committees had been set-up the prescribed registers had either not been maintained or where maintained they did not contain essential details.
3. Karnataka	19/175 blocks	6 districts	No Vigilance Committee in any of the district/sub-division	In the districts either all or some of the registers were not maintained. Even the registers maintained were incomplete.
4. Kerala	14 districts	4 districts	8 districts	None of the Vigilance Committees maintained the above registers.
5. Madhya Pradesh .	45 districts	11 districts.	3 districts.	In none of the 11 districts such registers were maintained.
6. Orissa	13/57	6 districts	8 districts and 37 sub-divisions.	In many block offices case records of bonded labourers were not maintained.
7. Rajasthan	27/87	2 districts	2 sub-divisions	The registers did not depict the complete picture of benefits given to these labourers.
8. Tamil Nadu	16	6 districts	Nil	The registers maintained in the 6 districts were in-complete and not upto date.
9. Uttar Pradesh . .	57/243	9 districts	6 districts and 39 sub-divisions.	N.A.

ANNEXURE—III

Year-wise amount approved, released and yet to be released

Position as on 31-3-1985

Year	Amount approved (Rs. in lakhs)	Number of Bonded Labour- ers covered	Amount released during (Rs. in lakhs)	Amount yet to be released (Rs. in lakhs)	Amount ad- justed against previous un- spent balance (Rs. in lakhs)
1	2	3	4	5	6
1978-79	98.19	5906	1978-79	97.64	0.55
1979-80	68.26	6942	1979-80	53.62	1.00
			1980-81	11.05	1.99
			1983-84	0.60	
1980-81	306.22	18739	1980-81	187.89	86.90
			1982-83	0.64	0.24
			1983-84	9.70	
			1984-85	20.85	
1981-82	383.92	20260	1981-82	250.03	38.97
			1982-83	65.92	1.13
			1983-84	19.28	
			1984-85	8.59	
1982-83	339.32	17063	1982-83	202.49	12.65
			1983-84	5.15	10.26
			1984-85	108.77	
1983-84	355.57	17063	1983-84	182.34	31.03
			1984-85	142.20	
1984-85	266.45	13563	1984-85	249.30	17.15
Total	1817.93	99536		1616.06	188.25
					13.62

ANNEXURE—IV

Statewise and yearwise amount yet to be released as on 31-3-1985

State	1978-79	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85	Total
	Amount yet to be released for number of bonded labourers covered	Amount yet to be released for number of bonded labourers covered	Amount yet to be released for number of bonded labourers covered	Amount yet to be released for number of bonded labourers covered	Amount yet to be released for number of bonded labourers covered	Amount yet to be released for number of bonded labourers covered	Amount yet to be released for number of bonded labourers covered	
	(Rs. in lakhs)							
Andhra Pradesh			0.005					0.005
Bihar			1.55 (155)	0.44 (88)	1.51 (151)			(3.50) (394)
Karnataka			84.24 (8424)	34.82 (6338)	8.11 (811)		0.16 (206)	127.33 (15779)
Kerala	0.55 (110)							0.55 (110)
Madhya Pradesh				0.67 (82)	0.78 (83)			1.45 (165)
Orissa		1.00 (100)				30.51 (3051)		31.51 (3151)
Rajasthan					0.39 (39)	0.52 (62)		0.91 (101)
Tamil Nadu			1.11 (232)	1.00 (100)				2.11 (332)
Uttar Pradesh				2.04 (964)	1.86 (186)		16.99 (1984)	20.89 (3134)
Total	0.55 (110)	1.00 (100)	86.90 (8811)	38.97 (7572)	12.65 (1270)	31.03 (3113)	17.15 (2190)	188.25 (23166)

ANNEXURE—V

Delay in release of Central Assistance

State	Delay of 1-2 years Amount for number of bonded labourers	Delay of 2-3 years Amount for number of bonded labourers	Delay of 3-4 years Amount for number of bonded labourers	Grand Total
	(Rupees in Lakhs)			
Andhra Pradesh	41.19 (4119)	7.92 (913)	14.75 (2268)	63.86 (7300)
Bihar	2.55 (511)	9.72 (1033)	0.43 (43)	12.70 (1587)
Karnataka	15.21 (2021)	0.65 (314)	5.65 (575)	21.52 (2910)
Kerala	1.52 (152)	..	0.60 (60)	2.12 (212)
Orissa	67.58 (7784)	..	..	67.58 (7784)
Tamil Nadu	0.64 (127)	..	..	0.64 (127)
Total	128.69 (14714)	18.29 (2260)	21.44 (2946)	168.42 (19920)

Note :—Delay upto one year involving Rupees 224.32 lakhs for 21102 bonded labourers is not indicated.

ANNEXURE—VI

Time lag between release and rehabilitation

State	No Time lag	Less than one year	1 year to 2 years	2 to 3 years	3 to 5 years	More than 5 years	Total	Remarks
Andhra Pradesh	1983	642	852	1029	2160	1321	7987	In 4 districts test checked the number of bonded labourers identified was 9549. 7987 (Partial rehabilitation 4048 and full rehabilitation 3939) were rehabilitated.
Bihar	216	271	629	2135	1082	13	4346	In 7 districts test checked 5298 bonded labourers were identified and released against which 4346 were rehabilitated.
Karnataka	Nil	Nil	Nil	Nil	1062	23772	24834	
Kerala	50	138	22	72	35	392	709	Number shown in the progress report adopted. Actual number rehabilitated was 536.
Madhya Pradesh	Nil	276	111	114	224	158	883	Position of 11 districts test checked.
Orissa	Nil	16	286	200	Nil	Nil	502	Position of 5 districts only.
Rajasthan	Nil	Nil	Nil	Nil	Nil	2567	2567	
Tamil Nadu	Nil	660	546	127	Nil	6	1339	In 6 districts test checked out of 2309 rehabilitated, information for 970 bonded labourers was not available with the department.
			(2—4 years)			(4—8 years)		
Uttar Pradesh	..	7969	2324	2069	347	Nil	12709	
	2249 (4.02%)	9972 (17.85%)	4770 (8.54%)	5746 (10.28%)	4910 (8.79%)	28229 (50.52%)	55876	

MINISTR OF ENERGY

(Department of Non-Conventional Energy Sources)

27. National Project on Biogas Development

27.1. Introductory

During the fifth Plan period, the Ministry of Agriculture initiated a Central Scheme on Development of Local Manurial Resources including development of biogas. Against target of 1,00,000 biogas plants, over 70,000 plants were installed between 1974-75 and 1978-79 involving Central subsidy of Rs. 6.85 crores.

From 1981, National Project on Biogas Development (NPBD) was sanctioned as a Central scheme involving an outlay of Rs. 50 crores on account of subsidy, administrative overheads, organisational support to State Governments, fee for turn-key jobs and training. The target was to set up 4 lakh biogas plants during the Sixth Plan period. An amount of Rs. 150 crores was to be raised through financial institutions for achieving the target. The programme was implemented through the Ministry of Agriculture (Department of Agriculture and Co-operation) upto September 1982 whereafter it was transferred to the Ministry of Energy, Department of Non-Conventional Energy Sources (DNES).

27.1.1 *Objectives.*—The main objectives of the programme are to :

- (i) Provide energy in a clean unpolluted form;
- (ii) make available enriched fertiliser as a by-product for supplementing and optimising the use of chemical fertilisers;
- (iii) reduce pressure on the dwindling fuel wood supplies, indiscriminate felling of trees and deforestation;
- (iv) eliminate smoke filled cooking method and reduce drudgery, eye diseases, etc. in rural areas; and
- (v) bring improvement in rural sanitation. While the area of operation of NPBD was the entire country, the activity was to be focussed in 100 selected districts. This was, however, extended to all the potential biogas districts numbering about 350 in all the State/Union Territory (UT) Governments with effect from 1984-85.

27.1.2 *Components of the Project and Pattern of Assistance*

The main components of the project assistance were :

- (i) Fixed amount of Central subsidy to the beneficiaries for setting up biogas plants at the rates indicated in Annexure 'A'. The implementing agency has to identify the beneficiary and process his application for grant of bank loan repayable in 5 to 7 years with interest. In the case of those beneficiaries who avail of bank loans, amount of subsidy is deposited in their bank accounts. In other cases, it is paid in cash after completion of the plant.
- (ii) Core organisational support (100 per cent grants-in-aid) to State and U.T. Governments/Khadi and Village Industries Commission (KVIC) including training of Village masons, extension staff, bank functionaries, women's education programme, organisation of demonstrations, etc.
- (iii) Service charges for turn key jobs to corporate bodies/societies/agencies etc. at the rate of Rs. 200 per plant set up with guarantee for one year and Rs. 300 per plant with a guarantee period of two years with effect from 1984-85.
- (iv) Promotional incentive of Rs. 30 per plant payable to Village functionaries (also to KVIC workers from 1984-85) onwards.
- (v) 2½ per cent of the cost of construction of biogas plants payable to State/UT Governments in respect of plants installed in districts other than 100 intensive biogas district (to KVIC with effect from 1984-85) in lieu of staff support. Upto 1983-84 subsidy was released in advance to the extent of 75 per cent during the first three quarters of each year which was changed to 50 per cent from 1984-85 on the basis of approved targets. The balance was payable on installation of plants.

27.2. *Physical target/achievements and Central assistance released*

The physical target of setting up 4 lakh biogas plants during the Sixth Plan period was reduced to 3,35,000 plants as the project was sanctioned late in the year 1981-82 (November). Central assistance released against the Sixth Plan outlay of Rs. 50 crores

and the targets/achievements during 1981-82 to 1984-85 were as below :—

Year	Central assistance released	Targeted number of biogas plants fixed by Government of India for all the States/UTs/KVIC	Achievements as per records of the Ministry in all the States /UTs/KVIC
	(Rs. in crores)		
1981-82	3.38	35,000	25,369
1982-83	9.98	75,000	57,498
1983-84	20.16	75,000	92,590
1984-85	47.44	1,50,000	1,80,430
TOTAL	80.96	3,35,000	3,55,887

State-wise details regarding the targets and achievements for installing biogas plants are given in Annexure 'B'. The overall achievements exceeded the target, but there was shortfall in achievements by 38070 plants in 10 States and one U.T. and in 6 States and one U.T., targets were exceeded by 59005 plants. The shortfall ranged between 14 and 33 per cent in 9 States.

The figures in the records of the Ministry differed by 3877 from these as per the State/UT Government records : (21072 plants shown in excess in 10 States and one UT and 17195 shown less in 6 States and one UT).

The programme was not implemented by the State Governments of Andhra Pradesh, Haryana, Karnataka, Maharashtra and West Bengal during 1981-82 and Kerala during 1981-82 and 1982-83.

27.3 Test-check of the records in 16 States and two UTs (Annexure 'C') revealed the following :—

27.3.1 Mis-reporting of achievements

It was noticed that 13401 plants (1981-82 : 422; 1982-83 : 2574; 1983-84 : 5510; and 1984-85 : 4895) had been reported to the Central Government in excess of the plants actually installed by 8 States as shown in Annexure 'D'.

27.3.2 Non-availability of completion certificate of plants reported as complete

Subsidy was to be paid to the beneficiaries on the basis of completion certificates issued by Block Development Officers/Technical Officers of KVIC. However, completion certificates were not issued/produced to Audit in the case of 17388 plants though

reported to have been completed and commissioned. The details are as under :—

State/UTs	No. of plants		Remarks
	Year	Number	
1. Andhra Pradesh	1982-83 1983-84 1984-85	52 330 14766	Ministry stated (January 1986) the completion certificates for 1982-83 and 1983-84 were submitted by the implementing agencies in May 1985 and that for 1984-85, completion certificates in respect of 2546 plants were yet to be received.
2. Assam	1981-82 to 1984-85	219	
3. Tamil Nadu	1981-82 to 1984-85	154	Information is for 5 districts.
4. Uttar Pradesh	NA	424	Information is for 6 districts only.
5. West Bengal	1982-83 to 1984-85	795	
6. KVIC	NA	648	

**N.A. : Not Available.

27.3.3 Faulty selection of beneficiaries

The beneficiaries for installation of biogas plants were to be identified on the basis of (a) ownership of cattle heads, (b) total collectable quantity of cattle dung, (c) availability of space and (d) availability of water. It was seen in audit that the selection of beneficiaries was done without adequate survey. The test-check revealed the following :—

Bihar.—72 plants were not working in three districts for want of raw materials owing to non-possession of sufficient number of cattle heads by the beneficiaries.

Rajasthan.—Out of 141 beneficiaries selected in Bikaner district, 79 did not own a single animal, while 33 had only one against the minimum requirement of 2 to 3 animals.

Maharashtra.—In Maharashtra, survey conducted by Director of Economics and Statistics, Bombay in July-August 1984 revealed that in 20 per cent cases, animal holding was below 4 due to which adequate supply of dung could not be ensured.

27.3.4 Defective, incomplete and uncommissioned plants

It was noted in test-check that a good number of plants were not functioning successfully as under :—

Andhra Pradesh.—An evaluation study conducted between December 1984 and March 1985 by Bank of Technical Expertise (BOTE) consultants (P)

Limited revealed that out of 1353 plants covered in the study, only 69 per cent were working well, 19 per cent were not working to the expected level and 12 per cent were not at all in operation.

Haryana.—Survey conducted in respect of 2148 plants from August to November 1983 by Monitoring and Evaluation Cell of the Agriculture Department revealed that 887 plants completed during 1982-83 were not commissioned; 412 plants were incomplete; 18 plants did not exist at site; 38 plants had low pressure and efficiency problems and 46 plants were not of specified design.

Himachal Pradesh.—Out of 2437 plants set up during 1982-83 to 1984-85 in four districts, 922 plants were not functioning.

Madhya Pradesh.—Survey of 7847 plants out of 10609 plants installed by KVIB upto February 1985 revealed that 2720 plants (35 per cent) were non-functional due to non-filling of cattle dung (2400) and technical defects (320). The State Government sanctioned 3.00 lakhs and directed KVIB to spend Rs. 1.50 lakhs from their own funds for making the plants operational in Bhopal district. Despite extra expenditure of Rs. 4.47 lakhs (Rs. 3.98 lakhs on completion of 231 incomplete plants and Rs. 0.49 lakh on filling of cow dung in 88 plants during February to June 1984), only 25 out of 655 plants have started functioning (January 1985). Other 630 plants did not work due to non-availability of sufficient cattle dung and non-provision of appliances (222 plants), technical defects (80 plants), being incomplete (95 plants) and beneficiaries not interested in using the plants (233 plants).

Orissa.—91 plants (Janata model) installed in 5 districts (1981-82 : 1, 1982-83 : 10 and 1983-84 : 80) were not commissioned till March 1985 for want of initial feeding of cattledung.

Punjab.—Out of 653 plants installed in Bhatinda district, 286 were defective and 156 were working partially.

Pondicherry.—7 plants were not functioning due to technical defects; 5 plants set up during 1982-83 and 1983-84 were yet to be commissioned (January 1985).

Rajasthan.—184, 444, 152 and 367 plants (total 1147 plants) set up during 1981-82, 1982-83, 1983-84 and 1984-85 respectively were not in operation. In Bikaner district, out of 141 plants only 29 were working, 8 plants though filled with dung were not in use, 59 technically complete plants were lying half

filled or unfilled with dung, 41 plants were lying incomplete and construction of 4 plants was abandoned.

Tamil Nadu.—70 biogas plants, set up in 6 districts, during 1981-82 to 1983-84, were not functioning for 3 to 25 months due to defects like cracks in the domes/side walls etc. Further, 402 plants started during 1982-83 (71) and 1983-84 (331) in 69 blocks were either abandoned or left incomplete.

Uttar Pradesh.—Out of 4103 plants installed in 5 districts, 129 were not working for over one year, 123 for more than 2 years and 175 for more than 3 years.

West Bengal.—15 plants installed during 1982-84 in 2 districts were not functioning. Information in respect of other districts was not available.

KVIC.—A survey conducted by Directorate of Economic Research (KVIC) from December 1983 to June 1984 of biogas plants installed by KVIC during 1974-75 to 1981-82 in 14 districts of Bihar, Maharashtra and Tamil Nadu revealed that out of 13216 plants covered under the survey, only 9586 plants were working, 2804 plants were not working and 826 plants did not exist as tabulated below :—

State	No. of districts	No. of plants covered	Working plants	Not working plants	Non-existing plants
Bihar	4	3938	2176	1157	605
Maharashtra	6	7299	6036	1129	134
Tamil Nadu	4	1979	1374	518	87
	14	13216	9586	2804	826

The Ministry stated (January 1986) that as per reports of independent survey agencies, out of 7.6 per cent plants covered, 87.9 per cent were in working condition.

27.3.5 Excess issue/allotment, short supply and diversion of cement

Levy cement was either issued/allotted in excess of actual requirements or short supplied/diverted in the following cases :—

Andhra Pradesh.—For one district, cement had been allotted for two successive years (1982-83 and 1983-84) without any plant being sanctioned while 5 districts, including the one selected for intensive biogas development, suffered from short supply for three successive years.

Goa, Daman & Diu.—16 beneficiaries, to whom 29.5 tonnes of cement were issued, did not utilise the same for the intended purpose.

Haryana.—Against a requirement of 40 bags of cement for construction of one 6 cum capacity plant, 50 bags were issued, resulting in excess issue of 611 tonnes in 4 districts. The Ministry stated (January 1986) that the supply of 50 bags of cement against standard requirement of 40 bags for one 6 cum plant was not considered excessive because cement requirements varied according to the model of plant, site and soil structure, water-table, etc.

Himachal Pradesh.—325.4 tonnes of cement were issued in 3 districts during 1982-83 to 1984-85 for purposes other than construction of biogas plants. This resulted in purchase of 1798 bags of non-levy cement in two districts.

In one district, 5221 bags of cement (Rs. 2.87 lakhs) were issued in excess of the prescribed norms to 428 beneficiaries. Against 6,557 bags of cement (Rs. 3.37 lakhs) issued to extension staff during 1982-83 to 1984-85, cost of 4183 bags of cement was adjusted in subsidy bills or recovered in cash (Rs. 2.15 lakhs). Adjustment/recovery of balance cost of 2374 bags of cement (Rs. 1.22 lakhs) was not traceable in the records (June 1985). Acknowledgement of receipt of 2465 bags of cement issued by the Project Officer, Intensive Agriculture District programme (IADP) to another unit of Agriculture Department during 1983-84 to 1984-85 was awaited (June 1985).

Karnataka.—In one district, 700 tonnes of cement costing Rs. 6.92 lakhs were diverted during April 1981 to March 1985 to works on National Rural Employment Programme. Out of 7 districts test checked, account of cement procured and utilised was available only in one district.

Maharashtra.—Against total requirements of 41668 tonnes of cement during 1982-83 and 1983-84, 25948 tonnes were allotted by the Central Government. Details of cement actually received, utilised and balance in stock were not available with the State Government (March 1985). In two blocks of one district, 557 bags of cement were supplied from April 1983 to March 1984 to 16 beneficiaries against admissible quantity of 410 bags. Construction of 13 plants during 1983-84 was stopped in one block for want of cement.

Orissa.—Against 1600 bags of cement issued to 69 beneficiaries, 8 plants consuming 184 bags of cement were only installed. 1416 bags of cement costing Rs. 0.74 lakh were left with 61 beneficiaries who had abandoned the construction after digging

foundation, recovery of which was yet to be made (May 1985).

Pondicherry.—19 beneficiaries to whom 551 bags of cement were issued (1982-83 : 262 bags in 9 cases and 1983-84 : 289 bags in 10 cases) did not take up the work.

Rajasthan.—998 bags of cement issued to 50 beneficiaries during 1981-82 to 1984-85 in 3 districts were not utilised for the intended purpose. 917 bags of cement (Value Rs. 0.42 lakh) were issued during 1982-83 in another district to 36 beneficiaries without any application.

Tamil Nadu.—326.5 tonnes of cement valued at Rs. 3.01 lakhs were issued in excess of the prescribed quantities during 1982-83 to 1984-85 for 702 plants in 7 districts. 86.65 tonnes of cement costing Rs. 0.87 lakh were issued to 75 beneficiaries in 4 districts when the plants had already been completed.

Uttar Pradesh.—8038 tonnes of cement were only supplied to the beneficiaries in 5 districts during 1983-84 and 1984-85 against the estimated requirement of 13454 tonnes.

27.3.6 Inadequate implementation machinery

For implementing the programme through State Governments, UTs, KVIC, corporate bodies, etc., 100 per cent staff support was to be provided by the Central Government. A test-check of records revealed that Staff actually employed in the intensive biogas districts in the following States/UTs was much less than the sanctioned strength.

Name of State	Period	No. of staff actually employed/ sanctioned strength			
		Super- visors	Tech- nicians	Jr. Asstt. Engi- neer Agr. Clerks, Officers, etc.	All cate- gories to- gether
Andhra Pradesh	1982-83	0/5	6/25		
	1983-84	1/5	8/25		
	1984-85	4/5	13/25		
Bihar	As on May 1985	3/8	23/40	6/8	
	Maharashtra	As on June 1982	4/7	10/35	2/7
Punjab	1982-83				2/84
	1983-84				12/84
	1984-85				42/84
Uttar Pradesh	1981-82		0/95	0/19	
	1982-83		0/95	0/19	
Goa, Daman & Diu	1982-83		0/7	0/1	
	1983-84		0/7	0/1	

27.4. Financial Outlay

Total assistance amounting to Rs. 79.91 crores was released during 1981-82 to 1984-85 to 16 States, 2 UTs and KVIC as detailed in Annexure 'E'. However, the assistance accounted for in the books of the recipients did not tally with the assistance released as per the Ministry's records, except in the case of Kerala. The result is that there has been a short account of Rs. 2.49 crores in the records of these States/UTs/KVIC.

A review of the utilisation of total assistance released by the Ministry revealed that while Assam, Gujarat, Himachal Pradesh, Uttar Pradesh, Kerala and Pondicherry had over-utilised the subsidy by Rs. 468.49 lakhs, utilisation in other cases was less by 1 to 99 per cent as detailed below :—

Extent of under-utilisation	States/UTs
1 to 25 per cent	Karnataka, Rajasthan, Haryana, Tamil Nadu, Maharashtra, Madhya Pradesh, Goa, Daman & Diu and KVIC.
26 to 50 per cent	West Bengal, Orissa.
51 to 75 per cent	Andhra Pradesh, Bihar.
76 to 99 per cent	Punjab.

The Ministry stated (January 1986) that against total subsidy of Rs. 7384.13 lakhs released to the States, Claims for Rs. 7138.92 lakhs had been received, claims for an estimated amount of Rs. 1852.52 lakhs were pending, Rs. 1607.31 lakhs (overspent) were due to State Governments and reconciliation of figures with the concerned State Governments was being taken up.

Test-check of accounts also revealed the following irregularities/shortcomings :—

27.4.1 Payment of subsidy in advance

In the following cases, subsidy of Rs. 57.01 lakhs, payable to the beneficiaries after completion of the plants, was paid in advance :—

Assam.—Subsidy amounting to Rs. 1.05 lakhs was paid in advance in respect of 27 biogas plants, which were not completed for various reasons. The amount had not so far been recovered.

Himachal Pradesh.—In one district, 16 beneficiaries were paid subsidy of Rs. 0.28 lakh (March 1983) for 16 plants, out of which 14 plants for which cement was issued only from April 1983 onwards were found to be incomplete.

Karnataka.—124 drums costing Rs. 4.82 lakhs were distributed to the beneficiaries for construction of biogas plants without recovering the cost. Out of this, a sum of Rs. 2.01 lakhs was awaiting recovery from 38 beneficiaries who were yet to be paid loan and subsidy.

Maharashtra.—Subsidy to the extent of Rs. 1.57 lakhs for construction of 59 plants was paid during November 1982 to March 1983 in one district which were completed between December 1982 to March 1984. Subsidy was paid in some cases from 9 to 12 months in advance.

Orissa.—Cement worth Rs. 1.72 lakhs was issued to the beneficiaries during 1982-83 and 1983-84, the cost of which was to be adjusted from the subsidy to be paid on completion of the biogas plants. By March 1985, Rs. 0.79 lakh remained to be recovered/adjusted, but the records did not show the names of beneficiaries from whom the recoveries were to be made.

Punjab.—Subsidy (Rs. 38.60 lakhs) in respect of 1452 plants (KVIC Model) to be installed in 4 districts was drawn in advance upto September 1983 and paid to Punjab Agro Industries Corporation Ltd. (PAICL), Chandigarh towards cost of gas holders and guide frames to be supplied by the Corporation to the beneficiaries. The PAICL did not supply the equipment in time with the result that the plants could not be installed within the stipulated period.

Rajasthan.—Subsidy was released in 3 instalments, viz. 50 per cent on digging the pit, 50 per cent less and Rs. 200 after filling the plant with cowdung. Rs. 5.47 lakhs had been paid as subsidy during 1981-82 to 1984-85 in respect of 390 biogas plants which were not completed in 6 districts. Recovery/adjustment had not been made so far (March 1985).

KVIC.—Advance subsidy of Rs. 3.50 lakhs paid to banks in Orissa during 1983-84 and 1984-85 had not been adjusted (July 1985).

27.4.2 Delay in disbursement of subsidy

Subsidy is payable to the beneficiary on completion of biogas plant where no bank loan is involved. Where bank loan has been taken by the beneficiary, subsidy is payable to the bank for being adjusted against the loan.

In the following cases, delay of one to 24 months in release of subsidy to beneficiaries was noticed during test-check :—

Goa, Daman & Diu.—In 33 per cent cases, out of 247 cases test checked, delay in disbursement of subsidy ranged from 7 to 20 months. In 107 cases, in-

volving bank loan, subsidy was released to banks after 7 to 20 months of payment of loans by banks entailing avoidable payment of interest by the borrowers (Rs. 0.13 lakh).

Haryana.—In 335 out of 3324 cases pertaining to the period 1982-83 to 1984-85 in 4 districts, delay in payment of subsidy ranged from 5 to 20 months, which was attributable to late release of funds by the Government of India and delay in issuing sanctions by the State Government.

Himachal Pradesh.—In one district, Rs. 1.36 lakhs drawn for payment of subsidy during March 1983 were converted into cash orders and shown as paid to the beneficiaries in the same month. During test-check, it was noticed that in 20 cases, Rs. 0.49 lakh were paid during August 1983 to September 1984 (after nearly 18 months) and Cash orders worth Rs. 0.87 lakh (34 cases) were cancelled between March 1984 and November 1985 due to lack of interest shown by the beneficiaries in construction of bio-gas plants.

Karnataka.—Out of Rs. 2.24 lakhs released to a bank, a sum of Rs. 0.98 lakh only was disbursed and the balance amount of Rs. 1.26 lakhs remained with the bank for more than 2 years.

Kerala.—Payment of subsidy after completion of plants was delayed by 1 to 3 months in 13 cases, 3 to 6 months in 77 cases, 6 to 8 months in 12 cases and more than 8 months in 3 cases.

Maharashtra.—Subsidy was not paid to the beneficiaries in time and they had to bear extra burden of Rs. 11.84 lakhs by way of interest due to belated adjustment of subsidy in their accounts by the banks.

Orissa.—Payment of subsidy amounting to Rs. 1.98 lakhs to 115 beneficiaries during 1983-84 was delayed by 6 to 24 months after completion of plants with the result that the beneficiaries had to pay extra interest of Rs. 0.19 lakh.

Rajasthan.—Subsidy of Rs. 16.40 lakhs payable to the beneficiaries in 3 districts during 1981-82 to 1984-85 was not paid.

Tamil Nadu.—Out of 7793 cases reviewed in 5 districts the extent of delay in payment of subsidy in 3926 cases (50.4 per cent) ranged from 2 months to over 12 months.

Uttar Pradesh.—Out of 2088 plants completed in 5 districts during 1984-85, there was time lag of 6 to 7 months between reporting achievement by implementing agencies and payment of subsidy in 492 cases

and the subsidy was yet (March 1985) to be paid in the remaining cases. In Agra district, subsidy was being paid in March each year entailing delay of 3 to 12 months.

West Bengal.—In 3 districts, subsidy amounting to Rs. 7.29 lakhs for 208 plants completed during 1983-84 and 1984-85 was not paid to the beneficiaries upto May 1985 despite availability of funds.

KVIC.—There had been a delay of 2 to 3 years in payment of subsidy of Rs. 29.46 lakhs to the beneficiaries after construction of the plants during 1979-80 to 1983-84.

The Ministry stated (January 1986) that suitable instructions were being issued to State Governments to avoid delay in disbursement of subsidy.

27.4.3 Underutilisation of subsidy

Against the release of 77.42 crores accounted for in the books of the State Governments/JTs/KVIC, utilisation of only Rs. 66.11 crores was available. The unutilised amount was thus nearly 15 per cent of the subsidy. A few cases of subsidy remained unutilised as seen in test-check, are given below :—

Andhra Pradesh.—Subsidy of Rs. 49.81 lakhs in respect of 2683 cases was refunded by banks to the State Government after a period of 3 to 15 months. Advance subsidy to the extent of Rs. 108.35 lakhs remained unutilised with banks in 5367 cases at the end of March 1985.

Bihar.—Rs. 42.87 lakhs were lying unspent with the Executive Officers (March 1984) in the shape of demand drafts and call deposit receipts. In one district, Rs. 0.63 lakh drawn during 1981-82 was refunded into treasury in February 1983. In another district, a sum of Rs. 0.63 lakh allotted during 1981-82 was drawn twice and the amount of Rs. 1.26 lakhs was deposited into the bank in July 1982, out of which Rs. 0.63 lakh was refunded into treasury in August 1984, after two years.

Haryana.—There was unspent balance of subsidy amounting to Rs. 18.89 lakhs as on 31st March 1985. This amount had been drawn in advance and booked in accounts as expenditure which was irregular.

Karnataka.—Out of Rs. 390.94 lakhs released, subsidy of Rs. 70.00 lakhs was lying unutilised with the DRDAs at the end of March 1985.

Orissa.—Out of Rs. 56.99 lakhs released upto 1983-84, subsidy of Rs. 19.55 lakhs remained unutilised with departmental officers on 31st March 1984.

Rajasthan.—Rs. 55.90 lakhs left unutilised with DRDAs at the end of March 1984 had not been credited to Government account so far (June 1985).

Tamil Nadu.—Rs. 75.62 lakhs remained unutilised with banks/departmental officers in six districts as on 31st October/31st December 1984.

Uttar Pradesh.—Amount of undisbursed subsidy at the end of March 1984 in 6 districts amounted to Rs. 27.70 lakhs.

West Bengal.—Out of Rs. 138.64 lakhs released to State Government during 1982-83 to 1984-85, subsidy amounting to Rs. 48.94 lakhs remained unutilised at the end of March 1985 (Rs. 32.42 lakhs with the department and Rs. 16.52 lakhs with the General Managers of District Industries Centres).

27.4.4 Subsidy paid at higher rates

Subsidy is payable at different rates depending upon the category of beneficiary or type of plant. In the following cases, subsidy of Rs. 10.03 lakhs had been paid at higher rates.

Himachal Pradesh.—In one district, subsidy of Rs. 5.11 lakhs was paid during 1983-84 and 1984-85 at higher rates admissible to SC/ST and small and marginal farmers without production of eligibility certificates.

Orissa.—Subsidy was paid to 50 beneficiaries during 1983-84 at higher rate than admissible without authenticated certificates resulting in excess payment of Rs. 0.41 lakh. In 9 other cases, excess subsidy of Rs. 0.05 lakh was paid at higher rates applicable to small and marginal farmers when the applicants themselves had claimed as general farmers.

Tamil Nadu.—In 7 districts, subsidy of Rs. 3.10 lakhs had been paid in excess to 320 beneficiaries at enhanced rates during 1981-82 to 1984-85 without supporting data whether they were small and marginal farmers.

During 1982-83 to 1984-85, an amount of Rs. 1.36 lakhs was paid on account of subsidy to 50 landless agricultural labourers in 5 districts without adequate data.

27.4.5 Irregular withdrawal of funds and delay in adjustment/refund of advances

Funds to the extent of Rs. 369.45 lakhs were withdrawn and paid as advances in 6 States and KVIC for installation of biogas plants and for supply of

cement, but Rs. 129.27 lakhs were yet to be adjusted (March 1985) as detailed below :—

Assam.—Rs. 4.00 lakhs were released in January 1983 to a Sangha in Kamrup district for construction of 85 plants against which only 28 plants had been constructed. Balance amount of Rs. 2.12 lakhs was not refunded till 31st March 1985. Further, a sum of Rs. 0.52 lakh was advanced to a cement company in March 1984 for supply of cement, but neither cement had been supplied nor was the amount refunded by the company (June 1985).

Himachal Pradesh.—Out of an amount of Rs. 76.76 lakhs drawn during 1981-82 to 1984-85 in five districts as advance for payment of subsidy, holding of training camps and purchase of materials, etc., a sum of Rs. 32.84 lakhs was awaiting adjustment (November 1985). Delay in adjustment ranged between 2 and 29 months.

Advances paid during January to September 1984 to two factories for supply of cement had not been adjusted for want of final bills from the factories, although Rs. 0.42 lakh was due from them.

Project Officer, IADP, Palampur deposited Rs. 1.33 lakhs towards cost of cement and accessories after 2 to 17 months from the date of drawal of advance.

Karnataka.—Out of Rs. 15.43 lakhs advanced to the BDOs upto December 1984, details of payments for Rs. 9.37 lakhs only were received by end of March 1985. Account for Rs. 6.06 lakhs was awaited (June 1985).

Rajasthan.—Out of Rs. 218.79 lakhs released to DRDAs during 1981-82 to 1983-84, Rs. 55.90 lakhs are lying unadjusted with the implementing agencies.

Against an advance of Rs. 1.71 lakhs paid during June 1983 to August 1984 for supply of 220 tonnes of cement, 114.20 tonnes of cement valued at Rs. 0.87 lakh were supplied by the factory. The balance amount of Rs. 0.84 lakh had not been refunded (April 1985).

Uttar Pradesh.—In Allahabad district, bank drafts for Rs. 0.32 lakh (20 cases) and for Rs. 0.56 lakh (32 cases) pertaining to 1981-82 and 1983-84 respectively were cancelled in March 1985. The amounts had apparently been drawn in anticipation of completion of plants. In another district, Rs. 0.13 lakh drawn from the treasury during 1982-83 had neither been utilised nor refunded till April 1985.

West Bengal.—Rs. 15 lakhs and Rs. 30 lakhs drawn by the Director of Cottage and Small Scale Industries in March 1984 and March 1985 respectively were

credited to deposit account of the West Bengal Small Scale Industries Corporation (WBSICL) not connected with the implementation of the biogas programme. Rs. 15 lakhs were released to four District Industries Centres in June 1984 and Rs. 5.50 lakhs to another Centre in May 1985. Rs. 24.50 lakhs were still lying out of the Government Account in the Deposit Account of the WBSICL (May 1985).

KVIC.—Rs. 3.45 lakhs remained blocked with a firm which was closed in July 1984.

27.4.6 Rush of expenditure

As per Government of India instructions (July 1982) expenditure on construction of biogas plants was to be spread evenly during the year, viz. April—June 25 per cent, July—September 10 per cent, October—December 30 per cent and January—March 35 per cent with a view to avoiding rush of expenditure at the end of the financial year. Test check revealed that bulk of the plants were installed during the last quarter of the year or during March as per details given below :—

- (i) In Andhra Pradesh, the percentage of progress was only 58 per cent upto February 1985, but it rose to 89 per cent in March 1985.
- (ii) In Assam, phasing of the implementation of targets was not followed strictly.
- (iii) In Bihar, record for quarterwise achievements was not maintained except in a few districts.
- (iv) In Gujarat, 66 and 61 per cent of the plants were installed during last quarters of 1982-83 and 1983-84 respectively.
- (v) In Himachal Pradesh, out of 3128 plants constructed during 1982-83 to 1984-85 (1982-83 : 501, 1983-84 : 657 and 1984-85; 1970) in four districts, the number of plants installed during last quarter of each year was 215, 397 and 1175 plants respectively (57 per cent).
- (vi) In Kerala, out of 2500 plants installed during 1984-85, 733 plants were installed dur-

ing the first three quarters and the remaining 1767 plants (70 per cent) were installed during the last quarter.

- (vii) In Maharashtra, 57 per cent to 100 per cent plants were set up in the last quarter in 5 districts during 1982-83. During 1983-84 out of 21,300 plants 12,625 plants (59 per cent) were installed in March 1984 alone.
- (viii) In Orissa, out of 1143 plants completed in 7 districts during 1982-83 and 1983-84, 698 plants, (61 per cent) were installed in the last quarter.
- (ix) In Pondicherry, 53 out of 70 (76 per cent) and 43 out of 105 plants (41 per cent) were constructed in last quarter during 1982-83 and 1983-84 respectively.
- (x) In Uttar Pradesh, against total achievement of 1234, 1614 and 2861 plants, achievements in six districts in last quarter during 1981-82, 1982-83 and 1983-84 were 532 (43 per cent) 645 (40 per cent) and 1458 (51 per cent) respectively.

27.4.7 Other irregularities

Gujarat.—In 247 cases, subsidy of Rs. 1.38 lakhs was paid in excess at revised rates applicable from 1st April 1984 in respect of plants completed prior to 31st March 1984. In 63 cases, it was paid less by Rs. 0.38 lakh at old rates even though the plants were completed after 1st April 1984.

Himachal Pradesh.—Subsidy of Rs. 5.00 lakhs was claimed once again in respect of 250 plants constructed during 1982-83 for which a subsidy of Rs. 4.73 lakhs had been claimed earlier. In 5 districts, subsidy paid at lower rates to 279 beneficiaries was claimed at higher rates resulting in excess drawal of subsidy amounting to Rs. 2.05 lakhs.

Madhya Pradesh.—During 1982-83 and 1983-84, the State Khadi & Village Industries Board (KVIB) claimed subsidy in respect of plants installed in five districts for SC beneficiaries at rates applicable to ST beneficiaries resulting in Over-payment of Rs. 12.12 lakhs.

Subsidy of Rs. 1.80 lakhs (Rs. 1.10 lakhs from the Government of India and Rs. 0.70 lakh from the State Government) was claimed in excess by KVIB for 74 plants which were not installed in the districts of Raisen (36), Vidisha (37) and Khandwa (1).

Against 9355 plants installed by KVIB (1982-83 : 4820 and 1983-84 : 4535) for which subsidy was claimed, existence of 224 plants was not corroborated and 879 plants were found incomplete. Service charges at Rs. 200 per plant amounting to Rs. 1.87 lakhs were also claimed for 1982-83 in respect of 936 plants, 73 of which had not actually been set up. Construction of 92 was not corroborated by survey reports and 771 had not actually been completed during 1982-83.

230 plants completed prior to the introduction of this project in November 1981 were reported by KVIB as achieved during 1981-82 and subsidy therefor obtained from the Government of India irregularly.

Tamil Nadu.—Physical verification conducted during April-May 1983 revealed that dimensions of 65 plants constructed were less than those for which subsidy was paid, resulting in overpayment of Rs. 0.33 lakh. Out of this, Rs. 0.22 lakh was yet to be recovered (March 1985). Existence of 8 plants for which subsidy of Rs. 0.26 lakh was paid, had not been verified (March 1985).

27.5 Institutional finance

The Project provided subsidy for a portion of the capital cost of the biogas plants and the remaining amount was to be raised by the beneficiaries. The finance to be so raised was estimated to be Rs. 150 crores for achieving the target of 3.35 lakh biogas units during the Sixth Plan period. Test-check of transactions, however, revealed that mobilisation of institutional finance had not been encouraging. The following features generally emerged :—

- (i) Non-preparation of credit plans by various implementing agencies.
- (ii) Lack of adequate interest taken by the banks in the implementation of the programme.

(iii) Delay in processing applications, sanctioning and payment of loans by banks.

(iv) Delay in payment of subsidy to banks by the department.

The position obtaining in various States is discussed as under :—

Andhra Pradesh.—59128 applications were received between 1982-83 and 1984-85; out of which, 54,400 applications were sponsored to banks against which advance subsidy of Rs. 812.39 lakhs was released to banks in respect of 31,921 beneficiaries. Banks, however, did not pay loans in 2,683 cases (1982-83 to 1984-85) on the ground that the beneficiaries were either defaulters in respect of their existing loans or not forthcoming/had developed disinterest in biogas plants. Subsidy amounting to Rs. 49.81 lakhs was refunded by banks after a period of 3 to 15 months.

Gujarat.—Out of 8846 applications (3093 pending on 31st March 1984 and 5753 fresh applications) sent to banks upto January 1985, loan was sanctioned in 1489 cases (17 per cent), 2732 cases (31 per cent) were rejected and 4625 cases (52 per cent) were pending with banks as on 31st January 1985. Fifty two per cent of the beneficiaries had to wait for one to 3 months for getting the loans.

Haryana.—15781 cases were sent to banks upto December 1984. Loans were sanctioned in 5301 cases and actual disbursement made in 3366 cases (1982-83 : 781 cases; 1983-84 : 1923 cases and 1984-85 : 662 cases).

Maharashtra.—39,799 loan applications in 6 districts were sponsored to the banks between 1982-83 and 1984-85; out of which, 14222 applications were accepted and 25,577 applications were pending with banks.

The banks sanctioned loans of Rs. 1.88 lakhs to 57 beneficiaries repayable in 3 years instead of 7 years as per guidelines. In one district, loan of Rs. 2.82 lakhs was sanctioned in 40 cases during 1982-83 and 1983-84 against admissible amount of Rs. 2.19 lakhs. Excess amount of loan (Rs. 0.63 lakh) in these cases

deprived about 10 other beneficiaries of the loan facility.

Orissa.—19,831 applications were received in 8 districts upto 31st March 1984; out of which, 18,099 were sent to the banks. Loan was sanctioned in 4,030 cases only, 3,026 applications were returned stating that the beneficiaries were not interested in biogas plants, 3073 applications were rejected and 7,970 cases were pending with the banks (31st March 1984).

Rajasthan.—Out of 4,340 plants completed between 1981-82 and 1984-85 in 7 districts, only 1,487 plants received bank loan.

Tamil Nadu.—35,005 applications were sponsored to banks upto December 1984; of these, 21,265 applications were processed and 13,740 were pending (1981-82 : 218 Nos. 1982-83 : 2,038 Nos. 1983-84 : 4,018 Nos. and 1984-85 : 7,466 Nos.). In 51 cases, loan sanctioned was much less than actual cost of the plants.

Uttar Pradesh.—20,998 applications were received during 1981-82 to 1984-85; of these, 16,584 applications were sent to banks. Loan was sanctioned in 8,055 cases, but actual disbursement was made in 2,668 cases only upto 1983-84 (1981-82 : 338 Nos. 1982-83; 580 Nos. and 1983-84 : 1,750 Nos.). Figures for 1984-85 were not available.

West Bengal.—10,751 applications were recommended to banks between 1982-83 and 1984-85. Loan was sanctioned in 3,413 cases and only 2,049 beneficiaries actually got the loan. In two districts, out of 492 cases, loan was paid in 156 cases on mortgage of land by beneficiaries in spite of specific instruction of the Reserve Bank of India to the contrary and 236 cases were rejected as no land could be mortgaged by the beneficiaries.

27.6. Delay in submission of audited accounts

Statements of audited accounts had not been furnished by the States of Assam (1982-83 to 1984-85), Bihar (1982-83 to 1984-85 in respect of Command Area Development Agencies), Maharashtra (1982-83 and 1983-84), Madhya Pradesh (1981-82 to 1983-84 pertaining to KVIB), Orissa (Pertaining to KVIB upto June 1985), Rajasthan (1982-83 and 1983-84) and KVIC (1979-80 to 1984-85).

27.7. Non-submission of utilisation certificates

In the following representative cases, submission of utilisation certificates (UC) to Government was wanting :

S. No.	Name of State/ Union Territory	Total subsidy released	Period	Amount for which UC was not sub- mitted for expendi- ture incurred
(Rs. in lakhs)				
1.	Bihar	160.30	1982-83 to 1984-85	33.37
2.	Goa, Daman & Diu	11.13	1982-83 to 1984-85	11.13
3.	Karnataka	388.78	1982-83 to 1984-85	33.30
4.	Maharashtra	2020.25	1982-83 to 1984-85	128.42
5.	Orissa	93.72	1982-83 to 1984-85	30.70
6.	Tamil Nadu	525.99	1981-82 to 1984-85	319.59
7.	Uttar Pradesh	1033.88	1982-83 to 1984-85	288.15
8.	West Bengal	139.61	1982-83 to 1984-85	45.19
TOTAL				889.85

27.8. Training

Training formed an essential ingredient of NPBD. The cost of training was to be fully met by the Central Government. Targets for various training courses for construction and maintenance of biogas plants, refresher courses, trainer's training courses, orientation Programmes and users' education courses were not met. Further, it was noticed that a number of trained masons who received training stipends were not available for the construction and maintenance of biogas plants. A few representative examples are given below :

Andhra Pradesh.—Against the target of 147 construction and maintenance courses, 113 courses were conducted in which 2325 masons were trained including 350 educated and unemployed youth who were paid stipend of Rs. 1.84 lakhs. Out of the 2325 masons trained, only 10 per cent were available (April 1984) for construction job.

Bihar.—300 masons were trained in 15 districts against the target of 760 (1984-85); the number of masons trained during 1983-84 and 1984-85 in 6

districts was not available. 785 women were educated in the use of biogas from 1983-84 to January 1985 in 16 training courses against the target of 40 courses.

Gujarat.—Only 69 training courses (construction and maintenance : 50 refresher training : 8; and users' education 11) were arranged upto December 1984 against the target of 271.

Himachal Pradesh.—Of the 241 masons trained in 2 districts during 1982-83 to 1984-85, 98 masons only were stated to be engaged on construction of biogas plants 66. Persons trained during 1984-85 were again enrolled for training in subsequent months, resulting in avoidable expenditure of Rs. 0.40 lakh. Against the target of 70 women training camps, only 30 camps were organised during 1983-84 and 1984-85.

Karnataka.—Against the target of 454 courses (construction and maintenance : 59 and users' education : 395) approved during 1982-83 to 1984-85 reports in respect of only 9 construction and maintenance and 28 user's education courses were available.

Orissa.—Against the target of 1620 persons, the number of persons trained during 1981-82 to 1983-84 was 752 (users' education : 424; supervisors : 38; training of trainers : 42; and masons : 248).

Punjab.—Out of Rs. 2.60 lakhs released by the Government of India during 1982-83 to 1984-85 for organising various training courses, Rs. 1.25 lakhs were spent on 18 construction and maintenance courses. No other courses were organised.

Rajasthan.—35 courses were conducted in 7 districts during 1982-83 to 1984-85 in which 602 masons were trained. Of these, only 311 masons carried out installation of biogas plants.

Uttar Pradesh.—Against the target of 3979 masons/supervisors including block staff and 53 training of trainers during 1981-82 to 1984-85, the number trained was 2601 and 34 respectively.

West Bengal.—639 persons were in all trained (masons : 335; users' education : 230; and training of workers : 74) against the target of 1240. Out of 60 masons trained in one district, services of 18 masons could not be utilised. Also, 40 workers were not available for construction job after completion of training.

KVIC.—Of 120 courses (construction and maintenance : 50; women's education : 50; and refresher training : 20) approved during 1983-84 and 1984-85, only 51 courses were organised.

The Ministry stated (January 1986) that the main reasons for inadequate availability of persons trained under NPBD for construction of biogas plants was that they used to get more lucrative employment elsewhere and that efforts for the utilisation of the services of trained masons to the maximum extent possible were being made by the State Governments.

27.9. Demonstration of biogas plants

The project contemplated setting up of 200 demonstration plants *per annum* in the selected villages of intensive biogas development districts to publicise the utility of biogas plants for domestic purposes. No information about the demonstration plants actually set up and expenditure incurred thereon was available in various States and UTs except Assam, Gujarat, Orissa, Punjab and Pondicherry.

27.10. Monitoring

Coordination Committees comprising of representatives of various departments implementing agencies, KVIC/KVIB, banking institutions, recognised voluntary organisation, etc. were to be constituted at the State and the district levels for reviewing and monitoring of the programme. Proceedings of State Level Committees were required to be endorsed to the Central Government. The State Governments were also required to send monthly reports to the Government of India and to prescribe fortnightly reporting schedules for the district and block levels so as to watch the progress of installation of plants. A test-check revealed that as on 31st March 1985 while co-ordination Committees constituted at State Level did not meet at all in Bihar and Goa Daman & Diu, they had met only once in Kerala (September 1983), twice in Himachal Pradesh (June 1982 and January 1984) and thrice in Tamil Nadu (July 1982, August 1983 and July 1984). The Co-ordination Committees reportedly held several meetings in Punjab and West Bengal, but minutes of the meetings were not made available to Audit.

Timely action for reviewing actual achievement against targets fixed, assessment of actual working of plants installed and identification of defective plants for rectification of defects, etc. was not taken in any of the States test checked.

27.11. Evaluation

Implementation of the programme had not been evaluated in any of the States and UTs so far (March 1985). Hence, its impact on the rural population

vis-a-vis, the actual position of fuel wood savings, production and use of enriched manure as a by-product by the farmers, reduction in drudgery of village women, reduction in eye diseases, improvement in village sanitation, etc. could not be known.

In October 1984, the Government of India sanctioned evaluation survey studies of biogas plants installed in different States by independent organisations. The Ministry stated (January 1986) that final reports from 3 and interim reports from 2 agencies had been received. The results of evaluation and follow up action taken by the Ministry have not been intimated.

27.12 Other points of interest

Assam.—In addition to the Central subsidy, special subsidy of Rs. 1.54 lakhs was paid by the State Government to 284 beneficiaries in four districts without any basis. Completion certificates for the plants constructed with this special subsidy were not made available to Audit.

Gujarat.—A 35 mm colour film for spreading biogas message in villages was got prepared through Films Division at a cost of Rs. 1.00 lakh (April 1984). The film was not exhibited till March 1985.

Himachal Pradesh.—452 plants were constructed between 1982-83 and 1984-85 in 5 districts during training camps. Masonry charges already incurred during training had not been deducted from the subsidy paid to the beneficiaries, resulting in an overpayment of Rs. 1.41 lakhs to them.

Maharashtra.—Against Rs. 215.60 lakhs drawn on abstract contingent bills during 1982-83 to 1984-85 detailed contingent bills for Rs. 173.64 lakhs were not submitted by the Zila Parishads till March 1985.

Madhya Pradesh.—Plants-wise account of expenditure and materials issued in respect of 560 plants installed by KVIB in one district during 1982-83 and 1983-84 had not been maintained. Detailed account of supplies received and balance outstanding with the suppliers out of Rs. 11.99 lakhs advanced to them during 1982-83 and 1983-84 had not been maintained.

753 gas chulhas were purchased during 1982-83 and 1983-84 for 560 plants constructed during these years. 193 chulhas costing Rs. 0.36 lakh neither appeared in stock nor was their issue established.

Punjab.—Against the rate of Rs. 3920 per plant of 495 cft capacity for supply of gas holders and guide chambers to the beneficiaries at site, payment at

Rs. 4420 per plant was made to Punjab Agro Industries Corporation (PAIC) for 55 gas holders and guideframes resulting in excess payment of Rs. 0.28 lakh.

Rajasthan.—Regular and work charged mistries were engaged in excess of prescribed yardstick, resulting in extra expenditure of Rs. 0.90 lakh.

Tamil Nadu.—1092 biogas plants set up in 75 blocks during 1981-82 to 1984-85 involving subsidy of Rs. 34.24 lakhs, were not of approved type design. Interest of Rs. 0.53 lakh received on amounts deposited in banks was not remitted to Government account.

27.13. Summing up

Following are the main points that emerges :—

- The National Project on Biogas Development was sanctioned in 1981 as a Central Scheme involving an outlay of Rs. 50 crores on account of subsidy. It envisaged setting up of 4 lakh biogas units during the Sixth Plan period (1980—85) (later reduced to 3.35 lakhs). Additional amount of Rs. 150 crores was to be raised through institutional finances.
- The Government of India released Rs. 80.96 crores to various States, UTs and KVIC during the period 1981-82 to 1984-85. The pattern of assistance included fixed amount of subsidy to beneficiaries and to State Governments/UTs for organisational support, training etc.
- Against the target of 3,35,000 plants fixed by the Central Government, achievement was 3,55,887 plants as per records of the Ministry. In the case of 16 States and 2 UTs test checked, whereas there was shortfall in achievement of targets in 10 States and 1 UT, the targets were exceeded in 6 States and 1 UT. The figures in the records of the Ministry differed by 3877 from those as per State/UT Government records (21,072 plants shown in excess in 10 States and 1 UT and 17195 plants shown less in 6 States and 1 UT).
- Eight States had reported 13,401 plants to the Central Government in excess of the plants actually installed. Completion of 17,388 plants in 5 States and KVIC was not supported by completion certificates.

- In 10 States, one UT and KVIC, 6238 plants were not functioning properly due to various defects/deficiencies, 3383 plants were not commissioned, 412 plants were lying incomplete and 844 plants did not exist.
- Levy cement was issued/allotted in excess of actual requirements or short supplied or diverted for other purposes in some districts test checked.
- In Andhra Pradesh, Bihar, Maharashtra, Punjab, Uttar Pradesh and Goa Daman & Diu, sanctioned staff was not fully provided by the Governments for effective and efficient implementation of the programme.
- Subsidy of Rs. 57.01 lakhs was paid in advance in the States of Assam, Himachal Pradesh, Karnataka, Maharashtra, Orissa, Punjab, Rajasthan and by KVIC.
- In 10 States, 1 UT and KVIC, delay in disbursement of subsidy to the beneficiaries was from one to 36 months despite availability of funds.
- Funds to the extent of Rs. 221.64 lakhs in 5 States and Rs. 246.18 lakhs in 4 States remained unutilized with banks/departmental officers at the end of March 1984 and March 1985 respectively.
- Against the release of Rs. 77.42 crores accounted for in the books of State Governments/UTs/KVIC, only Rs. 66.11 crores were utilised. Thus, nearly 15 per cent of the subsidy remained unutilised.
- Subsidy to the extent of Rs. 10.03 lakhs was paid to beneficiaries at higher rates than admissible in Himachal Pradesh, Orissa and Tamil Nadu.
- Out of Rs. 369.45 lakhs paid as advances for installation of biogas plants and supply of cement during 1981-82 to 1984-85, an amount of Rs. 129.27 lakhs was not adjusted till March 1985.
- In 9 States and one UT, the percentage of plants installed during the last quarter of each year ranged from 40 to 100 entailing rush of expenditure at the end of the financial years.
- Subsidy to the extent of Rs. 22.14 lakhs was obtained in excess by Himachal Pradesh and Madhya Pradesh (including KVIB) for incomplete/non-existing plants or at higher rates.
- Out of 97,516 cases recommended to banks, loan was sanctioned only in 48,690 cases and actual disbursement was made to 37,321 beneficiaries in the States of Andhra Pradesh, Haryana, Uttar Pradesh and West Bengal. In Gujart, Maharashtra and Orissa loan was sanctioned in 19741 out of 66,744 cases. In Tamil Nadu, 21,265 out of 35,005 applications were only processed and the remaining 13,740 cases were pending from 1981-82 to 1984-85.
- Submission of utilisation certificates for Rs. 889.85 lakhs was delayed for 1 to 3 years by 8 States.
- The targets for various training courses were not achieved. A number of trained masons who received training stipends, were not available for the construction and maintenance of biogas plants.
- Adequate number of demonstration plants had not been set up in selected villages of the intensive biogas development districts for publicising the utility of biogas plants for domestic purposes.
- Co-ordination Committees constituted at State level for monitoring the programme, did not meet at all in one State and one UT. They met once in Kerala, twice in Himachal Pradesh and thrice in Tamil Nadu during four years.
- Timely action for reviewing actual achievement against targets fixed, assessment of actual working of plants installed and identification of defective plants was not taken in any of the State test checked.
- Evaluation of the programme had not been done in any of the States and UTs upto March 1985. Evaluation survey reports were stated (January 1986) to have been received by the Ministry from 3 agencies (final) and 2 agencies (interim), but results thereof and follow up action taken was not intimated.

ANNEXURE 'A'

Pattern of Central Subsidy for biogas plants

Size of plant (In cum)	Amount of Central subsidy		For all others
	For Scheduled Tribe & for hilly areas	For Small & Marginal farmers	
(1)	(2)	(3)	(4)
(In Rupees)			
1981-82			
2	1,500	1,000	750
3	1,950	1,000	1,000
4	2,300	1,500	1,200
5	2,900	1,900	1,500
8	..	..	1,500
10	..	..	1,600
15	..	..	1,900
20	..	..	2,650
25	..	..	3,600
35	..	..	5,740
45	..	..	6,470
60	..	..	8,110
85	..	..	12,110

Size of plant (In cum)	For North Eastern Region States/Sikkim	For ST/small & marginal farmers/ landless labourers/ hilly areas other than those covered under	For all others
		Col. 2	
(1)	(2)	(3)	(4)
(In Rupees)			
1982-83/1983-84			
2	2,640	1,500	1,000
3	3,310	1,950	1,300
4	3,800	2,320	1,550
6	4,710	2,910	1,940
7	4,950	3,560	2,370
8	5,680	3,900	2,600
10	7,200	4,760	3,170
15	7,620	6,630	4,420
20	12,930	8,970	5,980
25	..	9,990	6,660
35	..	14,350	9,570
45	..	16,180	10,790
60	..	20,280	13,520
85	..	30,270	20,180

Pattern of Central Subsidy for Floating Dome (KVIC Type) Biogas Plant—1984-85 onwards

Size of plant (In cum)	Amount of Central subsidy for North Eastern Region States/Sikkim & Notified Hilly areas and desert districts	Amount of Central Subsidy for other areas:		
		For ST/small marginal farmers/landless labourers	For SC	For all others
(1)	(2)	(3)	(4)	(5)
(In Rupees)				
2	2,940	2,350	2,350	1,560
3	3,660	2,860	2,860	1,900
4	4,390	3,220	3,220	2,140
6	5,350	3,920	2,610	2,610
8	6,460	4,640	3,100	3,100
10	8,080	5,540	3,700	3,700
15	11,440	8,150	5,430	5,430
20	15,260	10,960	7,300	7,300
25	17,640	12,280	8,190	8,190

ANNEXURE 'B'

Statement showing targets and achievements for installing Biogas Plants during the years 1981-82 to 1984-85

S. No.	States/UTs KVIC	Target fixed by Govt. of India	Achievements as per records of the Ministry	Achievements as per State/UT Government/ KVIC records		Totals of Col. 5(a) and Col. 5(b)	Variation between Col. (4) and Col. (6)	Shortfalls between Col. (3) and Col. (4)	Percentage of shortfall as per Col. 8
				State 5(a)	UT/KVIC 5(b)				
1	2	3	4	5		6	7	8	9
1.	Andhra Pradesh . . .	37,500	31,393	25,240	5,878	31,118	275	6,107	16
2.	Assam	970	1,101	478	457	935	166(—)	131	..
3.	Bihar	25,400	21,093	13,139	11,923	25,062(—)	3,969	4,307	17
4.	Haryana	8,200	7,837	7,752	86	7,838	(—)1	363	..
5.	Gujarat	26,600	22,949	22,922	7,221	30,143(—)	7,194	3,651	14
6.	Himachal Pradesh . . .	2,817	3,590	3,580	1	3,581	9(—)	773	..
7.	Karnataka	27,500	20,772	15,990	5,387	21,377(—)	605	6,728	24
8.	Kerala	8,000	6,488	3,274	3,009	6,283	205	1,512	19
9.	Maharashtra	48,500	88,211	76,986	11,147	88,133	78(—)	39,711	..
10.	Madhya Pradesh	23,500	16,399	16,410	2,274	18,684(—)	2,285	7,101	30
11.	Orissa	8,750	5,900	4,034	518	4,552	1,348	2,850	33
12.	Punjab	7,200	4,899	2,956	352	3,308	1,591	2,301	32
13.	Rajasthan	14,000	14,304	7,479	120	7,599	6,705(—)	304	..
14.	Tamil Nadu	26,000	31,905	19,402	1,918	21,320	10,585(—)	5,905	..
15.	Uttar Pradesh	59,000	71,166	71,608	2,688	74,296(—)	3,130(—)	12,166	..
16.	West Bengal	9,400	6,273	5,101	1,072	6,173	100	3,127	33
17.	Goa, Daman & Diu . . .	570	585	499	97	596(—)	11(—)	15	..
18.	Pondicherry	310	287	277	Nil	277	10	23	..
	TOTAL	3,34,217	3,55,152	2,97,127	54,148	3,51,275	3,877		

ANNEXURE 'C'

Statement showing details of States and Union Territories with total Number of districts and Number of district test checked

S. No.	State/UTs	Total Number of district	Number of District test checked
1	2	3	4
1.	Andhra Pradesh	22	8
2.	Assam	16	4
3.	Bihar	38	14
4.	Gujarat	19	5
5.	Haryana	12	4
6.	Himachal Pradesh	12	5
7.	Karnataka	19	7
8.	Kerala	14	4
9.	Madhya Pradesh	45	9
10.	Maharashtra	30	6
11.	Orissa	13	8
12.	Punjab	12	4
13.	Rajasthan	27	7
14.	Tamil Nadu	15	7
15.	Uttar Pradesh	56	6
16.	West Bengal	16	6
17.	Pondicherry	1	1
18.	Goa, Daman & Diu	3	1

ANNEXURE 'D'

Statement of misreporting of achievements

Sl. No.	States	Year(s)	No. of Plants reported in excess	Remarks
1	2	3	4	5
1.	Andhra Pradesh	1982-83 1983-84	90 286	
2.	Haryana	1982-83	412	Work on 18 plants (1982-83 had not even been started (December 1983).
3.	Himachal Pradesh	1982-83 1984-85	14 4	
4.	Maharashtra	1982-83 1983-84 1984-85 (Upto February 1985)	331 375 629	
5.	Madhya Pradesh	1982-83 1983-84 1984-85	990 111 2	Out of 5184 plants reported as completed by KVIB and MP Agro during 1982-83 224 plants were not actually set up as per records of the district units of Raisen (32) and Vidisha (100) and the construction of 92 plants was not corroborated by the survey report sent by the Director of Agriculture/Government (December 1983/January 1984). Out of 961 plants reported as completed by KVIB in ten districts, 390 plants were incomplete. In addition 489 plants pertaining to 1982-83 to 1984-85 in four districts Bhopal (392), Indore (25), Sidhi (67) and Surguja (5) not covered by the survey report were found incomplete during test check of records by Audit.
6.	Punjab	1982-83	205	Out of 466 plants stated to have been completed in 3 districts for which central subsidy was claimed, 261 plants were actually completed.
7.	Tamil Nadu	1981-82 1982-83 1983-84 1984-85 (Upto December 1984)	422 532 884 4186	201 plants reported as completed in Madurai district, were not actually installed and subsidy of Rs. 3.99 lakhs advanced to banks was refunded. In one block of Salem district while no work was started till March 1985, 27 plants were reported as complete.
8.	Uttar Pradesh	1983-84 1984-85	3854 74	Physical verification by Director of Economics and Statistics revealed that out of 14146 plants reported as complete 3854 were found incomplete. The Ministry stated (January 1986) that 1023 plants were subsequently completed. 74 plants completed by KVIB had been included in achievement of the district.

ANNEXURE 'E'

Statement showing subsidy released by Government of India to various States, UTs and accounted by the States/UTs

S. No.	States/UTs/KVIC	Total assistance released	Total assistance accounted	Total assistance utilised	Unspent balance	Percentage of amount unutilised	Remarks	
(To lakhs of rupees)								
<i>Upto March 1985</i>								
1.	Andhra Pradesh	770.29	788.39	239.22	549.17	68		
2.	Assam	21.07	19.28	29.40	(—)10.12	..		
3.	Gujarat	375.42	354.83	386.74	(—)31.91	..		
4.	Haryana	192.58	225.33	223.84	1.49	1		
5.	Himachal Pradesh	108.42	115.33	210.21	(—)94.88	..		
6.	Karnataka	338.78	390.94	311.21	79.73	20		
7.	Punjab	77.13	62.02	0.89	61.13	99		
8.	Rajasthan	378.50	367.69	364.43	3.26	1		
9.	Tamil Nadu	525.99	522.18	497.77	24.41	5		
10.	West Bengal	139.61	138.64	89.70	48.94	35		
11.	Uttar Pradesh	1033.88	1005.92	1330.66	(—)324.74	..		
12.	Maharashtra	2020.25	2001.91	1911.54	90.37	5		
13.	Goa, Daman & Diu	11.13	11.07	8.89	2.18	20		
14.	Pondicherry	5.20	4.34	8.81	(—)4.47	..		
15.	Bihar	Upto 1983-84 1984-85	84.19 76.11	76.52 65.00	33.65 NA	42.87 NA	56	
16.	Kerala	Upto 1983-84 1984-85	8.59 37.90	8.59 37.90	10.96 NA	(—)2.37 NA		
17.	Madhya Pradesh	Upto 1983-84 1984-85	223.59 97.57	220.31 NA	215.63 NA	4.68 NA	2	
18.	Orissa	Upto 1983-84 1984-85	57.04 36.68	56.99 NA	37.44 NA	19.55 NA	35	
19.	KVIC	Upto 1983-84 1984-85	787.29 533.37	768.96 500.00	700.10 NA	68.86 NA	9	
GRAND TOTAL		7990.58	7742.14	6611.09	528.15			

NA — Not Available.

MINISTRY OF TRANSPORT
(Department of Surface Transport)
(Transport Wing)

28. Irregularities and defects in maintenance of initial records

28.1 The financial irregularities and defects noticed during local audit of Ministry of Transport (Department of Surface Transport) and its subordinate offices/organisations, viz. Inland Water Transport Directorate, Border Roads Development Board, Chartering Wing, Solatium Fund Authority, Inter-State Transport Commission, Central Road Fund, Transport Wing, Roads Wing, Shipping Wing etc. were included in the Inspection Reports issued to the Departmental officers for necessary action from time to time. Settlement of 57 Inspection Reports containing 277 paragraphs, issued to various heads of offices under the Ministry upto 31st March, 1985, was pending on 30th June, 1985. The year-wise details of the outstandings are given in Appendix IV which shows that 91 paragraphs relate to the period 1973-74 to 1979-80. Some important points remaining unsettled are mentioned below :

28.1.1. Non-realisation of hire charges etc. from a State Government/Port Trusts/Public Sector Undertakings/Private parties

Recoveries aggregating Rs. 234.35 lakhs on account of transportation/hire and insurance charges, cost of ships, etc due from a State Government, Port Trusts, State Public Sector Undertakings and one Public Sector Shipping Company for the period 1973-74 to 1982-83 as detailed below, were still (30th September, 1985) outstanding :—

S. No.	Name of the Department	Period of recovery (Upto the year)	Amount (Rs. in lakhs)	Remarks
1.	Inland Water Transport Directorate	1973-74	0.42	Transport charges due from the Government of Bihar.
		1975-76	12.20	Hire charges of dredgers.
		1975-76	0.98	Insurance charges due from Calcutta Port Trust.
2.	Transport Wing	1977-78	83.44	Hire charges of dredgers from various Port Trusts/Ports etc.
		1978-79	100.50	Cost of ships recoverable from Mogul Lines Limited.
3.	Roads Wing	1982-83	36.81	Hire charges of machinery from UP State Bridge Corporation.
TOTAL			234.35	

S/1 AGCR/85—15

28.2. Default in repayment of loans and interest by public sector undertakings/autonomous bodies

According to the records of Pay & Accounts Office (Transport Wing), repayment of principal and interest to the extent of Rs. 209.52 crores and Rs. 394.22 crores respectively was due on 31st March, 1984 from ten Public Sector Undertakings/autonomous bodies. Out of these, Rs. 505.58 crores were outstanding for 4 to 22 years in the following cases :—

Name of agency from whom due	Amount due (Principal & interest) (Rs. in crores)	Period to which arrear relates
Calcutta Port Trust	30.74	1981-82
Delhi Transport Corporation	290.15	1963-64
CIWTC, Calcutta	65.84	1963-64
Paradip Port Trust	51.23	1980-81
Visakhapatnam Port Trust	67.62	1978-79
	505.58	

It was observed in audit that detailed accounts of loans showing the amount of loans released, due dates of repayment, repayments made and realisation of interest had not been maintained (31st March, 1983) by the Ministry (Transport Wing). Notices for repayment, which were required to be issued a month in advance of the due dates of repayment, had also not been issued by the Pay and Accounts Office which was responsible for ensuring that conditions of repayment of loan were duly complied with by the loanees.

28.3. Non-realisation of sale value of machines

432 machines (approximate cost : Rs. 1.97 crores) purchased by the Ministry (Roads Wing) for use on National Highway and other Central works were sold/transferred to various State Governments/Port Trusts and other institutions from time to time (date of these transfers/sales were not readily available). The Ministry stated (February 1986) that a sum of Rs. 0.98 crore out of Rs. 1.97 crores had been realised. The Ministry could not, however, produce relevant records to establish that the amount so realised had actually been credited to Government Account.

28.4. Overpayment of Rs. 38.60 lakhs to a State Government

Construction of a bridge over river Ganga at Kanpur on National Highway No. 25 was assigned to the State of Uttar Pradesh in 1971 on behalf of the Ministry (Roads Wing). The bridge was completed and opened to traffic on 22nd January, 1977.

The State Government ordered a preliminary enquiry into the alleged technical inadequacies in execution of the work and likely overpayment. A committee headed by the Technical Examiner of the State Government in its report, submitted in August 1975, observed that overpayments/fictitious payments of about Rs. 38.60 lakhs had been made. The State Government, having been convinced that a *prima facie* case of technical inadequacies and overpayments/fictitious payments existed, appointed a high level technical enquiry committee in November 1975 for a deeper probe into the matter. The committee was required to submit its report by 15th July, 1976, which the committee found very difficult in view of more and more complaints received by it. Without consulting the Ministry, the State Government dissolved the Committee (July 1976) and referred the case to State Vigilance Department. Since the State Vigilance Department expressed its inability to comment upon technical matters, another high powered enquiry committee was constituted for conducting the technical investigation. The State Government informed (August 1978) that the report

of this committee had been forwarded to the Vigilance Department and that necessary decision would be taken on receipt of the enquiry report from the Vigilance Department. The final outcome of the enquiry was not known even after more than eight years.

28.5. *Non-utilisation of grant-in-aid*

A sum of Rs. 20.00 lakhs was sanctioned in March 1982 by the Ministry as grant-in-aid towards cost of land for an Institute for Training of Highway Engineers. The Institute had kept this amount in a fixed deposit in a bank and utilised Rs. 0.41 lakh out of this deposit towards recurring annual revenue expenditure.

29. Losses and irrecoverable dues, written off/waived and *ex-gratia* payments made.

A Statement showing losses and irrecoverable revenue, duties, advances, etc. written off/waived and *ex-gratia* payments made during 1984-85 is given in Appendix V to this Report.

CHAPTER IV
WORKS EXPENDITURE
MINISTRY OF ENERGY
(Department of Power)

30. Badarpur Thermal Power Project-Stage-III.

30.1 *Introductory*.—Mention was made in paragraphs 10 and 12 of the Advance Reports of the Comptroller and Auditor General of India for the years 1976-77 and 1979-80: Union Government (Civil) about stages I and II respectively of Badarpur Thermal Power Project (BTPP). A review on the working of the Project, particularly with reference to Stage III of the BTPP comprising the fifth unit of 210 megawatts (MW) was made (May—July 1985) and the results thereof are indicated as under :—

30.1.1 *Organisation*.—The execution of the project was entrusted to Badarpur Thermal Project

Control Board under the superintendence of the Central Electricity Authority subject to the overall control of Department of Power (Ministry of Energy). From 1st April 1978, construction of the project and the management of the station were entrusted to National Thermal Power Corporation Ltd. (NTPC) on agency basis.

30.2 *Project estimates and expenditure* :

30.2.1 Stage III of the project was sanctioned in March 1978 for Rs. 63.69 crores. The sanction was revised to Rs. 98.48 crores in March 1985.

30.2.2 Major variations between the original and revised estimates occurred in the following items :—

	Original estimate	Revised estimate	Variation	Main reasons for variation
	1978	1985	Increase (+) Decrease (—)	
	1	2	3	4
	(In lakhs of rupees)			
1. Power House building.	281.19	399.18	(+)117.99	Substantial increase in prices of steel used and increase in quantities of steel used from 534 tonnes to 957 tonnes.
2. Boiler plant and turbo-generator.	4,359.31	5,563.66	(+)1,204.35	The original estimates were on rough indications given by suppliers. Actual price of equipment was much more.
3. Fuel and ash handling system.	119.76	1,102.24	(+)982.48	(i) New items of work, viz. additional coal handling plant common for stages II and III (Rs. 908 lakhs). (ii) Increase in price of ash handling plant (Rs. 44 lakhs). (iii) Increase in erection charges of ash and coal handling plants etc. (Rs. 72.45 lakhs) partly offset by savings under some other heads.
4. Electrical equipment and step-up station.	464.06	640.81	(+)176.75	(i) Provision of one additional bay in switch yard for station transformer (Rs. 25.50 lakhs). (ii) Increase in cost of cable and accessories due to increase in quantity and rise in price (Rs. 149 lakhs).
5. Utilities.	235.05	496.96	(+)261.91	(i) Provision for common facilities, viz. internal water and electric supply, internal sewer and sewage disposal etc. not envisaged in original estimate (Rs. 134 lakhs). (ii) Escalation in costs (Rs. 127.91 lakhs).
6. Other expenditure (Machinery and equipment, cost of land, maintenance during construction, consultancy, etc.).	926.30	1,661.52	(+)735.22	(i) Land area required for construction of staff colony, hospital, school, etc. increased from 25 acres to 100 acres and cost thereof also increased from Rs. 0.50 lakh to Rs. 6.00 lakhs per acre (Rs. 588 lakhs). (ii) Increase in pay and allowances of staff and charging of expenditure due to continuance of surplus staff even after the commissioning of project from 1982 (Rs. 280 lakhs), partly offset by savings in other items
	6,385.67	9,864.37	(+)3,478.70	
Less anticipated recoveries .	16.58	16.58	..	
	6,369.09	9,847.79	(+)3,478.70	

About the need for new items of work, mentioned at serial No. 3, 4 and 5 above, viz. the additional coal handling plant, switchyard bay and internal water and electric supply etc., the Ministry of Energy stated (January 1986) that these items were necessary for augmenting the overall performance of the BTPP.

30.2.3 Against the revised estimate of Rs. 98.48 crores, actual expenditure up to March 1985 was Rs. 84.07 crores. Even though commercial operation of the unit commenced in April 1982, about 15 per cent of the work, viz. coal handling plant (Rs. 6.81 crores), acquisition and development of land (Rs. 3.86 crores) and construction of residential/non-residential buildings (Rs. 3.99 crores) was yet to be completed (June 1985).

30.2.4 A comparison of construction and operation etc. of stages II and III is given in Annexure I.

30.3 Commissioning

Unit V, (Stage III) which was scheduled to be commissioned in September 1981 was synchronised in December 1981. Commercial operation of the unit, however, commenced only from April 1982. Owing to delay in commissioning, the project suffered loss in generation of about 200 million units (MU)

(on the basis of actual generation of 785.623 MU during 1982-83) which in terms of value at the then existing tariff of 35.29 paise per unit came to Rs. 7.06 crores approximately. The Ministry stated (January 1986) that the delay of three months was mainly due to late supplies of equipment by two public sector undertakings and that the unit was brought under commercial operation within 4 months which was the normal time taken for units of this size. The question of levy of liquidated damages for belated supply of equipment was under consideration of the BTPP (January 1986).

30.4 Failure to attain prescribed norms of efficiency

30.4.1 A comparative study of operation of all the five units for the years 1981-82, 1982-83 and 1983-84 is given in Annexure II.

30.4.2 Installed capacity of units I to III of BTPS was 100 MW each and that of units IV and V 210 MW each making the total of 720 MW. In April 1980 and December 1982, units I and II were derated from 100 MW to 85 MW each on account of some defect in the rotors, thereby reducing the total capacity to 690 MW (6044.40 MU).

30.4.3 Energy generated during 1982-83 to 1984-85, when all the units were in operation, was as under :—

	Unit I	Unit II	Unit III	Unit IV	Unit V	Total
	(In Million Units)					
1982-83	396.104	477.279	534.816	864.262	785.623	3058.084
1983-84	370.989	471.520	469.669	735.318	1026.449	3073.945
1984-85	359.256	447.317	324.870	1035.360	843.680	3010.483

30.4.4 Central Electricity Authority (CEA) has laid down plant load factor (PLF) of 61 per cent for 100 MW unit and 57 per cent for 210 MW unit

from second year of the commissioning of the unit. As against these norms, PLF achieved in various units of the BTPS (in percentage) was as under :—

	100 MW			210 MW		Station
	Unit I	Unit II	Unit III	Unit IV	Unit V	
1982-83	53.20	61.67	61.05	46.98	42.71	50.59
1983-84	49.69	63.15	53.47	39.86	55.64	50.72
1984-85	48.25	60.08	37.09	56.28	45.86	49.81

30.4.5 The Public Accounts Committee (PAC) while expressing concern over the performance of the BTPS had observed in its 135th Report (1982-83) (Seventh Lok Sabha) that BTPS, being the first regional thermal power station set up in the Central

sector, should function as a model of efficiency for the other power stations being set up and had also desired that its performance should be kept under constant watch and corrective measures taken to achieve utilisation level of at least 60 per cent load

factor. In its Action Taken note (September 1982), the Ministry stated that the factors contributing to poor performance of the station had been identified and that a number of modifications had either been carried out or were under implementation to increase the load factor. However, the PLF continued to be considerably below the norms prescribed by the CEA.

The Ministry stated (January 1986) that in Unit V, hydrogen leakage problem was experienced during 1983-84 which necessitated replacement of the rotor by the supplier during 1984-85 and the unit had been functioning satisfactorily thereafter.

30.4.6 Forced outages (stoppages) during the last three years were as under :—

	Unit I	Unit II	Unit III	Unit IV	Unit V	Total
1982-83 hours	973.43	470.30	1124.59	1454.37	2335.49	6358.18
(number)	(83)	(66)	(41)	(102)	(84)	(376)
1983-84 hours	2569.46	946.55	1504.57	547.10	474.32	6042.00
(number)	(79)	(42)	(56)	(53)	(52)	(282)
1984-85 hours	2853.13	1251.41	494.43	594.41	2293.52	7486.90
(number)	(55)	(57)	(45)	(68)	(48)	(273)

In units I and II, outages in hours had been on the increase from year to year. Similarly, in unit V, there were 52 outages of 474.32 hours during 1983-84 whereas it suffered 48 outages aggregating 2293.52 hours in 1984-85.

30.4.7 The large number of outages was attributed (January 1986) by the Ministry to the fact that the

(a) Planned verhaulings

	Unit I	Unit II	Unit III	Unit IV	Unit V	Total
1982-83 hours	464.27	848.41	236.38	1181.04	770.02	3500.12
(number)	(1)	(4)	(3)	(4)	(6)	(18)
1983-84 hours	525.38	773.49	115.33	Nil	144.22	1558.42
(number)	(2)	(4)	(2)		(2)	(10)
1984-85 hours	Nil	430.42	Nil	551.05	564.40	1545.87
(number)		(1)		(3)	(1)	(5)

(b) Major overhaulings :

	Unit I	Unit II	Unit III	Unit IV	Unit V	Total Station
1982-83 hours	1026.55	..	..	..	..	1026.55
(number)	(1)					(1)
1983-84 hours . . . . .	..	..	724.15	3555.56	1472.01	5751.72
(number)			(1)	(1)	(1)	(3)
1984-85 hours . . . . .	..	..	3358.20	..	..	3358.20
(number)			(1)			(1)

30.4.9 In paragraph 2.20 of its 82nd Report (1981-82) (Seventh Lok Sabha), the PAC had pointed out that the overhauling and maintenance of the plant and equipment at BTPS had not been carried out as per prescribed time schedule and that this delay had contributed to the frequent trippings in the power station and reduced generation. It also viewed the postponement of overhauling of equipment, to meet immediate demand, as a short-sighted policy as that might cause serious damage to equipment resulting in closure of power station for long periods and higher forced outages. The PAC had, therefore, recommended that the scheduled dates of overhauling and maintenance should be adhered to. Concern was also

coal supplied to the BTPS was not of the same quality for which the boilers had been designed and that the quality of consumptive water available at the station had also deteriorated due to pollution from the industrial wastes along the Yamuna resulting in excessive wear and tear of the equipment.

30.4.8 The record of planned overhaulings and major overhaulings of various units was as under :—

expressed by the Committee on Public Undertakings (COPU) in paragraphs 3.36 and 3.37 of its 92nd Report (1983-84) (Seventh Lok Sabha) that the Northern Region Electricity Board (NREB) had not been giving permission to the BTPS for taking down the units for overhauling according to schedule due to the power supply situations in Delhi and was of the opinion that postponement of necessary overhauling of equipment resulted in more loss of power in the long run due to heavy outages and was not a sound policy. The COPU had, therefore, recommended that Government should impress upon the NREB the necessity of making suitable alternative arrangements for supply of power to Delhi so that

the BTPS was allowed to undertake overhauling of equipment at prescribed intervals without adversely affecting the power supply to Delhi. The BTPS has, however, not been overhauling its equipment at prescribed intervals because of its not being allowed to undertake planned overhauls. The Ministry stated (January 1986) that an annual schedule of maintenance of all thermal stations has been finalised with NREB. Planned maintenance in accordance with the schedule is being insisted upon. However, opportunity is taken to undertake plant maintenance in case forced outages occur. The general schedule of plant maintenance finalised with NREB is, of course, subject to the exigencies of the power supply situation in the Northern Region.

30.4.10 The CEA had recommended the following norms regarding consumption of coal and furnace oil :—

	100 MW	210 MW	(Kg = kilogram (Ml = millilitre (Kwh = Kilo watt hour)
Coal	0.6 kg/Kwh	0.52 kg/Kwh	From 2nd year of commissioning of unit.
Furnace Oil	12 ml/Kwh	12 ml/Kwh	—do—

As against these norms, the consumption of coal and furnace oil on different units was as under :—

Coal	100 MW			210 MW	
	Unit I	Unit II	Unit III	Unit IV	Unit V
1982-83 kg/Kwh	0.695	0.695	0.695	0.664	0.650
1983-84 "	0.688	0.688	0.688	0.698	0.671
1984-85 "	0.689	0.689	0.684	0.675	0.677
Furnace oil					
1982-83 ml/Kwh	10.49	10.49	10.49	31.39	33.92
1983-84 "	15.94	15.94	15.94	21.46	23.25
1984-85 "	27.46	24.01	22.74	41.35	32.64

30.4.11 Thus, consumption of coal was about 14 to 16 per cent in excess of the standards in the case of units I to III and 25 to 34 per cent in the case of units IV to V. The Ministry stated (January 1986) that the norms of coal consumption recommended by CEA related to coal of 'C' grade with a calorific value of 5500 K.Cal/kg whereas the average calorific value obtained from the lower grade of coal received during 1982-83, 1983-84 and 1984-85 at Badarpur was 4556, 4669 and 4317 K.Cal/kg respectively and that this led to an increase in the quantity of coal consumed, as also in higher consumption of power by the auxiliaries in crushing, conveying and milling of coal and in disposal of the extra quantity of ash.

30.4.12 The consumption of furnace oil had increased from year to year in units I to III and in 1984-85, it was more than 100 per cent above the norms in units I and II. In Units IV and V (210 MW each) though there was some improvement in 1983-84 over the consumption in 1982-83, it was on the increase during 1984-85. The Ministry attributed (January 1986) the following to the higher consumption of furnace oil :

- (b) The problems in the milling system, particularly in Units IV and V also led to increased consumption of oil.
- (c) The oil consumption increased in case the units operated on a part load due to any reason, e.g. receipt of wet coal during the monsoon.
- (d) The number of start ups and trippings due to tube failures, outages of coal handling plant auxiliaries and frequent choking of discharge chutes, conveying belts, failures of boiler feed pumps, cooling water pumps, primary air fans, air pre-heaters, etc. also contributed to a higher oil consumption.
- (e) The lower calorific value of and high ash content in coal required increased oil support even at fairly high loads.

- (a) Variations in the volatility of coal necessitated continuous oil support for stabilising the flame.

30.4.13 Non-attainment of required norms for the PLF, too many forced outages and excess consumption of fuel had, thus, contributed to heavy losses to

the BTPS. The value of coal and furnace oil consumed in excess of norms during the last three years came to Rs. 79.93 crores as given below :—

Year	Excess consumption of		Total
	Coal	Furnace oil	
	(In crores of rupees)		
1982-83	12.29	12.40	24.69
1983-84	15.02	6.29	21.31
1984-85	17.15	16.78	33.93
	44.46	35.47	79.93

30.5 Excessive Consumption of energy in BTPS auxiliaries

30.5.1 A part of the energy generated in a power station is necessarily consumed in operation of the station itself, viz. for coal handling plant, water treatment plant, cooling towers, etc. The project report for stage III envisaged consumption of energy in station auxiliaries at 9 per cent of generation. While sanctioning tariff rates for electricity Government adopted 11.5 per cent (10 per cent in auxiliaries and 1.5 per cent in transformation) of the energy generated for such consumption in the BTPS.

The consumption in station auxiliaries was considerably higher than the prescribed norms and also showed an upward trend both in absolute terms and as percentage of energy generated. The station suffered a loss of Rs. 7.97 crores during the year 1982-83, 1983-84 and 1984-85 at respective tariff rates on excess consumption on auxiliaries alone as indicated below :—

	1982-83	1983-84	1984-85
(i) Total energy generated (MU)	3058.08	3073.95	3010.48
(ii) Consumed in auxiliaries (MU)	370.74	428.87	435.54
(iii) Percentage of consumption in auxiliaries to energy generated	12.12	13.95	14.47
(iv) 11.5 per cent of generated energy (MU)	351.68	353.50	346.21
(v) Excess consumption (MU)	19.06	75.37	89.33
(vi) Loss worked out at respective tariff rates (Rs. in lakhs)	70.78	315.20	410.90
(vii) Loss with reference to cost of generations (Rs. in lakhs)	77.83	342.03	*

*(Cost of generation during 1984-85 not yet worked out).

30.5.2 The Ministry attributed (February 1985 and January 1986) the following reasons for progressive increase in consumption of energy in auxiliaries :

- (i) Low voltage in the Northern Grid during most of the day.
- (ii) Operation of units at part load.
- (iii) Poor quality of coal received from 1979-80 onwards resulted in higher consumption of coal which, in turn, resulted in higher consumption of energy as additional quantities of coal had to be handled (417183 tonnes, 454562 tonnes, and 438237 tonnes during 1982-83, 1983-84 and 1984-85 respectively).

30.5.3 The Ministry also stated that various remedial measures had been taken by the BTPS to minimise the consumption in auxiliaries as under :

- (i) efforts were made to ensure running of the units on optimum load to avoid higher auxiliary consumption;
- (ii) efforts were made to have better quality of coal supplied;
- (iii) boiler feed pump motors had been modified as the original motors were having design defects and the modified motors were now running without frequent failure; and
- (iv) outages were being minimised by analysing the causes of all trippings to prevent repeated outages.

Despite these measures, the consumption of energy in auxiliaries continued to increase.

30.6 Working results

30.6.1 The annual accounts of the BTPS disclose an accumulated loss of Rs. 95.56 crores upto March

1984, the year upto which accounts have been closed by the BTPS.

30.6.2 The summary of Expenditure and Revenue Account for last 3 years was as follows :—

Expenditure and Revenue Accounts

(Rupees in crores)							
Sub-head—Expenditure	1981-82	1982-83	1983-84	Sub-head—Revenue	1981-82	1982-83	1983-84
I. Operation including fuel, lubricants, wages, salaries, excise duty, etc.	59.52	93.69	95.47	I. Sale of energy	67.36	106.54	115.65
II. Repairs and maintenance	6.08	8.52	10.07	II. Interest	1.38	2.16	2.57
III. Depreciation	4.42	4.46	7.05	III. Income from rentals	0.03	0.03	0.03
IV. General administrative charges	0.91	1.19	1.47	IV. Other receipts	0.10	0.26	0.19
V. Other charges including interest on capital and current account, etc.	12.21	21.87	30.21	V. Net deficit	14.27	20.74	25.83
TOTAL	83.14	129.73	144.27	TOTAL	83.14	129.73	144.27

After making prior period adjustments and accounting for interest on depreciation reserve fund investment, the accumulated loss to end of 1981-82, 1982-83 and 1983-84 was Rs. 46.78 crores, Rs. 68.89 crores and Rs. 95.56 crores respectively.

30.6.3 Working results of the three stages for the past 3 years before and after charging interest were as under :—

A) Surplus/deficit (—) before charging interest :

Year	(Rs. in lakhs)			
	Stage I	Stage II	Stage III	Total
1981-82	152.11	(—)376.55	..	(—)224.44
1982-83	184.79	(—)129.11	32.54	88.22
1983-84	287.94	20.46	104.89	413.29

B) Loss after charging interest :

Year	(Rs. in lakhs)					
	Stage I	Stage II	Stage III	Total	Prior period adjustments and interest on depreciation reserve fund investment	Total loss
1	2	3	4	5	6	7
1981-82	457.92	969.31	..	1427.23	87.85	1515.08
1982-83	557.33	827.12	689.32	2073.77	137.42	2211.19
1983-84	777.34	921.73	883.70	2582.77	84.09	2666.86

30.6.4 Stage I has been showing surplus, whereas stage II showed a working deficit of Rs. 376.55 lakhs during 1981-82 and Rs. 129.11 lakhs in 1982-83. However, it showed a surplus of Rs. 20.46 lakhs in 1983-84. Regarding deficit of 1981-82, the BTPS stated that it was due to lower generation because of

its teething trouble, higher furnace oil consumption and poor quality of coal and that after complete overhauling during August—November 1983, the generation had picked up and the position had also improved resulting in surplus during 1983-84. Accounts for the year 1984-85 were under audit by

the auditors appointed by the NTPC (January 1986). Whereas output of stage II during 1984-85 did pick up, generation in stages I and III had gone down as indicated below :—

Year		Stage I	Stage II	Stage III	Total
1982-83	MU	1408.199	864.262	785.623	3058.084
1983-84	MU	1312.178	735.318	1026.449	3073.945
1984-85	MU	1131.443	1035.360	843.680	3010.483

30.6.5 The main reasons for the deficit were stated to be :

- (i) Lower generation due to defective supply of coal and use of dirty and polluted water.
- (ii) Excess consumption of coal and furnace oil.
- (iii) Non-payment of dues by State Electricity Boards and Delhi Electric Supply Undertaking (DESU) resulting in increase in working capital requirement which in turn resulted in increased liability for interest on current account.
- (iv) Lack of harmonious industrial relations :

The Ministry stated (January 1986) that efforts were on to improve the efficiency and performance of the Station.

30.7 Procurement of defective weighbridges and acceptance of coal without weighment :

30.7.1 The BTPS has to handle about 12,000 tonnes of coal per day. For weighing the coal received from coal mines, one wagon tippler weighbridge was procured from firm 'C' in 1973 as an integral part of the coal handling plant, the cost of weighbridge alone being Rs. 1.87 lakhs. Firm 'C' in turn procured the weighbridge from another firm 'D' and supplied it as an integral part of the coal handling plant. The weighbridge functioned for about one year in the initial stage. But since 1975 it stopped functioning due to spillage of coal into the pit of the weighbridge during the tipping process of the wagons.

30.7.2 Again, in April 1977, another wagon tippler alongwith an identical weighbridge of firm 'D' make was got installed from the same firm 'C' at a cost of Rs. 4.56 lakhs excluding taxes, cost of erection, testing and commissioning. The new weighbridge also stopped functioning from July 1977.

As the two weighbridges stopped functioning, coal could not be weighed on receipt. The quantity shown in the respective railway receipts was being taken as the quantity of coal received without actual weighment. Thus, the expenditure (Rs. 6.43 lakhs) incurred on the two weighbridges became wasteful.

30.7.3 In 1980, firm 'D' was called upon to bring the two weighbridges into operation as well as to look after their regular maintenance. The effort produced no result. The firm suggested to the BTPS authorities to witness the functioning of its weighbridge at the Faridabad Power house. It was then found that there was no spillage of coal into the pit of the weighbridge in that power house.

30.7.4 During April—June 1977, when the second weighbridge was in operation, weight of coal which, as per railway receipts was 12,111 tonnes, on weighment in BTPS, was found to be 11,765 tonnes. Thus, a shortage of 346 tonnes costing Rs. 0.52 lakh at the then prevailing rate was noticed.

30.7.5 The Ministry stated (May 1984) that though repairing of weighbridges had been attempted several times, due to spillage of coal into the weighbridges, these could be kept in order hardly for a few hours. The BTPS was, therefore, planning to shift these weighbridges so as to keep them in between the track leading to wagon tippler. For this purpose the matter was entrusted (May 1984) by the BTPS to firm 'E' (A Public Sector Undertaking) for a feasibility report including a review on the unloading operations for improvement. Firm 'E' submitted a report in the beginning of 1984. Thereupon, an order was placed on Northern Railways in February 1985 for implementation of the recommendations in the above report. Northern Railways had taken up the job and the work was in progress. The Ministry also stated that weighment of coal on the conveyor was calibrated on a routine basis and that a number of sample checks had revealed that the weights shown in the railway receipts were matching with those recorded in meters but it could be made accurate only after the new concept of installing in-motion weighbridge materialised.

30.7.6 The Ministry added (January 1986) that the modifications required on the weighbridges had since been carried out and the weighbridges put into operation. It was further stated that under the existing arrangements with the coal companies, coal was deemed to have been taken over by the BTPS once it was loaded on the railway wagons and that the railways did not entertain any claims for shortages in transit as coal was transported at owners' risk and no claims could be lodged in respect of shortages or pilferages in transit, even if detected. The Ministry also stated that the installation of coal handling plants and weighbridges at the colliery ends was yet to be completed and that efforts were being made to post supervisory personnel at colliery ends to avoid under

loading and incorrect weighments and that joint inspection by the coal and power station authorities would be carried out at the power station end. On an enquiry by Audit regarding the date from which the weighbridges had started functioning and the details of modifications carried out and their cost, the BTPS stated (January 1986) that one weighbridge had been working satisfactorily since October 1985 and the other was under trial operation.

30.8 Inventory Control

30.8.1 The BTPS was holding operating stores worth Rs. 12.90 crores and Rs. 18.08 crores and capital spares worth Rs. 0.44 crores and Rs. 0.78 crores on 31st March 1983 and 31st March 1984 respectively. Increase in the stock as on 31st March 1984 over that of 31st March 1983 was stated to be mainly due to transfer of inventory from the BTPS to the Badarpur Thermal Power Station (BTPS) and also procurement of insurance spares/unit assemblies.

30.8.2 Four teams were constituted (July 1983) by the BTPS for physical verification of stores. Reports submitted by two of them in June 1984 and September 1984 revealed that stores worth Rs. 2.37 crores were surplus/non-moving. Out of 5612 items held for over one year, 4430 items had not been moving for the last 4 to 9 years.

30.8.3 The verification teams also pointed out 1002 items (value not indicated) comprising several thousand articles of slow moving nature held for several years from 1976 to 1983. The Ministry stated (January 1986) that most of the items were ordered at the erection stage of the project and were being consumed over a period of time.

30.8.4 In spite of their availability in stock, 273 items costing Rs. 66.67 lakhs were procured twice, thrice or four times without any demand/issue since procurement. The Ministry stated (January 1986) that of these, cost of 22 items alone amounted to Rs. 54 lakhs and that these included spares for instruments procured for the full life of the equipment. Besides, emergent purchases involving cash payment of Rs. 2.37 lakhs in respect of 43 items were made, but the stores purchased were not actually utilised. Also, 1058 items were not shown/produced to the team for verification.

30.8.5 Shortages of stores (Rs. 25.89 lakhs) and excesses (Rs. 1.01 lakhs) were noticed. After reconciliation/adjustments, shortages (Rs. 4.91 lakhs)

and excesses (Rs. 1.01 lakhs) were yet to be regularised (January 1986). Cables of 85 types valued at Rs. 80 lakhs (reduced to Rs. 62.71 lakhs by March 1985) had been surplus for the last 5 to 7 years. This included 8 items valued at Rs. 45.03 lakhs (value more than Rs. 2 lakhs each, one single item was of the value of Rs. 14 lakhs). Physical verification of cables could not, however, be done in its entirety as labour and machinery were not made available to the teams and there were practical difficulties in measuring cables. The Ministry stated (January 1986) that steps were being taken to dispose off/transfer these cables to other projects and that cables worth Rs. 25 lakhs had been disposed off.

30.8.6 Spares worth Rs. 6.78 lakhs for cranes, trucks, jeeps, etc. purchased prior to 1975 were found surplus.

30.8.7 The third team brought out the following irregularities :—

- (i) Out of 9500 items, only 6600 items could be physically verified and the remaining 2900 items were not produced for verification in auto stores. These were found by the team to be lying on 'store floor' without any identification and without linking with the ledger balances.
- (ii) Physical verification of steel of various categories could not be done for want of machinery and labour for handling of stores and manpower for actual counting of pieces and due to heavy parts having been dumped on the ground.
- (iii) In auto-stores, 62 items (123 numbers) and 524 items (2923 numbers) were lying unutilised for more than 7 years and between 3 to 7 years respectively.

30.8.8 The fourth team could not check a part of the stores of consumable articles due to incomplete ledgers for 1983-84 and improper maintenance of issue records. Of the 1676 items verified, shortages of 112 items (338 numbers) and 280 un-serviceable items (986 numbers) were observed.

30.8.9 On the BTPS being asked (August 1985) to intimate the action taken for gainful utilisation of the surplus/non-moving/slow moving items by disposal or transfer to other projects, the Ministry stated (January 1986) that a special committee had since been constituted to examine such surplus/scrap items and to suggest suitable measure for their utilisation/disposal.

30.9 Heavy outstanding dues :

30.9.1 Heavy balances amounting to Rs. 451.01 crores (detailed below) were outstanding as on 30th April 1985 against various State Electricity Boards/Undertakings to whom energy had been supplied by the BTPS without entering into any formal agreements with them. The Ministry took a decision in September

1982 that from 1st September 1982 interest would be chargeable at the rate of two per cent per month, if payment of bills was delayed by boards/undertakings concerned beyond one month of issue of the bills. Accordingly, an amount of Rs. 86.54 crores became recoverable on account of interest from these parties as per details given below :—

S. No.	Name of Unit	Amount outstanding			Total as on 30th April 85	Amount of interest due (April 1985)
		For six months	6—12 months	More than one year		
(In crores of Rupees)						
1.	DESU	62.49	58.02	230.15	350.66	79.59
2.	Haryana State Electricity Board (HSEB)	..	..	4.36	4.36	0.22
3.	Rajasthan State Electricity Board (RSEB)	..	..	5.93	5.93	4.54
4.	Himachal Pradesh State Electricity Board (HPSEB)	..	..	1.14	1.14	0.39
5.	Uttar Pradesh State Electricity Board (UPSEB)	..	..	1.83	1.83	0.89
6.	Punjab State Electricity Board (PSEB)	..	..	0.54	0.54	0.29
7.	Salal Project	..	..	0.01	0.01	0.44
8.	J&K State	..	..	..	..	0.10
9.	Bairasul Project	..	..	..	..	0.08
		62.49	58.02	243.96	364.47	86.54

Total outstanding dues : Rs. 451.01 crores.

The outstanding dues pertained to the year 1973-74 and onwards and the yearwise breakup is given in Annexure III.

30.9.2 Out of Rs. 364.47 crores, dues of Rs. 2.80 crores had been disputed by various Electricity Boards as under :—

S. No.	Unit	Year	Amount (In crores of rupees)
1.	DESU	Upto 1976	1.51
2.	RSEB	1975-76 to 1979-80	0.82
3.	UPSEB	1975-76 to 1976-77	0.43
4.	HPSEB	September 1975	0.04
TOTAL			2.80

30.9.3 Yearwise collection of dues by the BTPS for the three years was as follows :—

Year	Amount outstanding against various boards/undertaking at the beginning of the year	Amount billed during the year	Amount collected during the year	Amount outstanding at the close of the year
(In crores of rupees)				
1982-83	80.93	106.49	22.61	164.81
1983-84	164.81	115.62	27.57	252.86
1984-85	252.86	120.51	8.90	364.47

30.9.4 The outstanding dues were thus on the increase and the realisation was getting less. Because of this, the BTPS had to draw more money under Government current account resulting in increased liability of interest thereon.

30.9.5 The dues from DESU amounted to Rs. 350.66 crores, out of which Rs. 49.31 crores related to the period prior to April 1982. The Ministry stated (January 1986) that consequent on the revision of its tariff with effect from 1st April 1985, DESU had agreed to pay all the current dues of BTPS.

While expressing concern over the mounting dues from DESU, the PAC in paragraph 1.12 of its 135th Report (1982-83) (Seventh Lok Sabha) had desired that a high powered committee should be appointed to examine the working of DESU and suggest measures to put the working of DESU on a sound financial footing.

30.9.6 The Ministry stated (February 1984) in the Action Taken note that as the issue of complete restructuring of the electricity supply system was under

consideration, appointment of the high level committee to examine DESU was not considered necessary.

30.9.7 As for the disputed dues of Rs. 2.80 crores, the Ministry stated (February 1985 and January 1986) that the position thereof had been discussed at various top level meetings, but the final settlement was awaited.

30.10 Delay in acquisition of land :

30.10.1 Of the land measuring 678 acres acquired for setting up the BTTP, 11 acres was utilised in stage I for construction of 368 residential quarters. Provision for acquiring 25 acres of land for residential purposes at a cost of Rs. 12.50 lakhs was made in the original estimates of stage II (June 1974). This provision was revised to Rs. 116.04 lakhs in the revised estimates (March 1985).

30.10.2 In the project report for stage III (May 1975), the requirement of additional land for residential purposes was shown as 200 acres at a cost of Rs. 30 lakhs. As compared with the rate adopted a year earlier for stage II, this was gross under-estimation. However, Government accorded (March 1978) sanction for acquisition of only 25 acres at a cost of Rs. 12.50 lakhs. This requirement was later enhanced to 100 acres at a cost of Rs. 600 lakhs in the revised estimates (March 1985).

30.10.3 Allotment of 50 acres of land was taken up by the BTTP with the DDA in 1977. The requirement was enhanced to 125 acres in 1978. The DDA approved allotment of 75 acres in September 1978 and 50 acres in April 1980. The Ministry of Works and Housing issued gazette notification for 118 acres (December 1979/January 1982) for change of land use from "green agriculture belt" to "residential".

30.10.4 The BTTP paid Rs. 346.32 lakhs to the DDA during October 1980 to September 1982 for 63.38 acres of land. Of this, physical possession of 40.60 acres was handed over. However, a part of the land was under unauthorised occupation (January 1986). Owing to subsequent encroachment, physical possession of the remaining 22.78 acres valued at Rs. 136.68 lakhs was yet (January 1986) to be taken over by the project authorities. This resulted in blocking up of capital for over three years.

30.10.5 Stage II of the project was sanctioned in June 1974. However, the BTTP did not initiate the case for acquisition of land with the DDA till 1977.

Of the 63.38 acres of land, charges for 11.32 acres acquired in 1980-81 were paid at the rate of Rs. 3 lakhs per acre and for the balance 52.06 acres, acquired in 1981-82 and thereafter, at the rate of Rs. 6 lakhs per acre. Thus, because of delay in acquisition, the BTTP had to pay Rs. 1.56 crores extra for 52.06 acres of land (13.68 acres for stage II and 38.38 acres for stage III), apart from delay in construction of staff quarters and escalation in the cost of construction of quarters. The Ministry stated (January 1986) that the increase in area of land from that originally envisaged was mainly due to the subsequent decision to provide a composite township with necessary amenities to BTTP staff and that the cost of land had gone up and the increase in cost was considered to be reasonable keeping in view the rise in the land prices in Delhi.

30.11 Residential quarters

30.11.1 368 quarters were constructed during Stage I of the project. In each of the stages II and III, provision was made for constructing 500 quarters. Against this, sanction was accorded (July 1984) for the construction of 1003 quarters.

In the meantime, construction of 291 quarters was taken up during May 1982 to November 1984 against 1003 quarters envisaged and of them 156 quarters were completed during September 1983 to July 1984 and the remaining 135 quarters were under construction (May 1985).

30.11.2 Construction of 117 quarters at a cost of Rs. 79.71 lakhs was allotted to contractor "A" with date of commencement as 16th April 1983 and phased completion from 15th March 1984 to 15th July 1984. The work was not completed by the scheduled dates. The contractor applied (July 1984) for extension of time by nine months on the ground of delay in handing over of the site by the BTTP (5 months) and non-availability of bricks and sand (6 months). When his request was under consideration (October 1984) the contractor suspended work on the ground that the BTTP was delaying payment of his dues. Extension of time was granted (November 1984) upto July 1985 without levy of liquidated damages. By June 1985 hardly 52 per cent of the work had been executed. Work done during July 1984 to June 1985 was only 5.5 per cent of the total value of the work. No action had been taken against the contractor for the slow progress of the work.

The Ministry stated (January 1986) that the delay in construction was mainly due to non-availability of

sites and that the work had since been resumed and was in progress. The Ministry added that the question of levy of suitable liquidated damages would be considered in terms of the contract on completion of the work.

30.11.3 *Delay in allotment*

156 quarters were completed during September 1983 to July 1984. Because of the time taken in earmarking site of the electric sub-station and non-receipt in time of the tender documents and the complete structural designs of the overhead water tank from the Central Public Works Department and delay in construction of roads, paths and drains, essential services like water and electric supply were not ready and, therefore, the allotment of quarters could not be made soon after completion of the civil works. 153 quarters including 47 quarters allotted to the Central Industrial Security Force (CISF) were allotted during August 1984 to April 1985 and 3 quarters were still (May 1985) lying vacant. Of the 47 quarters allotted to CISF, 20 had been lying vacant (March 1985). The delay in providing essential services resulted in delayed allotment of quarters. Because of this, the BTPP suffered loss of revenue of Rs. 0.60 lakh and had also to pay house rent allowance (Rs. 2.51 lakhs) to the prospective allottees.

The Ministry stated (January 1986) that amenities like sewerage, water and electricity had to be provided blockwise within the frame work of a composite plan and not separately for each quarter and that a close coordination for timely completion of the quarters including the amenities was being ensured.

30.11.4 *Delay in allotment of shops in the shopping centre*

Construction of a shopping centre consisting of 10 shops for the residential colony was completed in September 1984 at a cost of Rs. 2.58 lakhs. Tenders for allotment of 8 of these shops, invited in September 1984, were rejected in February 1985 on the ground that these had not been processed by the allotment committee of BTPP in accordance with the rules framed by the NTPC.

Tenders have not been reinvited so far (May 1985). In the meantime, the shops were temporarily allotted to the CISF from May 1985. The delay in allotment of the shops resulted in loss of revenue of Rs. 0.24 lakh upto May 1985. The Ministry stated (January 1986) that efforts were being made to allot the shops as per approved allotment rules.

30.12. *Summing up :*

Following are the main points that emerge :—

- Project estimates of Stage III increased from Rs. 63.69 crores (1978) to Rs. 98.48 crores (March 1985) due to provision of new items, increase in cost of equipment, land, etc. and other reasons.
- Stage III scheduled to be commissioned in September 1981 was actually synchronised in December 1981. Commercial production commenced in April 1982.
- Plant load factor (PLF) achieved in 4 units already commissioned (during stages I and II) and the new unit installed in stage III (Unit V) was far below the prescribed norms. There were frequent outages primarily due to inferior quality of coal and excessive wear and tear of the plant. BTPS also did not undertake regularly planned periodical overhauls of the units.
- The consumption of energy on auxiliaries was excessive.
- The consumption of coal and furnace oil was in excess of the prescribed norms in all the units.
- Power station had suffered a loss of Rs. 95.56 crores to the end of 1983-84 due to lower generation, excess consumption of coal and furnace oil and increased borrowings etc. because of non-payment of dues by DESU and State Electricity Boards.
- Amount outstanding against DESU and various Electricity Boards in April 1985 was Rs. 451.01 crores of which Rs. 430.25 crores were against DESU alone.
- Due to nonfunctioning of the weighbridges, coal received short could not be ascertained.
- There was accumulation of non-moving items of stores (cable and spares) over a long period.
- There was delay in acquisition of land, construction and allotment of staff quarters and shopping centre.

ANNEXURE I

(As referred to in Para 30.2.4)

Statement showing comparison of construction and operation etc. of Stages II and III

	Stage II (Unit IV)			Stage III (Unit V)		
	1982-83	1983-84	1984-85	1982-83	1983-84	1984-85
I. Installed capacity	210 MW			210 MW		
II. (i) Date on which the unit was synchronised	2-12-1978			25-12-1981		
(ii) Date on which the unit was put on commercial operation	17-3-1980			1-4-1982		
III. Energy generated (MU)	864.262	735.318	1035.360	785.623	1026.449	843.680
IV. Outages : (In hours and No. in brackets)						
(a) Forced outages	1454.37 (102)	546.30 (53)	594.41 (68)	2335.49 (84)	474.32 (52)	2293.52 (48)
(b) Major overhauls	Nil	3555.56 (1)	Nil	Nil	1472.01 (1)	Nil
(c) Planned overhauls	1181.04 (4)	Nil	551.05 (3)	770.02 (6)	144.22 (2)	564.40 (1)
V. Plant load factor (In percentage) (Prescribed norm—57)	46.98	39.86	56.28	42.71	55.64	45.86
VI. Consumption on auxiliaries (In percentage) (Norms Approved by Government 11.5)	10.85	13.80	14.58	11.42	13.34	13.70
VII. Consumption of fuel :						
(a) Coal (Kg/kwh) (Norms for consumption 0.52 kg/kwh)	0.664	0.698	0.675	0.650	0.671	0.677
(b) Furnace oil (ml/kwh) (Norms for consumption 12 ml/kwh)	31.39	21.46	41.35	33.92	23.25	32.64
VIII. Excess consumption of fuel :						
(a) Coal (Tonnes in lakhs)	1.25	1.31	1.61	1.02	1.55	1.33
(b) Furnace oil (In kilo litre)	16755	6946	30390	17220	11550	17411
IX. Items of work	Sanctioned estimates	Revised estimates	Actual expenditure upto March 1985	Sanctioned estimates	Revised estimates	Actual expenditure upto March 1985
	(Rs. in lakhs)			(Rs. in lakhs)		
1. Power House building	289.43	337.32	337.54	281.19	399.18	397.14
2. Boiler Plant and turbo generator	3904.27	4572.76	4536.65	4359.31	5563.66	5479.96
3. Fuel, Ash handling system	374.10	1279.21	605.30	119.76	1102.24	428.81
4. Water Supply and cooling System	489.92	587.77	564.74	203.96	260.78	233.79
5. Electrical equipment and step up stations	630.32	683.69	550.62	464.06	640.81	616.64
6. Ancilliary works	78.51	83.47	193.91	50.66	61.47	62.41
7. Utilities	223.33	414.72	246.57	235.05	496.96	94.39
8. Machinery and equipment	91.59	53.18	53.18	91.81	14.46	14.45
9. Other expenditure	558.53	722.99	721.82	579.87	1324.81	932.33
10. Suspense head . . . . .	..	..	(—)35.22	..	..	146.79
GROSS TOTAL	6640.00	8735.11	7775.11	6385.67	9864.37	8406.71

ANNEXURE II

(As referred to in Para 30.4.1)

		1981-82	1982-83	1983-84
1. Dates of Commissioning/Synchronisation :				
Unit I	26th July 1973			
Unit II	5th August 1974			
Unit III	29th March 1975			
Unit IV	2nd December 1978			
Unit V	25th December 1981			
2. Installed capacity (Million Kilo-watt hours)				
Stage I 300 MW derated to 270 MW	(MU)	2398	2365	2372
(In April 1980 and December 1982).				
Stage II 210 MW	(MU)	1840	1840	1845
Stage III 210 MW	(MU)	..	1840	1845
TOTAL 720 MW		4238	6045	6062
3. Plant load factor achieved (Percentage).				
		53.42	50.59	50.72
4. Projected capacity at 61% (Stage I) and 57% (Stage II & III) .				
	(MU)	2512	3541	3551
5. Total hours available				
Unit I	(No.)	8760	8760	8784
Unit II	(No.)	8760	8760	8784
Unit III	(No.)	8760	8760	8784
Unit IV	(No.)	8760	8760	8784
Unit V	(No.)	..	8760	8784
6. Actual hours operated :				
Unit I	(No.)	8610.58	6294.55	5688.36
Unit II	(No.)	6807.21	7440.49	7063.16
Unit III	(No.)	6965.45	7398.23	6439.15
Unit IV	(No.)	6067.57	6124.19	4681.34
Unit V	(No.)	..	5654.09	6693.05
7. Energy generated				
	(MU)	2221.16	3058.08	3073.95
8. Percentage of generation to projected capacity				
		88.42	86.36	86.56
9. Consumption in Station auxiliaries				
	(MU)	320.55	370.74	428.87
10. Percentage of consumption of units generated				
		14.43	12.12	13.95
11. Energy sold				
	(MU)	1900.609	2687.422	2645.08
12. Revenue earned (Rs. in crores)				
		68.87	108.99	118.44
13. Operation and maintenance/expenses :				
			(Rupees in crores)	
(a) Fuel (including excise duty)		59.52	93.69	95.47
(b) Operational and maintenance charges		6.08	8.52	10.07
(c) Administrative and other charges		1.09	1.44	1.72
(d) Depreciation		4.42	4.46	7.05
TOTAL (a) + (b) + (c) + (d)=		71.11	108.11	114.31
14. Profit (+)/Loss (-) before charging interest				
		(-)2.24	(+)0.88	(+)4.13
15. (i) Interest on fixed capital				
		8.35	13.73	14.92
(ii) Interest on current capital		3.68	7.89	15.04
16. Profit (+)/Loss (-) after charging interest				
		(-)14.27	(-)20.74	(-)25.83

ANNEXURE III
(As referred to in Para 30.9.2)

Year-wise break-up of bills outstanding against various Electricity Boards/Undertakings (Energy bills) excluding interest

S. No.	Name of Undertaking/Boards	1973-74	1974-75	1975-76	1976-77	1977-78	1978-79	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85	Total
(In lakhs of rupees)														
1.	D.E.S.U.	8.13	27.46	82.00	33.20	—	—	—	—	4780.69	7141.46	10941.86	12051.49	35066.29
2.	HSEB	—	—	—	—	—	—	—	—	320.10	115.86	—	—	435.96
3.	RSEB	—	—	6.85	28.11	28.22	10.58	8.67	23.38	32.23	381.69	72.93	—	592.66
4.	HPSEB	—	—	4.23	—	—	—	—	6.91	0.79	22.24	80.08	—	114.25
5.	UPSEB	—	—	24.13	2.72	16.45	—	—	—	—	58.80	81.09	—	183.19
6.	PSEB	—	—	—	—	—	—	..	—	..	—	10.00	43.61	53.61
7.	Salal Project	—	—	0.69	—	0.13	—	—	—	—	—	—	—	0.82
TOTAL		8.13	27.46	117.90	64.03	44.80	10.58	8.67	30.29	5133.81	7720.05	11185.96	12095.10	36446.78

MINISTRY OF URBAN DEVELOPMENT

31. *Loss due to non-observance of the prescribed procedure*

The work of construction of internal roads of Central Sheep Breeding Farm (CSBF), Hissar, was awarded (October 1975) by a Central Public Works Department (CPWD) Division to contractor 'A' at his tendered amount of Rs. 6.37 lakhs which was 16.14 per cent below the estimated cost (Rs. 7.60 lakhs) of the work put to tender. The dates of commencement and completion of the work were 3rd November 1975 and 2nd May 1976 respectively.

As the progress of work was slow, the Executive Engineer (EE) issued a show-cause notice to the contractor on 17th May 1976. On contractor's assurance to improve the progress of work, the EE did not rescind the contract. As there was no improvement in the progress of work (only 6.92 per cent of the tendered cost of the work was done by 5-2-1977), the EE, after issuing another show-cause notice on 20th December 1976, rescinded the contract on 5th February 1977. The Superintending Engineer (SE) levied (May 1977) compensation (Rs. 0.76 lakh) on the contractor for delay in execution of the work.

Fresh tenders for the balance work (estimated cost : Rs. 7.07 lakhs) were invited on 4th May 1977. The Ministry stated (December 1985) that the lowest tender was again of contractor 'A' and award of work to a contractor other than the lowest tenderer would have made it more difficult to recover the extra cost of the work involved alongwith the recovery of compensation from contractor 'A'.

Subsequently, the department entered into negotiations with the contractor and reinstated the contract on 21st January 1978 by allowing 170 days for completion of the balance work. The Ministry stated (December 1985) that the rescission order was revoked in the interest of work as well as to avoid legal complications. As the progress of the work was unsatisfactory (only 40 per cent of the tendered cost of the work had been completed), a show-cause notice was again served on the contractor on 19th January 1979 and the contract was rescinded on 20th February 1979. No notice for levy of any compensation was issued by the department.

The balance work was awarded (September 1979) to contractor 'B' at his tendered amount of Rs. 5.53 lakhs, which was 22.36 per cent above the estimated cost (Rs. 4.52 lakhs). The work was completed on 6th May 1981.

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The Chief Engineer appointed (May 1981) an arbitrator to decide and make award regarding the disputes between the department and contractor 'A'. The department, *inter alia*, claimed Rs. 0.76 lakh (compensation for delay in completion of the work) and Rs. 1.70 lakhs (estimated) on account of extra tendered amount for the balance work executed through contractor 'B' at the risk and cost of contractor 'A'. The actual amount of extra expenditure as worked out by the department and adjusted (June 1982) from the final bill of the contractor was Rs. 1.91 lakhs.

The arbitrator rejected (December 1982) both the claims of the department on the following grounds :—

- (i) After rescission of the contract on 5th February 1977, the parties entered into negotiations and finally the department revoked the rescission order which had the effect of continuing the contract on the same terms and conditions and it was not open for the department to recover any liquidated damages for the delays prior to the date (21st January 1978) of revival of the contract.
- (ii) According to the letter of revocation (21st January 1978) of the contract, the extended date for completion was 21st July 1978. As the work was allowed to be carried out after that date by the department, time ceased to be the essence of the contract and the contract was kept alive by the parties after 21st July 1978. For holding the contractor liable for breach of contract, the parties should have fixed another date for completion of the work.
- (iii) The delay on various counts was attributable to the department also and the department was not justified in rescinding the contract on the ground that delays were exclusively accountable to the contractor.

The arbitrator, however, awarded Rs. 0.69 lakh (claims of contractor) and interest thereon at the rate of 12 per cent per annum from the date of award to the date of payment or decree, whichever was earlier. The CE accepted the award (March 1983) and payment of Rs. 0.75 lakh including interest (Rs. 0.06 lakh) was made to contractor 'A' on 11th October 1983.

The Ministry stated (December 1985) that there was no reason to believe at the time of revocation order, which was at the specific request of contractor 'A' that he would not fulfil his undertaking to execute

the balance work within the time limit of 170 days fixed by the department and that the contractor had consented to the period of 170 days allowed to him for completion when he recommenced the work. In the opinion of the Ministry, it might not be correct to say that a fresh date of completion of the balance work was not fixed.

The fact remains that the department did not fix another date beyond the agreed period of 170 days for completing the work and had to bear the additional liability of Rs. 1.97 lakhs (Rs. 1.91 lakhs as per final bill plus Rs. 0.06 lakh as interest).

32. *Loss due to non-realisation of dues from contractor and delay in completion of a work*

The work of construction of 144 type IV quarters (four-storeyed) in the general pool at Madras was awarded (June 1968) by a Central Public Works Department (CPWD) Division to Contractor 'A' at his tendered amount of Rs. 29.98 lakhs (Rs. 28.72 lakhs for civil portion, including sanitary and water supply items and Rs. 1.26 lakhs for electrical portion), which was 8.65 per cent above the estimated cost of Rs. 27.59 lakhs. The stipulated dates of commencement and completion of the work were 12th July 1968 and 11th November 1969 respectively.

As the progress of the civil portion of work was slow (39 per cent) and there was no improvement despite several notices issued to the contractor, the department rescinded the contract on 17th February 1971. In response to tenders invited for the balance civil work, only one tender was received in February 1971, which was rejected by the Chief Engineer (CE) on the grounds that the tendered amount was very high. The work was, therefore, awarded in piece meal to various agencies against 15 agreements and 10 work orders from 1971 to 1976 at the risk and cost of contractor 'A' and was completed in groups between January 1973 and December 1977 at an extra cost of Rs. 4.24 lakhs. The CE stated (October 1985) that the balance civil work had to be split up into groups in order to obtain competitive rates and to get the work executed at lowest possible cost.

The contract for the electrical portion of work was also rescinded in February 1971 and the work was got executed through another contractor at the risk and cost of contractor 'A'. The amount due from him in this regard could not be ascertained due to non-finalisation of accounts.

The department unilaterally finalised the accounts of contractor 'A' in September 1981 in respect of the civil portion of work done by him and found that

Rs. 6.72 lakhs (Rs. 4.24 lakhs towards extra cost in getting the balance work done, Rs. 2.76 lakhs towards compensation for delay and Rs. 0.94 lakh in respect of other dues less Rs. 0.37 lakh due to the contractor and Rs. 0.85 lakh on account of security deposit) were recoverable from him. Earlier, the department could not get its claim accepted by the contractor as a letter issued (December 1980) to the contractor for acceptance of the claim was received back undelivered.

After finalising the contractor's accounts, the department took another 6 months in initiating (March 1982) action for appointment of an arbitrator towards determining the claims of the department.

The arbitrator was appointed by the CE in April 1982, but he resigned (March 1983) and another arbitrator was appointed (March 1983).

The CE stated (October 1985) that the department claimed Rs. 7.19 lakhs from contractor 'A', but the arbitrator awarded *ex parte* (September 1984) claims amounting to Rs. 4.00 lakhs only in favour of the department as under :—

Details of claim	Amount claimed	Amount awarded
	(Rs. in lakhs)	(Rs. in lakhs)
Extra cost for the balance work carried out at the risk and cost of the contractor	4.24	
Less security deposit	0.85	
	3.39	3.39
Compensation for delay in completion of work	2.76	Nil
Other dues	1.04	0.61
	7.19	4.00

After adjusting Rs. 0.37 lakh due to contractor 'A', the net amount recoverable from him in terms of the arbitrator's award was Rs. 3.63 lakhs. The CE stated (October 1985) that the award was filed (October 1984) in the High Court for making it a rule of the court and that the case was yet to be posted for hearing.

The CE further stated (October 1985) that contractor 'A' was not available at the addresses given by him; his partners too could not be contacted despite efforts made to obtain addresses from the Registrar of Firm/Collector, Madras/Commissioner of Police/Telephone authorities, etc.

The chances of recovery of Rs. 3.63 lakhs (excluding extra cost, if any, involved in electrical works, which were also got executed at the risk and cost of this contractor) are remote as considerable time has since elapsed and the whereabouts of contractor 'A' are not known to the department.

The department also suffered loss of revenue of Rs. 17.23 lakhs (approximately) on account of consequential delay in allotment of quarters which were scheduled to be completed by 11th November 1969.

33. Wrongful rescission of contract

The work of construction of Office building for Income Tax and Central Excise Department at Kota was awarded (January 1981) by a Central Public Works Department (CPWD) Division to firm 'A' for Rs. 26.41 lakhs which was 32.48 per cent above the estimated cost (Rs. 19.93 lakhs) of the work. The work, commenced on 20th January 1981, was to be completed by 19th April 1982. The date of completion was provisionally extended (August 1982) upto 31st December 1982.

On finding progress of work unsatisfactory, the Executive Engineer (EE) issued a show-cause notice to the firm on 18th September 1982 giving 10 days for reply and rescinded the contract on 14th October 1982 when 20.98 per cent of work had been done and Rs. 5.48 lakhs had been paid through 4 running bills. The Superintending Engineer (SE) levied (March 1983) compensation (Rs. 1.99 lakhs) on the firm for delay in execution of work.

The balance work was awarded (February 1984) to contractor 'B' for Rs. 25.01 lakhs which was 120.53 per cent above the modified estimated cost (Rs. 11.34 lakhs) of work put to tender. The work to be completed by 16th May 1985 was completed on 18th December 1985.

On the request (February 1983) of firm 'A', the Chief Engineer (CE) appointed (May 1983) an arbitrator to decide and make award regarding the claims/disputes raised by the firm. Although the department agreed to prepare the final bill of firm 'A' by 3rd August 1984 during the course of arbitration proceedings on 16th and 17th July 1984, it failed to either prepare the final bill by the agreed date or examine the details of amount due to firm 'A', as furnished by it to the department on 16th August 1984, for submission to the arbitrator by 25th September 1984 alongwith the comments of the department, if any, as desired by the arbitrator.

However, the CE stated (October 1985) that the EE had requested the arbitrator to extend the date to 10th October 1984.

The arbitrator awarded (November 1984) refund of security deposit (Rs. 0.32 lakh), balance payment for work executed (Rs. 0.48 lakh), interest at the rate of 8 per cent per annum on Rs. 0.80 lakh from 20th May, 1983 till the date of payment or decree of the court, whichever was earlier, and cost (Rs. 0.02 lakh) in favour of firm 'A' on the following grounds :—

- (1) The rescission of the contract before expiry of the extended date of completion of work was wrong.
- (2) The department took unduly long time in deciding co-efficient of steel supplied to the firm and also stopped part of the work causing hindrance in the execution of the work and that the firm had not made itself liable for delay in completion of the work.
- (3) The department failed to prepare the final bill of the firm by 3rd August, 1984 and to examine the details of the amounts due to the firm by 25th September, 1984.

The award was accepted by the CE (February 1985) and Rs. 0.94 lakh including interest (Rs. 0.12 lakh) was paid to the firm in March 1985.

The department did not file any counter-claims before the arbitrator even though the SE had directed (May 1983 and February 1984) the EE to do so. The department has become liable for extra expenditure of Rs. 9.99 lakhs (Rs. 25.01 lakhs minus Rs. 15.02 lakhs being 132.48 per cent of Rs. 11.34 lakhs) in getting the balance work done from contractor 'B' apart from the extra expenditure of Rs. 0.23 lakh (interest Rs. 0.12 lakh, cost awarded Rs. 0.02 lakh and net cost of balance work (Rs. 0.09 lakh) awarded to firm 'A' by the arbitrator (Rs. 0.47 lakh less cost of balance work assessed by the department 0.38 lakh) already incurred by it. Besides, Rs. 2.69 lakhs were due to be recovered from firm 'A' (cost of material issued Rs. 0.69 lakh, Income Tax Rs. 0.01 lakh, and compensation for delay in execution of work Rs. 1.99 lakhs).

The CE stated (October 1985) that it appeared clearly that the loss suffered by Government was due to the wrong rescission of the contract and the department's failure to file counter-claims before the arbitrator. The case was referred (August 1985) to the Ministry of Works and Housing; their comments are awaited (February 1986) despite two reminders issued in November 1985 and February 1986.

CHAPTER V
STORES PURCHASES
MINISTRY OF COMMERCE
(Department of Supply)

34. Purchase of trawlers and tugs

In December 1968, the Director General, Supplies and Disposals (DGSD) placed an Acceptance of Tender (A/T) on firm 'S' for supply of two fishing trawlers at Rs. 17.50 lakhs (subject to wage escalation clause) to the Ministry/Department of Agriculture. The supply was to be completed by October 1969 or earlier.

The firm supplied the first trawler on 26th August 1975 at the contract price of Rs. 8.75 lakhs and second trawler on 31st August 1978 at Rs. 9.95 lakhs on 'no profit basis'. Pre-estimated liquidated damages (Rs. 12.67 lakhs) at 1/2 per cent for each week's delay or part thereof, as provided in the A/T and cost of rectification of defects (Rs. 0.36 lakh) of

trawler were recoverable from the firm. However, amount of Rs. 13.03 lakhs recoverable on this account was not recovered by the Chief Controller of Accounts, Department of Supply while making payments to firm 'S' for the supply of the two trawlers. This was attributed (April 1985) by the Department of Supply due to mis-interpretation of terms of contract. In the meantime, firm 'S' went into liquidation in January 1981 and no recovery of liquidated damages has been possible so far (December 1985).

Even though firm 'S' had defaulted in making the supply of the trawlers against the above mentioned A/T by the due date (October 1969), the DGSD placed the following contracts on this firm for supply of more tugs :—

Month of issue of A/T	Description of tugs ordered	Quantity	Rate (In lakhs of rupees)	Due date of delivery	Indentor
February 1970	Tug 10 ton	1	23.46	31st August 1971 (extended upto 31st January 1974)	Harbour Master, Andaman and Nicobar Islands, Port Blair
June 1971	(i) Diesel tug 15 ton without fire fighting equipment	1	50.00	31st August 1972	Mangalore Harbour Project, Mangalore.
	(ii) Diesel tug 15 ton with fire fighting equipment	1	51.50	28th February 1973	do—
	(iii) Diesel tug 5 ton	1	12.00	2nd August 1972 (extended upto 30th April 1974)	—do—

According to the standard payment terms governing contracts of 1970 and 1971 firm 'S' was to get stage payments as under :—

- (i) 15 per cent on laying keel.
- (ii) 15 per cent on framing the vessel.
- (iii) 15 per cent on completing the hull.
- (iv) 20 per cent on launching of vessel.
- (v) 25 per cent on completion/acceptance of vessel.
- (vi) 10 per cent on expiry of 6 months' guarantee period.

No bank guarantees were taken in respect of stage payments to safeguard purchaser's interest in the event of midway default as firm 'S' had refused to furnish bank guarantees. Instead, firm 'S' furnished hypothecation deed, indemnity bond and comprehensive insurance policy as security towards progress payments.

Against the contract of February 1970 for one 10 ton tug, the firm completed work upto the 3rd stage (completion of hull) till November 1971, for which it was paid Rs. 10.35 lakhs (from February 1971 to December 1971). Though the delivery period was last extended upto 31st January 1974, the firm did not complete the supply. It also did not renew the

comprehensive insurance policy beyond 30th June 1973.

In respect of the contract placed in June 1971 for three tugs, the firm had obtained stage payments amounting to Rs. 35.85 lakhs between September 1971 and March 1973 as under :—

Description of tug	Total payments made (in lakhs of rupees)	Stage upto which payments made
Diesel tug 15 ton without fire fighting equipment	15.00	Second stage
Diesel tug 15 ton with fire fighting equipment	15.45	Second stage
Diesel tug 5 ton	5.40	Third stage
	<u>35.85</u>	

In addition, insurance charges amounting to Rs. 3.96 lakhs had also been paid by the DGSD on behalf of the firm in respect of February 1970 and June 1971 contracts.

Since the tugs were not delivered till as late as 1976, the contracts of February 1970 and June 1971 were cancelled by the DGSD in October 1976 and September 1976 respectively at the risk and cost of firm 'S'. Thus the entire expenditure of Rs. 46.20 lakhs (Rs. 10.35 lakhs plus Rs. 35.85 lakhs) towards stage payments on these contracts, apart from the payment of Rs. 3.96 lakhs as insurance premium paid on behalf of firm 'S', proved infructuous.

While no contract was awarded for the supply of 15 ton tugs to another firm, the contracts for the supply of 5 ton tug and 10 ton tug were reinstated on firm 'S' at a higher price of Rs. 20.70 lakhs and Rs. 43.06 lakhs in June 1979 and August 1979 respectively after obtaining bank guarantees of Rs. 6.37 lakhs in respect of both the contracts. The stipulated delivery period was August 1980 (in respect of 10 ton tug) and February 1980 (in respect of 5 ton tug). No tug was delivered and the contracts were cancelled in April 1981 after the firm had gone into liquidation in January 1981. The bank guarantees of Rs. 6.37 lakhs were not operated upon.

The demand for two 15 ton tugs and one 10 ton tug was withdrawn by the indentors in April 1980 and January 1982 respectively. A fresh contract (value : Rs. 26.94 lakhs) for 5 ton tug, still required by the indentor, was placed (June 1982) with the State Government enterprise for supply by February

1983 (subsequently extended upto March 1984), the delivery was completed in September 1984. This resulted in extra expenditure of Rs. 14.94 lakhs as compared with its original contracted price of Rs. 12 lakhs.

Against the two contracts placed with firm 'S' in February 1970 and June 1971, claims have been filed by the DGSD before the official liquidator for Rs. 59.70 lakhs (stage payments : Rs. 40.80 lakhs ; insurance premium paid on behalf of firm 'S' : Rs. 3.96 lakhs; and extra expenditure on repurchase of 5 ton tug : Rs. 14.94 lakhs). No payment towards these claims has so far been received (December 1985) by the DGSD.

Summing up—

- Pre-estimated liquidated damages (Rs. 12.67 lakhs) in respect of delay in the supply of two fishing trawlers and cost of rectification of defects (Rs. 0.36 lakh) against 1968 contract were not recovered from the firm.
- In respect of the two contracts worth Rs. 136.96 lakhs awarded to the same firm in 1970 and 1971 despite its unsatisfactory performance record no bank guarantee to safeguard purchaser's interest against stage payments was taken.
- The expenditure incurred towards stage payments amounting to Rs. 46.20 lakhs paid to the firm and insurance premium amounting to Rs. 3.96 lakhs paid on behalf of the firm in respect of contracts placed in February 1970 and June 1971 proved infructuous.
- The DGSD failed to get the two bank guarantees (Rs. 6.37 lakhs) encashed within the validity of the guarantee period on default by firm 'S' in performing the reinstated contracts for 5 ton and 10 ton tugs.
- Additional expenditure of Rs. 14.94 lakhs had to be incurred for acquiring the 5 ton tug.
- The firm went into liquidation in January 1981. Claims amounting to Rs. 59.70 lakhs lodged by the DGSD with the official liquidator are still pending (December 1985).

35. Purchase of wooden packing cases

Against an indent of the General Manager, Currency Note Press, Nasik, the Director General, Supplies and Disposals (DGSD) placed an Acceptance of Tender (A/T) (December 1983/January 1984) [value : Rs. 11.76 lakhs, exclusive of Central Sales Tax (CST)] on firm 'A' for supply of 16,800 numbers of wooden packing cases conforming to details given in DGSD's drawing No. 23785 with internal dimensions of length 805 mm, width 510 mm and height 595 mm. Delivery was to be made at the rate of 5,000 numbers per month; to be completed by 30th April 1984 or earlier.

Firm 'A' was required to pay the security deposit of Rs. 0.59 lakh by 31st January 1984 which was extended upto 10th April 1984. Due to failure of firm 'A' to deposit the security by the extended date, the A/T was cancelled (19th June 1984) at its risk and cost.

On the basis of the response to the risk purchase tender enquiry issued on 19th June 1984, advance As/T were placed (24th August 1984) for 8,000 numbers on firm 'B' at Rs. 5.74 lakhs (exclusive of CST) and for the balance 8,800 numbers on firm 'C' at Rs. 6.60 lakhs (exclusive of CST) stipulating internal dimensions as per DGSD's drawing number 23784 viz. 870 mm x 510 mm x 296 mm. The drawing number as well as dimensions were amended by the DGSD on 25th August 1984 to read as drawing number 23785 and internal dimensions as 805 mm x 510 mm x 595 mm without the approval of the competent authority. Formal As/T were issued on 31st August 1984 with the amended specifications. While acknowledging the advance and the formal As/T, both the firms 'B' and 'C' informed the DGSD in August/September 1984 that the correct drawing number and internal dimensions should be as mentioned in the advance As/T of 24th August 1984 which was as per their tender form and should read as drawing number 23784. The DGSD replied (September 1984) to both the firms 'B' and 'C' that correct drawing number and internal dimensions were intimated to them *vide* amendment letters dated 25th August 1984. This was again contested by both the firms (October 1984) as they had offered the stores of the size as per tender enquiry and advance A/T. The DGSD, however, held (October 1984) that the drawing number and dimensions were correctly amended and were as per the tender enquiry and their respective offers. This position was not accepted (November 1984) by both the firms and both the As/T were cancelled (January 1985/May 1985) at the risk and cost of the firms

in consultation with the Ministry of Law but without bringing the full facts to the latter's notice.

Department's files, however, revealed that in the cyclostyled schedule to the tender forms, the drawing number was shown as 23784. In the office copy as well as the tenders received from the firms, the drawing number and the dimensions, wherever they appeared, were found altered to read as drawing number 23785. It was also observed that the tender number given in the tender notice dated 19th June 1984 did not agree with that given in the tender form. Firm 'B' while submitting their tender had also mentioned that they were already supplying similar stores *vide* A/T dated 17th January 1984. Specifications mentioned in the tender letter dated 4th August 1984 received from firm 'C' appeared to have been erased. (According to the Department of Supply (October 1985), the specifications were "not legible"). The rejected tenders were also found to contain specification of internal dimensions conforming to drawing number 23784.

The above facts showed that the schedule to tender contained specification conforming to DGSD drawing number 23784 which appears to have been tampered with after the issue of advance As/T when the discrepancy in the dimensions of wooden packing cases actually required to be purchased and those tendered for was noticed by the DGSD. In the case of firm 'B', this was noticed by the Department of Supply also on 2nd April 1985 who remarked that "the circumstances under which a wrong tender enquiry was issued and after having issued the advance A/T, amendments have been issued on 25th August 1984 *i.e.* before despatching the formal A/T needs to be investigated and responsibility fixed". This was stated (October 1985) to be under investigation by vigilance and was under process.

To procure the stores in respect of the cancelled contract on firm 'B', an A/T was placed (April 1985) on firm 'D' for supply of 8,000 numbers, 4,000 at Rs. 5.32 lakhs (exclusive of CST) and the balance 4,000 numbers at Rs. 5.30 lakhs (exclusive of CST) with the stipulated dates of delivery as 15th December 1985 and 31st January 1986 respectively. The remaining quantity of 8,800 numbers against the cancelled contract on firm 'C' was covered on 1st July 1985 on the same firm 'C' at Rs. 3.84 lakhs (exclusive of CST) for 3,000 numbers and the balance quantity of 5,800 numbers at Rs. 7.48 lakhs (exclusive of CST). Supplies are to be completed by 31st August 1986. Thus, Government has assumed an extra liability to the extent of Rs. 10.59 lakhs.

From the above, the following points emerge :

- Tender enquiry and tender forms with wrong specifications were sent to the firms leading to frustration of purchase action.
- Risk purchase As/T firms 'B' and 'C' were placed for specifications different from those specified in the cancelled A/T on firm 'A'. The tender documents appeared to have been tampered with and specifications changed.
- Full facts of the case were not brought to the notice of the Ministry of Law when legal opinion was sought.
- The As/T on firms 'B' and 'C' had to be cancelled because of incorrect specifications in the tender enquiry. Firms 'B' and 'C' were not liable for any recovery because there were no concluded contracts with them.
- Because of the failure of the DGSD to issue correct Tender Enquiry not only the delivery of the wooden packing cases was delayed but the Government has also assumed an extra liability of Rs. 10.59 lakhs.
- Responsibility for tampering with the tender documents has not been fixed so far (October 1985).
- The Department of Supply stated (October 1985) that a demand notice for Rs. 2.02 lakhs was served on firm 'A' on 2nd April 1985, but there was no response from it. The Department also stated that trade circular had been issued for ascertaining recovery towards general damages from firm 'A', and the case was sent to vigilance on 1st August 1985 for investigation/fixing responsibility and was under process.

36. Purchase of tubular polythene bags

(A) In February/March 1979, the Director of Supplies and Disposals, Calcutta (DSD-C) placed an Acceptance of Tender (A/T) on firm 'A' for supply of 1,500 bales of tubular polythene bags at Rs. 477 per bale (exclusive of sales tax) to the Food Corporation of India (FCI). The supply was to be completed by 8th April 1979 or earlier. The firm acknowledged the A/T on 9th March 1979.

However, on 26th March 1979 the firm wrote to the Director General, Supplies and Disposals (DGSD) and the DSD(C) that their payments for the past

and future supplies had been withheld by the Controller of Accounts due to which manufacturing of balance quantity of stores had been stopped and the quantity of 500 bales already inspected on 23rd March 1979 would also not be despatched by them. The firm also sought release of their payments within 7 days. The firm did not supply any stores by the stipulated date of delivery. After getting the opinion of the Ministry of Law (17th July 1979), the A/T was cancelled on 14th August 1979 at the risk and cost of firm 'A' treating 8th April 1979 as the date of breach.

To procure the cancelled quantity of 1,500 bales, two risk purchase As/T were placed in October/November 1979 on firm 'X' (for 875 bales at Rs. 721 per bale, exclusive of sales tax, (f.o.r. Lucknow) and on firm 'Y' (for 625 bales at Rs. 750 per bale, exclusive of sales tax, (f.o.r. Bombay). Subsequently, the risk purchase A/T on firm 'X' was cancelled at its risk and cost and a fresh risk purchase A/T was placed (May 1980) on firm 'B' for supply of 875 bales at Rs. 720 per bale (f.o.r. Kanpur), supply against which was completed. As the demand for the contracted quantity of 625 bales no longer existed at that time, the risk purchase A/T on firm 'Y' was also cancelled without any financial repercussion on either side.

Risk purchase claim for Rs. 3.99 lakhs was preferred on 21st November 1979 on the defaulting firm 'A'. The risk purchase loss was computed on the basis of the difference between the rates of both the risk purchase As/T on firms 'X' and 'Y' and that of the original A/T on firm 'A'; even though no risk purchase on firm 'Y' had actually materialised. The firm disputed (April 1980) the claim and the case was referred to arbitration on 27th December 1980.

The arbitrator rejected (22nd June 1981) the claim on the following grounds :

- (i) Even though the breach on the part of firm 'A' had been established the risk purchase As/T were placed after six months from the date of breach. In this connection, the Department of Supply stated (September 1985) that the advance risk purchase A/T on firm 'X' was placed (6th October 1979) within the stipulated period of six months from the date of breach (8th April 1979).
- (ii) The rates in the As/T were not relevant as in the original A/T the terms of delivery were f.o.r. Kanpur, whereas in the risk purchase As/T on firms 'X' and 'Y', the

place of delivery was f.o.r. Lucknow and f.o.r. Bombay respectively. The Department stated (September 1985) that the arbitrator's findings were not correct as the terms of delivery were identical, *i.e.*, f.o.r. station of despatch/or destination/or free delivery; the station of delivery being immaterial.

- (iii) The damages could be claimed only on proof of market rate of goods in dispute prevalent in Kanpur on or about the date of breach but no such proof was given. In this connection, the Department stated that the principle to be followed in this regard is that the market rate should be ascertained on or around the date of breach and not with reference to the rate prevalent at the place of defaulter.

The arbitrator's award was accepted (August 1981) by the Additional DGSD and Finance on the basis of legal advice and thus the Department had to incur extra expenditure of Rs. 2.21 lakhs calculated on the basis of the difference between the price paid to firm 'B' for 875 bales and the contracted rate with the defaulting firm 'A' for the same quantity (plus sales tax @ 4 per cent).

The Department further stated (September 1985) that the possibility of challenging the arbitrator's award (made on 22nd June 1981) in the court of law, after consulting the Ministry of Law, for recovery of risk purchase loss from the defaulting firm 'A' was being reconsidered.

The Schedule to the Limitation Act, 1963, however, provides that the period required for making an application to the court for setting aside an award or getting an award under the Arbitration Act, 1940 remitted for reconsideration is 30 days from the date of service of the notice of the filing of the award.

(B) The DSD(C) placed (February/March 1979) another A/T on firm 'C' for supply of 807 bales of tubular polythene bags to the FCI at a total cost of Rs. 4.04 lakhs (exclusive of sales tax at 4 per cent). The supply was to be completed by 10th April 1979 or earlier.

The firm tendered 275 bales for inspection on 20th March 1979, which were accepted by the inspecting authority. Instead of despatching the inspected stores, the firm wrote to the DSD(C) on 27th March 1979 that due to non-payment of their bills in respect of another A/T they were facing difficulties in the execution of the aforesaid A/T and

that payment against the A/T within a reasonable period be ensured. The firm again requested (16th August 1979) the DSD(C) for extending the delivery period by three months and also sought assurance for timely payment. The Department of Supply stated (February 1986) that the contract was governed by the Contract Act and relevant terms and conditions of the A/T. As such the payment terms did not require any clarification/confirmation from the Department.

The firm made no supplies. The DSD(C) in consultation with the Ministry of Law cancelled (21st August 1979) the A/T at the risk and cost of firm 'C' treating 10th April 1979 as the date of breach.

The entire cancelled quantity was re-purchased (October 1979) from firm 'D' at a total cost of Rs. 6.13 lakhs (exclusive of sales tax at 4 per cent) involving extra expenditure of Rs. 2.17 lakhs.

Risk purchase claim for Rs. 2.17 lakhs was preferred on 5th November 1979 on the defaulting firm 'C'. The firm disputed the claim and an arbitrator was appointed on 20th January 1981 for the purpose. The arbitrator rejected (30th December 1981) the claim of the Department and observed that although there was breach on the part of firm 'C', the risk purchase was not made within the prescribed period of six months from the date of breach. The arbitrator also observed that though the advance risk purchase A/T was signed on 6th October 1979, it was actually despatched on 11th October 1979. Further, in the advance risk purchase A/T, the acceptance was made on behalf of President of India whereas in the cancelled A/T the acceptance was for Food Corporation of India. This led to legal lacuna. The arbitrator's award was accepted by the DSD(C) in consultation with the Ministry of Law.

Thus, on account of mistake in the name of the purchaser in the risk purchase contract and the delay in effecting risk purchase, the extra expenditure of Rs. 2.17 lakhs could not be recovered from firm 'C'. The Department of Supply stated (February 1986) that the Ministry of Law would be consulted whether general damages can be claimed from the firm since risk purchase was not considered to be valid.

37. Purchase of Jute un-proofed canvas mail bags

The Director of Supplies and Disposals, Calcutta (DSD—C) issued a tender enquiry (T/E) on 11th April 1979 against an emergent indent dated 5th March 1979 from the Director General, Posts and Telegraphs (D.G. P & T) for procurement of

5.40 lakh numbers of jute un-proofed canvas mail bags of different sizes, stipulating that offers should remain valid upto 27th June 1979. In response among others, firm 'A' quoted keeping its offer open for acceptance upto 27th June 1979. The DSD (C) asked (2nd May 1979) firm 'A' to keep its offer open upto 17th June 1979 as some delay was anticipated. The firm agreed (4th May 1979) to keep its offer open upto 17th June 1979.

As the purchase proposal required approval of the Director General, Supplies and Disposals (DGSD)/ the Department of Supply, the DSD (C) forwarded the proposal to the DGSD on 1st June 1979. The DGSD with the approval of the Department of Supply, among others, accepted the offer of firm 'A' and issued telegraphic advance Acceptance of Tender (A/T) on firm 'A' on 20th June 1979 for supply of 50,000 numbers of jute unproofed canvas mail bags. Firm 'A', however, did not accept (25th June 1979) the advance A/T as the same was placed on it after the expiry of the validity period, i.e. after 17th June 1979 offered by it. The firm also returned the formal A/T dated 4th August 1979 to the DSD (C) on 18th August 1979 with the request to cancel it without any financial liability on it.

On being advised by the Ministry of Law (25th September 1979) that the advance A/T issued on 20th June 1979 after the validity period of the offer of the firm was not in order and not enforceable, the DSD (C) cancelled the A/T on 22nd November 1979 without any financial repercussion on either side.

The cancelled quantity was subsequently re-purchased at higher rates (including 25 per cent tolerance quantity thereon) through A/T dated 18th January/ 23rd February 1980 placed on firm 'B', supply against which was completed by 15th August 1980. This involved extra expenditure of Rs. 3.17 lakhs besides delay in supplies.

The relevant departmental records did not indicate the reasons as to why the DSD (C) asked firm 'A' to keep the validity of its offer open upto 17th June 1979 when the initial offer was already valid upto 27th June 1979 which was also in conformity with the T/E. The DGSD had also observed on 11th September 1979 the same discrepancy.

The Department of Supply stated (January 1986) that in response to the tender enquiry, the DSD (C) received 28 quotations, many of which were valid for a much shorter time than that stipulated in the tender enquiry and that the firms who had quoted shorter

validity were asked to extend the offers upto 27th June 1979, but due to clerical error the date 27th June 1979 was erroneously mentioned as 17th June 1979 and the intimation for extending validity period upto 17th June 1979 had gone to firm 'A' erroneously.

38. Purchase of house wiring cables

On an indent of 13th August 1968 from the Chief Controller of Telegraph Stores, Calcutta the Director General, Supplies and Disposals (DGSD) placed (January 1969) an Acceptance of Tender (A/T) on a firm for supply of house wiring cables PVC—(i) type 40 A-50,000 metres (increased to 1,00,000 metres in March 1969); and (ii) type 60A—5,000 metres—to the Controllers of Telegraph Stores at Calcutta, Bombay, Jabalpur, Madras and New Delhi at Rs. 425 and Rs. 650 per 100 metres respectively (exclusive of excise duty and sales tax) for delivery by 30th June 1969 or earlier.

The delivery period was extended thrice at the firm's request; the last extension being upto 15th August 1970 by reserving the right of the department to recover liquidated damages.

The firm did not make any supplies and on 21st July 1970 informed the DGSD that they were withholding supplies against the contract as the Pay and Accounts Officer, Department of Supply, New Delhi had started making recoveries in respect of another contract under dispute from any bills submitted by them for payment.

The DGSD referred the case (4th August 1970) to the Ministry of Law for advising whether the firm by withholding supplies had committed breach of contract; whether the contract could be cancelled at the risk and expense of the firm. The Ministry of Law opined (27th August 1970) that the firm had committed breach of contract and the A/T could be cancelled at its risk and cost, treating 31st March 1970 as the date of breach. Accordingly, the A/T was cancelled on 30th September 1970 at the risk and expense of the firm.

Risk purchase was made from another firm at Rs. 652.80 per 100 metres for PVC type 40A; and Rs. 1100.85 per 100 metres for PVC type 60A cables *vide* advance A/T dated 30th September 1970 (issued on 3rd October 1970) followed by formal A/T dated 27th October 1970 which resulted in extra expenditure of Rs. 3.11 lakhs. The supplies were completed by 29th April 1972.

Risk purchase claim for the extra expenditure of Rs. 3.11 lakhs was preferred on the original supplier on 1st August 1975, i.e. after about five years of the cancellation of the A/T, but the firm refused (13th August 1975) to pay till the claim was adjudicated by an appropriate court of law and also demanded that the dispute be referred to arbitration.

The matter was referred to an arbitrator on 7th May 1977. The arbitrator rejected (3rd March 1979) the risk purchase claim as the DGSD could not prove that the advance A/T was actually issued on 30th September 1970, i.e. within six months of the date of breach of the contract (31st March 1970).

The case revealed that :

- Risk purchase advance A/T was issued after expiry of six months from the date of breach of the contract, on 3rd October 1970, resulting in non-recovery of Rs. 3.11 lakhs from the defaulting firm.
- Though the A/T on the defaulting firm was cancelled on 30th September 1970 and another firm had already completed supplies by 29th April 1972, demand notice to the defaulting firm to pay risk purchase loss was sent only on 1st August 1975.

- Action to fix the responsibility for not issuing the risk purchase A/T within the validity period of six months and for the delay in preferring the risk purchase claim has not been taken so far (January 1986).

The Department of Supply stated (2nd August 1985) that the award was made during 1979 when the case was already 9 years old and the failure to prove that advance A/T was issued on 30th September 1970 might be due to non-availability of postal records which are kept only for a limited period and that they were trying to recover the amount of general damages in consultation with the Ministry of Law. The DGSD also stated (January 1986) that the case regarding fixation of responsibility was examined from vigilance angle in the DGSD/Department of Supply and had been referred to the Central Vigilance Commission on 30th October 1985 for advice.

39. Purchase of boxes wooden partitioned

To partly meet two indents of May 1978 of Director General, Armed Forces Medical Services (DGAFMS) the Director of Supplies and Disposals, Kanpur (DSD-K) placed an advance Acceptance of Tender (A/T) in November 1978 (and formal A/T in December 1978) on firm 'B' for supply of two types of empty partitioned wooden boxes as per details given below :—

Item No.	Description of stores	Quantity indented	Quantity contracted with firm 'B'	Rate contracted (exclusive of sales tax)	Date of completion of delivery
1	Wooden box—8 partitioned	1,200 nos.	960 nos.	Rs. 67 each	31st March 1979
2	Wooden box—15 partitioned	5,680 nos.	3,468 nos.	Rs. 60 each	30th April 1979

The firm offered samples of basic material for test and inspection to the inspecting officer on 22nd January 1979. No supply was made by the stipulated delivery dates. However, the inspecting officer intimated the DSD-K on 21st April 1979 that results of the tests of the basic material have already been communicated to the firm except one component raw material, viz., felt jute, which was under test with the Controllerate of Inspection (General Stores), Kanpur. The firm also intimated (15th May 1979) this position to the DSD-K and requested for refixing the delivery period upto 30th September 1979 for both the items, as already requested in its tender letter. Without mentioning that one component of raw material was under test, the DSD-K through the Director General, Supplies and Disposals (DGSD) referred the case to the Ministry of Law on 16th/21st May 1979 seeking advice whether the contract could be cancelled at the risk and cost of the firm.

The Ministry of Law replied (29th May 1979) in the affirmative treating 31st March 1979 (for item no. 1) and 30th April 1979 (for item no. 2) as the dates of breach if the contract had not been kept alive after these dates. Without taking into consideration the fact that a component raw material was under test and thus the contract was alive even after expiry of delivery dates, the DSD-K cancelled the contract on firm 'B' at their risk and cost on 16th July 1979.

To procure the cancelled quantity the DSD-K issued a tender enquiry on 20th July 1979. The defaulting firm 'B' was also given an opportunity to quote alongwith a security deposit of 10 per cent. But the defaulting firm tendered the quotation without security deposit. The DSD-K again asked (17th August 1979) firm 'B' to furnish security deposit lest their quotation might be ignored and they may be required to pay risk purchase loss. At this

juncture the firm pointed out (30th August 1979) that the cancellation of the original A/T was not in order for more than one reason and sought reinstatement of the contract with six months extension in delivery period.

The cancelled A/T was reinstated on 27th November 1979 in consultation with the Ministry of Law and the date of delivery was refixed as 31st May 1980 or earlier. Firm 'B' did not acknowledge the amendment letter and was reminded by the DSD-K on 1st February 1980. The firm replied (12th February 1980) that at that time they were facing difficulty in manufacturing the stores due to power cut in Haryana State and they would start manufacturing the stores in the first week of March 1980. The firm did not supply any stores till 31st May 1980 and requested (14th June 1980 and 27th June 1980) the DSD-K to extend delivery period by another six months from the date of issue of amendment letter as they were switching over to oil engine due to shortage of electricity.

The case was referred by the DSD-K through the DGSD to the Ministry of Law on 24th/28th July 1980 for advice whether the contract could be cancelled at the risk and cost of the firm and if so what would be the date of breach. On 7th August 1980, the Ministry of Law desired personal discussion to be held as the reference contained some factual inaccuracies. The case was discussed by the DSD-K on 29th November 1980, i.e. after 3½ months, with the Ministry of Law and was received back by the DSD-K on 19th December 1980 without any advice. Thereupon the case was again referred to the Ministry of Law on 19th/23rd December 1980 and the latter opined on 3rd January 1981 that the contract could be cancelled treating dates of breach as 31st March 1979 for item no. 1 and 30th April 1979 for item no. 2. Accordingly, the A/T was cancelled on 3rd February 1981 at the risk and cost of firm 'B'. By this time six months period for making valid risk purchase had already expired.

Fresh tender enquiry was issued on 7th February 1981 and the cancelled stores were purchased (May 1981) from firm 'P' at an extra cost of Rs. 2.65 lakhs.

Thus the omission to incorporate the dates of delivery in the formal A/T of December 1978 as per firm 'B's' tender, to give correct facts in the DSD-K's references dated 16th/21st May 1979 and 24th/28th July 1980 to the Ministry of Law and abnormal delay in taking decision to cancel the contract for

making valid risk purchase resulted in avoidable extra expenditure of Rs. 2.65 lakhs.

General damages to be recovered from firm 'B' have not been assessed so far (August 1985) though the contract was cancelled on 3rd February 1981.

The Department of Supply stated (August 1985) that efforts were being made to assess general damages recoverable from firm 'B' on the basis of raw material cost, labour cost etc. as the earlier efforts to ascertain market rate of stores prevailing on the dates of breach did not succeed.

40. Purchase of helmet spares/buffer horizontal

In January/February 1979 the Director of Supplies and Disposals, Kanpur (DSD-K) placed an Acceptance of Tender (A/T) (value : Rs. 6,13,683) on firm 'K' for the following items to be supplied to the Ordnance Equipment Factory (OEF), Kanpur :—

Item No	Description of stores	Quantity (numbers)	Price Rs.
977			
1	Pad Crown for helmet steel lining Mk-II	1,79,402	1.54 per unit
982			
1	Buffer horizontal 10mm helmet steel	4,79,779	17.50 per 100 unit
2	Buffer horizontal 18mm helmet steel	1,90,411	17.50 per 100 unit
3	Buffer vertical 14mm helmet steel	6,69,308	17.50 per 100 unit
4	Rubber sponge pad 3mm × 19mm × 546mm	10,558	0.88 per unit
5	Rubber sponge pad 3mm × 19mm × 565 mm	28,175	0.88 per unit
6	Rubber sponge pad 3mm × 19mm × 584mm	47,548	0.88 per unit
7	Rubber sponge pad 3mm × 19mm × 607mm	31,875	0.89 per unit
8	Rubber sponge pad 3mm × 19mm × 626mm	19,896	0.90 per unit
9	Rubber sponge pad 3mm × 19mm × 645mm	2,542	0.91 per unit

(Less 2 per cent discount on all items).

Delivery was to be made in monthly instalments commencing from 31st March 1979 and to be completed by 31st May 1980 or earlier for items 977/1 and 982/1 to 982/8. The delivery of entire quantity of item 982/9 was to be completed by 31st May 1979 or earlier.

Firm 'K' was required to pay security deposit of Rs. 30,684 by 10th March 1979. While acknowledging the A/T the firm requested (26th February 1979) the DSD-K to reduce the security amount to 2.5 per cent, but their request was not acceded to. The firm did not deposit the security amount. The Controller of Accounts, Department of Supply, New Delhi intimated (July 1979) that an amount of Rs. 30,684 towards security deposit had been recovered from the firm's bills pertaining to another contract as desired by DSD-K. The DSD-K on their own, extended (19th November 1979) the date of delivery (on or before 31st October 1979) upto 31st January 1980 of supplies which had fallen due in March, April, May, June, July, August, September and October 1979.

On 26th November 1979 the firm again requested the DSD-K to reduce the amount of security deposit to Rs. 15,000 as otherwise production might be hampered for want of finance. But the firm's request was not considered for the reason that the amount of security deposit had already been deducted from its pending bills.

In respect of deliveries fallen due in November 1979, December 1979 and January 1980 the delivery period was extended upto 31st May 1980 at the firm's request. Subsequently, for the quantities not supplied, five extensions in delivery period were allowed at firm 'K's request from time to time, the last by way of performance notice being upto 31st January 1982.

In spite of the repeated extensions the firm supplied the following quantities only till February 1982 :—

Item No.	Quantity supplied (numbers)	Balance outstanding (numbers)
977		
1	47,840	1,31,562
982		
1	1,47,655	3,32,124
2	88,210	1,02,201
3	1,39,365	5,29,943
4	4,720	5,838
5	3,620	24,555
6	3,920	43,628
7	Nil	31,875
8	Nil	19,896
9	Nil	2,542

Keeping in view the non-completion of supplies by the firm the case was referred to the Ministry of Law on 29th April 1982 for advice whether the contract could be cancelled at the risk and cost of firm 'K' taking the last extended delivery date as the date of breach. The Ministry of Law advised (13th May 1982) that the contract could not be cancelled without giving performance notice to the firm as the stores tendered by the firm for inspection on 23rd December 1981 were inspected by the inspecting authority on 24th February 1982, i.e. after expiry of delivery date, and thus the contract was kept alive. The DSD-K apprised the Ministry of Law on 10th June 1982 that they had already reserved right in their letter of 4th December 1981 to cancel the A/T if the stores were submitted for inspection at the fag end of the delivery period. The Ministry of Law agreed on 22nd June 1982 to cancellation of the A/T in respect of the quantities not supplied. Accordingly, A/T for the above mentioned outstanding quantities was cancelled on 21st July 1982 at the risk and cost of firm 'K'.

To procure stores against the cancelled A/T a risk purchase tender enquiry was issued on 21st July 1982. However, in August 1982 the OEF, Kanpur reduced their requirement for some of the items and the quantities in tender enquiry were amended on 28th August 1982. By this time six months period for making valid risk purchase had already expired on 31st July 1982. However, advance A/T was placed on firm 'A' on 6th October 1982 for all the items (except item 9 which was not covered, as the quantity was quite small; and the quoted rate of firm 'A' was 119 per cent higher than the rate for this item in the cancelled A/T) at a total cost of Rs. 5,76,773 as per details given below :—

Item No.	Quantity (numbers)	Price per unit (Rs)
977		
1	1,10,700	2.15
982		
1	3,32,124	0.28
2	81,150	0.28
3	3,53,200	0.28
4	2,050	1.40
5	17,250	1.40
6	34,400	1.40
7	19,100	1.50
8	13,550	1.50

Delivery by firm 'A' was completed within the extended delivery period upto 15th December 1983 (original delivery date was upto 30th April 1983). Risk purchase of stores from firm 'A' involved an extra expenditure of Rs. 2.11 lakhs.

The case revealed that :

- Though the date of delivery expired on 31st January 1982, the matter was referred by the DSD-K to the Ministry of Law on 29th April 1982, and on receipt of the latter's advice on 24th May 1982, the case was again referred to the Ministry of Law on 10th June 1982 for clarification. The Ministry of Law gave advice again on 22nd June 1982 and the contract was cancelled on 21st July 1982. Thus delay in obtaining the Law Ministry's opinion and also in cancelling the A/T left little time to make valid risk purchase by 31st July 1982.
- Department incurred an extra expenditure of Rs. 2.11 lakhs on re-purchase of stores from another firm 'A' which was not recoverable from the defaulting firm 'K' in the absence of a valid risk purchase.
- General damages recoverable from firm 'K' are yet to be assessed and recovered (July 1985).

The Department of Supply stated (July 1985) that efforts were being made to compute the prices of stores on the basis of the raw material prices on or around the date of breach in order to recover general damages from the defaulting firm 'K'.

41. Purchase of a horizontal boring machine

To cover an indent dated 25th October 1980 of the Northern Railway for procurement of one horizontal boring machine, the Director General, Supplies and Disposals (DGSD) issued a limited tender enquiry on 17th December 1980. Of the six tenders received three were for imported stores. The remaining three of firms 'A', 'B' and 'C' were considered to be within the zone of consideration. However, since firm 'C' indicated revision of prices during the validity period it was ignored. Duplicate copies of all the six tenders were, however, forwarded to their indenter on 18th March 1981 by registered post. The indenter intimated the DGSD on 4th April 1981 about the non-receipt of duplicate set of tenders.

Correspondence was continued on the subject between the DGSD and the indenter. The DGSD stated that no spare copies of tenders were available, although these should have been obtained from suppliers since as per the tender enquiry, the tendering firms were required to submit their quotations in triplicate. In the meantime offers of the firms expired on 17th May 1981. Firms 'A' and 'B', whose offers were considered valid and in the zone of consideration, while extending the validity of their offers, notified (on 4th and 2nd June 1981 respectively) increase in their prices on account of increase in material cost and wages. After protracted correspondence, the DGSD furnished the original and revised quotations of the three firms to the indenter on 16th June 1981. The revised price quoted by firm 'B' on 2nd June 1981 was Rs. 13,78,862 (excluding sales tax and excise duty) as against the original quotation of Rs. 12,53,488 (excluding sales tax and excise duty).

The indenter considered (13th July 1981) the offer of firm 'B' technically suitable. Accordingly, the DGSD placed the Acceptance of Tender (A/T) in October/December 1981 on firm 'B'. Since the indenter required one more item of optional equipment costing Rs. 1,06,755 (original quoted price Rs. 97,050) which had been over-looked by the indenter while giving recommendations, the total cost of the equipment was revised (January 1982) to Rs. 14,85,617 (excluding sales tax and excise duty). This resulted in extra expenditure of Rs. 1.52 lakhs (Rs. 1,25,374, plus Rs. 9,705 for one more optional equipment, plus Rs. 10,806 excise duty @ 8 per cent and Rs. 5,835 sales tax @ 4 per cent i.e. Rs. 1,51,720).

The Department of Supply stated (December 1983) that the volume of matter in the tenders as well as the literature did not allow for typing or photostating. However had the DGSD, after opening of tenders, obtained the triplicate copies of the quotations from the tendering firms who had not sent these as required in the tender enquiry and forwarded these to the indenter, or furnished copies of the original quotations in April 1981 itself instead of June 1981 the extra payment of Rs. 1.52 lakhs could have been avoided.

42. Purchase of mobile diesel generating set

Against an express indent dated 27th December 1977 received from Northern Railway for supply of one mobile diesel generating set, the Director General, Supplies and Disposals (DGSD) placed an advance Acceptance of Tender (A/T) on 28th February 1979

followed by formal A/T on 18th April 1979, on firm 'A' for Rs. 88,500. The firm was required to pay security deposit of Rs. 4,400 by 30th April 1979 and to complete supplies by 15th May 1979. The firm neither acknowledged the A/T nor deposited the security deposit by the prescribed date. However, on 4th May 1979, firm 'A', while referring to its letter of 25th April 1979 (reportedly not received in the DGSD) informed that the delivery period was expiring on 15th May 1979 and in the absence of the amendments, as requested in its letter, the inspecting authority, i.e. Director of Inspection, Calcutta, might not be able to complete inspection of the stores and sought extension of the delivery period by six weeks. Firm 'A' again reminded the DGSD on 28th May 1979 and 4th July 1979 to extend the delivery date. However, amendment letter extending the date of delivery upto 31st August 1979 and date for depositing the security upto 31st July 1979 was issued only on 20th July 1979 i.e. 2½ months after the receipt of the firm's letter of 4th May 1979.

The firm did not deposit the security and the last date of delivery expired on 31st August 1979 without any supply. The firm also did not attend a negotiation meeting arranged on 5th April 1980. A subsequent reference (10th April 1980) enquiring about reasons for not attending the meeting and calling for a copy of firm's letter dated 25th April 1979 evoked no reply. Contract on firm 'A' was cancelled by the DGSD on 10th July 1980 at its risk and cost.

The DGSD referred (14th February 1980 and 10th April 1981) the case to the Ministry of Law, who opined (23rd February 1980 and 14th May 1981) that there was no enforceable contract between the parties and, therefore, the question of cancellation of contract and claiming general/risk purchase damages from the firm did not arise.

Stores were purchased from another firm 'B' against advance A/T dated 7th October 1980 for Rs. 1.70 lakhs (exclusive of 8 per cent excise duty and 4 per cent sales tax). This resulted in extra expenditure of Rs. 0.95 lakh.

The case revealed that :

- Advance A/T was issued to firm 'A' on 28th February 1979 but formal A/T was issued on 18th April 1979, i.e. after 1½ months as against the prescribed period of five days.
- The DGSD did not call for copy of firm 'A's letter of 25th April 1979 immediately on receipt of its letters of 4th May 1979 and 28th May 1979 but did so only after a delay of about a year on 10th April 1980. Amendments desired by firm 'A' could thus not be issued and an enforceable contract could not be concluded.
- The DGSD did not take timely action to extend the delivery period as desired by the firm in its letter of 4th May 1979 followed by reminders dated 28th May 1979 and 4th July 1979 and issued amendment to the A/T on 20th July 1979 extending date of delivery period upto 31st August 1979 and of payment of security deposit upto 31st July 1979.
- The firm was required to pay security deposit by 30th April 1979 but the date by which security deposit was to be paid was not mentioned in the advance A/T.
- The terms of contract for depositing the security deposit by 30th April 1979 were not enforced immediately and the contract was not cancelled till 10th July 1980.
- Contract with firm 'A' being not concluded Government had to incur an extra expenditure of Rs. 0.95 lakh on repurchase of stores from firm 'B' involving 97.93 per cent increase over the price in the original A/T.
- Though the Department of Supply had asked for fixation of responsibility in July 1981, reference to vigilance for examination of the case was made in August 1984 and its findings were awaited (March 1986).

CHAPTER VI

43. Departmentally Managed Government Undertakings

43. *General.*—On 31st March 1985, there were 43 departmentally managed Government Undertakings of commercial and quasi-commercial nature.

The financial results of these Undertakings are ascertained annually by preparing *pro forma* accounts outside the general accounts of Government. Trading and Profit and Loss Accounts and Balance Sheets are not prepared by two Undertakings, viz. Department of Publications, Delhi and Government of India Presses; instead, stores accounts are prepared. In pursuance of the recommendations of the Public Accounts Committee, Government have agreed to prepare the Manufacturing, Profit and Loss Account and Balance sheet in respect of Government of India

Presses and the format of Accounts for this purpose has since been approved effective from 1st April 1983.

Pro forma accounts for the year 1984-85 have been received (March 1986) in respect of only four Undertakings (Sl. Nos. 21, 26, 31 and 33). A synoptic statement showing the summarised financial results of all the departmental Undertakings on the basis of their latest available accounts is given in Annexure 'A'. It will be seen therefrom that, in a number of cases, *pro forma* Accounts are in arrears for a number of years. The delays in the compilation of accounts have been brought to the notice of the administrative Ministries concerned.

ANNEXURE 'A'

SUMMARISED FINANCIAL RESULTS OF DEPARTMENTALLY MANAGED GOVERNMENT UNDERTAKINGS

(Figures in thousands of Rupees)

Sl. No.	Name of the Undertaking	Period of Accounts	Government Capital	Block Assets (Net)	Depreciation to date	Profit (+)/ Loss (-)	Interest on Govt. Capital	Total return	Percentage of total return to Mean Capital	Remarks
1	2	3	4	5	6	7	8	9	10	11
MINISTRY OF FINANCE										
1.	India Security Press, Nasik Road.	1983-84	11,16,53	8,98,58	3,19,81	(+)2,18,44	2,48,56	(+)4,67,00	13.25	
2.	Security Printing Press, Hyderabad.	1983-84	5,50,50	5,23,02	34,25	(+)25,12	48,48	(+)73,60	10.70	
3.	Currency Note Press, Nasik Road.	1983-84	9,00,16	5,96,33	2,92,09	(+)2,46,50	85,18	(+)3,31,68	27.45	
4.	Government Opium Factory, Ghazipur.	1982-83	63,08	18,75	15,71	(-)30,23	2,60,77	(+)2,30,54	5.89	
5.	Government Opium Factory, Neemuch.	1982-83	1,46,01	52,15	5,56	(-)1,56,96	1,99,96	(+)43,00	1.49	
6.	Government Alkaloid Works, Neemuch.	1982-83	3,12,32	2,44,87	53,60	(+)14,17	25,47	(+)39,64	10.37	
7.	Government Alkaloid Works, Ghazipur.	1982-83	24,56	12,20	9,17	(-)72,13	18,13	(-)54,00	..	
8.	India Government Mint, Bombay.	1980-81	14,85,09	4,43,30	*22,11	(+)1,26,01	1,78,93	(+)3,04,94	10.40	
9.	India Government Mint, Calcutta.	1980-81	1,78,66	1,27,52	2,17,97	(+)37,39	1,23,78	(+)1,61,17	7.94	
10.	India Government Mint, Hyderabad.	1983-84	3,81,17	1,11,55	92,17	(+)31,16	24,88	(+)56,04	15.88	Figures are based on unaudited accounts.
11.	Assay Department, Bombay	1980-81	13,00	12,76	*32	(+)8,04	43	(+)8,47	119.89	
12.	Assay Department, Calcutta	1979-80	74	54	*3	(+)33	..	(+)33	..	
13.	Silver Refinery, Calcutta	1981-82	58,92	23,16	90,21	(+)2,40,83	1,61,10	(+)4,01,93	15.72	
14.	Bank Note Press, Dewas	1983-84	24,77,74	18,81,14	5,96,60	(+)2,80,39	1,80,55	(+)4,60,94	18.00	
15.	Security Paper Mills, Hoshan gabad.@	1973-74	10,72,07	6,85,80	3,86,31	(-)86,29	38,42	(-)47,87	..	

MINISTRY OF INFORMATION
AND BROADCASTING

				Capital Assets					
16.	All India Radio	1977-78	50,94,53	30,73,23	19,41,14	(-),2,27,90	1,59,68	(-),68,22	..
				Revenue Assets					
				80,16	15,08*				
17.	Radio Publication, All India Radio.	1981-82	3,99,01	61	7*	(-),40,55	..	(-),40,55	..
18.	Doordarshan Kendras								
19.	Films Division, Bombay	1983-84	4,16,16	2,45,14	2,46,80	(-),83,20	47,61	(-),35,59	..
20.	Commercial Broadcasting Service, All India Radio.	1979-80	1,47,47	1,00,35	41,40	(+),6,62,89	..	(+),6,62,89	..
				Revenue Assets					
				5,72	1,52*				

MINISTRY OF COMMUNICATIONS

21.	Overseas Communications Service, Bombay.	1984-85	1,09,35,45	59,63,58	31,42,51	(+),1,09,82,92	11,70,63	(+),1,21,53,55	77.25
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MINISTRY OF TRANSPORT

22.	Lighthouses & Lightships Department.@	1982-83	29,17,31**	25,67,59	4,16,71	(+),2,77,71	43,94	(+),3,21,65	11.31
23.	Shipping Department, Andaman & Nicobar Islands.	1972-73	43,58	56,80	7,89	(-),80,15	4,47	(-),75,68	..

Separated from All India Radio w.e.f. 1-4-1976. Proforma Accounts for the years 1976-77 to 1984-85 are awaited.

- (i) Due to change in accounting method from 1983-84, net loss has been arrived at after taking into account revenue in respect of supply of prints made to Directorate of Field Publicity and Notional revenue (Rs. 19.81 lakhs) for free supply of prints to State Governments.
- (ii) Net Loss has been calculated after excluding adjustments relating to previous years.

**This consists of balance of Government Capital Accounts and accumulated surplus.

1	2	3	4	5	6	7	8	9	10	11
24.	Ferry Service, Andamans.	1979-80	1,50,03	1,10,12	39,91	(-)59,37	2,00	(-)57,37	..	
25.	Marine Department (Dock-yard), Andaman & Nicobar Islands.	1979-80	4,72	3,48	1,25	(-)21,78	8,77	(-)13,01	..	
26.	Chandigarh Transport Undertaking, Chandigarh.	1984-85	5,45,91	3,49,95	1,06,67	(-)1,84,72	38,39	(-)1,46,33	..	
27.	State Transport Service, Andaman & Nicobar Islands@.	1976-77	35,87	26,83	39,30	(-)15,86	1,77	(-)14,09	..	
MINISTRY OF AGRICULTURE										
28.	Delhi Milk Scheme	1982-83	10,67,37	4,25,84	6,57,28	(-)11,12,14	75,78	(-)10,36,36	..	
29.	Forest Department, Andaman & Nicobar Islands.	1981-82	1,16,98	1,17,09	19,24*	(+)3,47,16	13,77	(+)3,60,93	79,07	Figures are based on unaudited accounts.
30.	Ice-cum-Freezing Plant, Ernakulam.	1980-81	34,39	7,83	22,44	(-)4,48	94	(-)3,54	..	
MINISTRY OF HEALTH & FAMILY WELFARE										
31.	Central Research Institute, Kasauli.	1984-85	79,28	14,01	19,82£	(+)5,89	13,50	(+)19,39	10.63	£Depreciation includes consumption of Live stock for the year 1984-85.
32.	Medical Store Depots@	1977-78	64,54	45,40	28,12	(+)43,45	££93,87	(+)1,37,32	8.05	££This represents interest on Government Capital accounted for in the consolidated Profit & Loss Accounts of Medical Store Depots, Profit & Loss Account of Factories attached to the Medical Store Depots and Workshop Accounts.
33.	Vegetable Garden of the Central Institute of Psychiatry, Kanke, Ranchi.	1984-85	31	27	0.4*	(-)11	2	(-)9	..	
MINISTRY OF URBAN DEVELOPMENT										
34.	Department of Publications, Delhi.	1978-79**								**Trading and Profit & Loss Accounts and Balance Sheet are not prepared; instead only Store Accounts are prepared.
35.	Government of India Presses	1977-78**								
MINISTRY OF ENERGY										
36.	Electricity Department, Andaman.@	1980-81	3,79,71	2,48,12	58,12	(-)1,15,92	22,36	(-)93,56	..	
37.	Electricity Department, Lakshadweep.	1982-83	1,85,80	1,10,57	36,76	(-)64,04	8,41	(-)55,93	..	

DEPARTMENT OF ATOMIC
ENERGY

38. Tarapur Atomic Power Station	1982-83	81,46,37	41,17,83	33,22,39	(+)3,17,24	5,85,92	(+)9,03,16	7.18
39. Heavy Water Inventory (Power Project Engineering Division)	1979-80	69,03,34	1,10	84	(-)-1,69,52	3,99,30	(+)2,29,78	3.38
40. Rajasthan Atomic Power Station.	1983-84	1,72,63,65	1,30,63,04	31,76,99	(-)-10,21,77	14,70,63	(+)4,48,86	1.89
41. Madras Atomic Power Station, Unit I.***								
42. Nuclear Fuel Complex, Hyderabad.@@@								

Figures are based on unaudited accounts.

***Declared as commercial undertaking w.e.f. 27-1-1984. The form in which Proforma accounts are to be prepared has not yet been prescribed.

@@@Declared as Commercial Undertaking w.e.f. 1-4-1984.

MINISTRY OF DEFENCE

43. Canteen Stores Departments@	1983-84	48,00	2,74,23	1,79,69	(+)12,08,78	4,74,26	(+)16,83,04	58.86
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(i) From 1-4-1977 the funds of the Department have been merged with consolidated Fund of India and the transactions are routed through the civil estimates in the grant relating to the Ministry of Defence. The Accounts have been prepared in the old forms and revision of the format is under consideration of the Government of India.

(ii) The instructions contained in the Ministry of Finance O.M. No. F.1(35)-B/71 dt. 23-1-74 have not been followed and the Mean Capital has not been shown on the face of the Accounts. For the purpose of return on Mean Capital the mean of opening balances and closing balances of (a) Capital, (b) Funds and Specific Reserves, and (c) Board of Control General Purposes Fund have therefore, been adopted.

@Proforma Accounts have not been prepared according to the revised procedure prescribed in the Ministry of Finance O.M. No. F.1(35)-B/71 dt. 23-1-1974.

*Depreciation for the year only.

MINISTRY OF URBAN DEVELOPMENT

44. Government of India Text Book Presses

Overview

44.1.1 The main object of establishing the Text Book Presses at Chandigarh, Bhubaneswar and Mysore was to provide educational books to children at as cheap a price as possible and to ensure that the pricing was so done that there was no profit or loss. In practice, the indenting agencies have been selling text books at prices much higher than those paid by them to the Presses. In some cases the price realised by these agencies is not known to the Presses. Government, thus, seems to have no control over the fixation of selling prices (Para 3).

44.1.2 The installed capacities of the Presses were derated by the Directorate of Printing in 1980 on the basis of assumed speeds of machines which were much lower than the speeds indicated by the suppliers (Para 4.1).

44.1.3 The percentage utilisation of installed capacities of the Presses was poor and ranged from 28.68 per cent to 48.90 per cent (Para 4.2).

44.1.4 The main reason for poor utilisation of installed capacities of the Presses was the high percentage of idle machine hours as compared to available machine hours ranging from 31.10 to 72.24 during 1976-77 to 1983-84. Idle machine hours were mainly due to time taken for making the machines ready, oiling and cleaning, mechanical and electrical defects, non-availability of power, want of jobs and crew due to absenteeism and other factors (Para 4.3).

44.1.5 Utilisation of manhours was also poor. The reasons for poor utilisation of manpower were non-availability of machines due to electrical/mechanical defects, shortage/fluctuation of power/voltage, abnormal time spent over oiling and cleaning of machines (Para 5).

44.1.6 There were delays in the preparation of *pro forma* accounts and the *pro forma* accounts on commercial pattern were not being prepared so far (December 1985) with the result that it was not possible to ascertain whether these Presses were working on 'no profit no loss' basis (Para 6).

44.1.7 Elements of depreciation and interest on buildings etc. were excluded in computing the production cost of non-text book jobs resulting in non-recovery of proportionate expenses on this account ranging from 8.90 per cent to 51.57 per cent (Para 7).

44.1.8 Belated action in getting the initial contracted demand for electricity reduced to the required level resulted in avoidable payment of Rs. 4.37 lakhs towards energy charges by Mysore Press (Para 9).

44.2 Introduction

Under the auspices of UNESCO, the Federal Republic of Germany agreed (1962) to donate printing press machinery for three units to India for printing of text books and writing material for supply to children. In pursuance of its programme of compulsory primary education and literacy drive for the growing population, the Government of India decided (May 1967) to set up these Text Book Printing Presses at Chandigarh, Mysore and Bhubaneswar for printing school text books for children. Besides text books, colour picture books for children, reference books, and educational books for teachers and other publications which the Department of Education would bring out were also proposed to be printed in these presses when surplus printing potential was available.

The Government of India Text Book Presses are units of the Government of India Presses which are a departmentally managed Government undertaking under the Ministry of Urban Development. The results of review of operations of the three Text Book Presses for the period of 8 years from 1976-77 to 1983-84 are given in the following paragraphs :

44.3 Objectives and achievements

The proposal to set up the three Text Book Presses, mentioned the following aim of the project.

"The aim of the Project is to bring out educational books for children at as cheap a price as possible. The intention is to run the project on no profit—no loss basis. The present intention is that the pricing of the books will be so done that there is no profit or loss".

In pursuance of the above aim, Government decided in September 1975 that the production cost of Text Books would be worked out ignoring depreciation on buildings, plant, machinery and interest on buildings and unused stocks of stores.

A text check of the records of the Press in Bhubaneswar, however, revealed that though the cost of the books charged by the Text Book Press from the State Government agencies in accordance with the above decision was lower than the actual cost of production, the selling price for these books fixed by these agencies

was very much higher than the cost realised by the Text Book Press. Appendix VI indicates the ex-Press costs worked out in accordance with the above decision and selling prices fixed by the State Government agencies and others for some of the Text Books. A test check of the records of Chandigarh Press for the years 1980-81 to 1982-83 revealed that out of 89 books printed, prices were not printed in the case of 72 books.

Whereas in the case of Bhubaneswar Press the ultimate users of the books had to pay a price very much higher than the ex-Press cost of the books, in the case of Chandigarh Press the Press authorities had no information as to how the price charged compared with the cost of the publications. In this connection, the Directorate of Printing stated (October 1983) as follows :—

“The fixation of sale price is mainly the concern of the indenting Departments. Government of India Presses are concerned only with the realisation of cost of printing and materials”.

It is obvious from the above that the Government of India Presses have no control over fixation of selling prices of text books so as to ensure that the pricing is so done that there is no profit or loss in accordance with the objective of setting up the Text Book Printing Presses. Even if the revised intention of Government is to recover the distribution overheads from the users, the percentage of mark-up ranging from 200 per cent to 350 per cent over the ex-Press price appears *prima facie* excessive and appears to negate the original intention to supply books at cost.

44.4 Production performance and machine utilisation

44.4.1 *Determination of capacity.*—The printing capacity of the machines installed in the three units was indicated by the suppliers. In order to provide adequate cushion for normal operations *viz.* make ready, oiling and cleaning, personal needs etc., the

Directorate of Printing, on the basis of recommendations of a Committee of officers reassessed (1980) the printing capacity of these machines. The printing capacity of the machines as given by the suppliers and as reassessed by the Management is given below :—

Press	No. of Machines	Capacity as given by the Suppliers	Capacity as reassessed by the Directorate of Printing
		Impressions per hour	Impressions per hour
Chandigarh	1	7500	5000
	1	7500	5200
	1	7500	5300
	1	8000	5500
Bhubaneswar	4	7000	5250
		per machine	per machine
Mysore	1	30,000	20,000
	1	10,000	4,000

44.4.2 *Utilisation of capacity.*—The Press Hand Book of the Government of India Press assumes the normal working hours of a Press during day shift as 2160 per annum and during night shift as 1860 per annum. In 1980, while reassessing the printing capacity of the various Text Book Presses, the Directorate of Printing made provisions for leave and personal needs of the staff, oiling and cleaning to make machines ready. The net annual machine running hours fixed after making provisions for above allowance from normal working hours in respect of each of the three Presses were as follows :—

Chandigarh	1384 to 1454 for different machines.
Bhubaneswar	1450
Mysore	1385

The table below indicates the installed capacities worked out on the basis of impressions and working hours reassessed by the Directorate of Printing in 1980, actual production and percentage of utilisation of installed capacities :

(Figures — lakh impressions per hour)

Year	Installed capacity (As reassessed by the Department)			Actual production			Percentage of utilisation of capacity		
	Chandi- garh	Bhuba- neswar	Mysore	Chandi- garh	Bhubo- neswar	Mysore	Chandi- garh	Bhuba- neswar	Mysore
1980-81	301.08	301.08	609.40	107.98	147.23	194.95	35.86	48.90	31.99
1981-82	301.08	301.08	609.40	105.38	145.69	174.80	35.00	48.39	28.68
1982-83	301.08	301.08	609.40	101.33	133.90	206.82	33.65	44.47	33.94
1983-84	301.08	301.08	609.40	123.15	128.89	199.19	40.90	42.81	32.69

It would be seen from the above that percentage of actual production to installed capacity was much lower as it ranged from 33.65 to 40.90, 42.81 to 48.90 and 28.68 to 33.94 in the case of Chandigarh, Bhubneswar and Mysore Press respectively, even on the basis of the capacities as derated by the

Department.

44.4.3 The following table indicates available machine hours, machine hours actually utilised, idle machine hours and percentage of idle machine hours to available machine hours.

Year	Machine hours available			Machine hours utilised			Idle machine hours			Percentage of idle machine hours to machine hours available		
	Chandi-garh	Bhuba-neswar	Mysore	Chandi-garh	Bhuba-neswar	Mysore	Chandi-garh	Bhaba-neswar	Mysore	Chandi-garh	Bhuba-neswar	Mysore
	1976-77	12,597	7,372	2,196	3,844	5,020	711	8,753	2,352	1,485	64.49	31.91	67.62
1977-78	13,367	8,672	6,935	4,735	5,102	2,561	8,632	3,570	4,374	64.58	41.17	63.07
1978-79	12,919	8,704	6,995	4,102	5,361	2,171	8,817	3,343	4,824	68.25	38.42	68.96
1979-80	12,407	8,620	7,700	3,534	5,902	2,351	8,873	2,718	5,349	71.51	31.53	69.47
1980-81	12,349	9,145	6,702	4,241	6,301	2,337	8,108	2,844	4,365	65.66	31.10	65.13
1981-82	12,302	8,894	7,100	4,266	5,058	2,190	8,036	3,836	4,910	65.32	43.13	69.15
1982-83	11,798	8,833	7,276	4,308	5,101	2,020	7,490	3,732	5,256	63.49	42.26	72.24
1983-84	14,272	8,816	6,552	5260	4,724	1,864	9,012	4092	4,688	63.14	46.42	71.55

It would be seen from the above table that the percentage of idle hours to available hours ranged from 63.14 to 71.51; 31.10 to 46.42 and 63.07 to 72.24 during the period from 1976-77 to 1983-84 in the case of Chandigarh, Bhubaneswar and Mysore Presses respectively.

The details of idle machine hours with reasons therefor in all the three Presses are given in Appendix-VII.

It would be seen from the Appendix-VII that the main reasons for poor utilisation of machines in all three Presses were as under :—

- Time taken to make the machines ready.
- Time taken for oiling and cleaning.
- Mechanical and electrical defects.
- For want of power, crew (due to absenteeism) and jobs.
- Other factors.

44.4.4 In this connection, the following observations deserve mention :—

- (i) There were huge variations in the time spent on oiling and cleaning which ranged from 103 hours in a year (Bhubaneswar 1980-81) to 2060 hours in a year (Chandigarh 1977-78). The Management stated (October 1983) that "action to fix the oiling and cleaning time in respect of web off-set machines installed in Government of India Presses is being initiated".
- (ii) There was no programme of annual overhauling in any of the Presses.

44.5 Manpower utilisation

The following table indicates available labour hours, actual labour hours utilised and idle hours in respect of the three Presses :—

	1979-80	1980-81	1981-82	1982-83			1983-84		
	Bhubaneswar			Bhuba-neswar	Chandi-garh	Mysore	Bhuba-neswar	Chandi-garh	Mysore
1. Available Labour hours	95,568	94,840	96,272	93,236	11,798	8,000	94,844	14,272	8,000
2. Actual Labour hours utilised	50,665	50,771	45,144	41,917	4,308	1,806	43,592	5,260	1,864
3. Idle Labour hours	44,903	44,069	51,128	51,319	7,490	6,194	51,252	9,012	6,136
4. Percentage of idle labour hours to available labour hours (3 ÷ 1)	46.99	46.47	53.11	55.04	63.49	77.42	54.04	63.14	76.70

It would be seen from the above table that idle labour hours as compared to available labour hours ranged between 46.47 per cent and 77.42 per cent as per details given below :

Period	Percentage of idle hours
Bhubaneswar Press 1979-80 to 1983-84	Ranged between 46.47 and 55.04
Chandigarh Press 1982-83 to 1983-84	Ranged between 63.14 and 63.49
Mysore Press * 1982-83 to 1983-84	Ranged between 76.70 and 77.42.

Low utilisation of labour hours was mainly due to non-availability of machines for reasons like oiling and cleaning, mechanical and electrical defects, want of power etc.

44.6 Delay in preparation of Proforma Accounts

Text Book Presses prepare proforma accounts annually. These proforma accounts are then incorporated in the consolidated proforma accounts of the Government of India Presses.

There have been delays in preparation of proforma accounts by the Text Book Presses as shown below.

Year	Date of submission of Proforma Accounts to Audit		
	Chandigarh	Bhubaneswar	Mysore
1979-80	20-9-1982	15-3-1982	December 1980
1980-81	21-12-1983	25-1-1983	November 1981
1981-82	24-12-1983	18-11-1983	March 1983
1982-83	20-4-1985	Not received	March 1984
1983-84	Not received	not received	April 1985

The delay in preparation of proforma accounts has resulted in delays in raising of supplementary bills and realisation of amounts thereof.

Like the other Government of India Presses, the proforma accounts prepared by the Text Book Presses are not on Commercial lines.

The PAC (5th Lok Sabha) in their 64th Report recommended that the accounts of the Government of India Presses should be maintained on commercial lines. The Government assured the Public Accounts Committee (1976-77) that the Proforma Accounts of

the Presses on the commercial pattern would be prepared from the year 1976-77 onwards. Government, however, finalised the format of proforma Accounts on commercial pattern in December 1982 and issued the format to all the presses including Text Book Presses in January 1983 with instructions to prepare proforma Accounts on the commercial pattern with effect from the year 1983-84. The Text Book Presses have not started preparing the proforma accounts on the commercial pattern so far (December 1985).

It has, therefore, not been possible to ascertain whether the Presses are running on 'No profit no loss' basis as envisaged at the time of their setting up.

However, the working results of the Press in Bhubaneswar for the years 1981-82 and 1982-83, for which data was available worked out on cash basis revealed cash losses of Rs. 14.58 lakhs and Rs. 11.21 lakhs respectively in the two years.

44.7 Costing system

44.7.1 The present costing system introduced in September 1975 provides that :

- (i) Production cost of text books is to be worked out excluding the elements of depreciation and interest on buildings and unused stock of stores. For non-text book jobs, however, these elements should be taken into account.
- (ii) The hourly rates for different cost centres would be calculated on the basis of audited accounts of the previous year and supplementary bills for the balance amounts, if any, raised after audit of current year's accounts.

It was, however, observed in audit that for calculating the cost of production for non-text book jobs also, the Presses excluded the elements of depreciation and interest. The proportionate expenses on this account, which worked out to 8.90% to 28.66% in the case of Chandigarh Press, 34.83% to 51.57% in the case of Bhubaneswar Press and 17.35% to 31.36% in the case of Mysore Press to total cost during the period from 1976-77 to 1982-83, therefore, remained unrecovered. The actual amount not recovered has not been ascertained.

As there were considerable delays in preparation of proforma accounts by the Presses as mentioned in paragraph 6 the rates charged to the jobs had no

relation to the actual rates based on the current year's certified proforma accounts.

44.7.2 A test check in audit of the costing records revealed as under :—

44.7.2.1 Chandigarh Press

The Press did not raise supplementary bills for the value of work done on the basis of cost finally arrived at, in most of the cases. During the period from 1971-72 to 1982-83 against the total recoverable amount of Rs. 314.68 lakhs on the basis of actual cost, bills for Rs. 128.09 lakhs were not raised. The reasons for not raising the bills were not made available by the Management.

44.7.3 Mysore Press

(a) The cost of production as worked out by the Press for the jobs done during the period 1976-77 to 1981-82 was Rs. 136.28 lakhs. Against this, the Press realised only Rs. 62.59 lakhs. This was mainly due to the reason that while in some cases the jobs were undertaken at the rates of the indentors, in other cases supplementary bills were not raised after certification of the proforma accounts of the relevant year.

(b) In respect of most of the jobs, paper was supplied by the indentors. Quantity of paper supplied included an allowance of 2 per cent as wastage. However, paper in the case of many jobs was issued in excess of the quantity supplied by the indentors. A test check in audit revealed that in 17 cases relating to the years 1977-78 to 1981-82, a quantity of 117.37 tonnes of paper valuing Rs. 3.67 lakhs was issued in excess of the quantity supplied by the indentors. The excess quantity was treated as spoilage and indentors were billed for excess consumption of paper. The Press has so far (September 1985) recovered Rs. 0.45 lakh only from the indentors.

(c) In some cases where paper was issued by the Press out of its own stock, bills were raised on the basis of issue price which did not take into account store-keeping charges. Total amount of store-keeping charges, which remained unrecovered (as on 31st March 1983) for the period 1976-77 to 1982-83 was Rs. 19.58 lakhs. At the instance of Audit, the Press has raised (in June 1983, May 1984, November 1984 and April 1985) supplementary bills for Rs. 19.58 lakhs and has recovered Rs. 0.33 lakh only so far (September 1985).

44.8 Sundry Debtors

The table below indicates the position of debts due from the various Government departments as on 31-3-1984 :

	(Rs. in lakhs)		
	Chandi- garh Press	Bhuba- neswar Press	Mysore Press
(i) Less than one year	13.54	2.00	8.85
(ii) More than one year but less than two years	2.80	6.90	4.00
(iii) More than two years but less than three years	19.46	3.78	4.57
(iv) More than three years but less than four years	9.56	2.48	4.47
(v) More than four years but less than five years	21.75	1.27	3.19
(vi) More than five years	21.02	8.34	..
	<u>88.13</u>	<u>24.77</u>	<u>25.08</u>

The Presses have not assessed the debts which have become bad and doubtful. It has also been observed that there were delays in raising of bills against the indentors. In 17 cases relating to Chandigarh Press, the delays ranged from 10 to 25 months.

The Management stated (October 1983) that "there has been some delay in raising the bills due to shortage of staff and late preparation of annual accounts".

44.9 Other topics of interest

Payment of power charges by Mysore Press

An agreement with Karnataka Electricity Board was entered into in September 1975 for supply of power to Text Book Press, Mysore indicating inter alia, the following monthly contracted demand :

4-9-1975 to 30-9-1975	112 KVA
1-10-1975 to 31-12-1975	556 KVA
1-1-1976 onwards	835 KVA

A review of consumption pattern of electricity from 5th April 1976 onwards revealed that maximum demand recorded at any time since then was very low and as such minimum demand charges at 75 per cent of contracted demand i.e. 626 KVA were billed by the Board every month as per the electricity supply regulations. The maximum monthly demand was got reduced in September 1977 to 520 KVA after taking into consideration requirement of power for machinery installed. However, the maximum demand recorded subsequent to reduction in contracted demand was also between 80 to 100 KVA and the Press continued

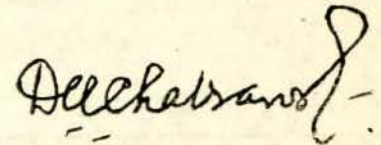
to pay minimum demand charges for 390 KVA. At the instance of Audit (May 1981), the contracted demand was got reduced to 200 KVA effective from 4th March 1982.

Although sufficient indication regarding lower requirements of power were available as early as

August 1975, the Press did not take prompt action to get the contracted demand reduced to the required level and belated action in this regard resulted in avoidable payment of energy charges amounting to Rs. 4.37 lakhs during April 1976 to March 1982 computed with reference to the contracted demand as finally assessed.

New Delhi :
The

27 APR 1986



(D. K. CHAKRAVORTY)
Director of Audit-I, Central Revenues.

Countersigned

New Delhi :
The

28 APR 1986

T. N. Chaturvedi

(T. N. CHATURVEDI)
Comptroller and Auditor General of India.

APPENDIX I

(Vide paragraph 3.2)

EXTENT OF UTILISATION OF SUPPLEMENTARY GRANTS/APPROPRIATIONS

Sl. No.	Grant/Appropriation	Amount of Grant/Appropriation		Actual expenditure	Saving
		Original	Supplementary		
1	2	3	4	5	6
Cases where Supplementary grants/appropriations proved unnecessary					
Revenue—Voted					
(Lakhs of rupees)					
Ministry of Commerce					
1.	11—Foreign Trade and Export Production	66270.30	60.04	63925.75	2404.59
2.	12—Textiles, Handloom and Handicrafts	35112.14	2298.55	34025.36	3385.33
Ministry of Energy					
3.	29—Department of Power	19163.40	200.00	18281.26	1082.14
Ministry of External Affairs					
4.	32—Ministry of External Affairs	20390.31	879.27	20002.20	1267.38
Ministry of Finance					
5.	43—Other Expenditure of the Ministry of Finance	91293.10	6.06	64541.84	26757.32
Ministry of Food and Civil Supplies					
6.	46—Department of Civil Supplies	573.57	6.00	289.01	290.56
Ministry of Health and Family Welfare					
7.	47—Ministry of Health and Family Welfare	175.84	5.00	175.14	5.70
8.	49—Family Welfare	46917.06	1012.88	45172.01	2757.93
Ministry of Home Affairs					
9.	55—Other expenditure of the Ministry of Home Affairs	36234.19	542.17	35301.91	1474.45
Ministry of Industry					
10.	61—Ministry of Industry	558.87	20.15	542.20	36.82
Ministry of Irrigation					
11.	67—Ministry of Irrigation	13647.09	1500.00	11719.10	3427.99
Ministry of Law, Justice and Company Affairs					
12.	71—Ministry of Law, Justice and Company Affairs	7483.97	23.58	7468.09	39.46
Ministry of Planning					
13.	75—Planning Commission	715.99	59.43	644.39	131.03
Ministry of Works and Housing					
14.	89—Public Works	11432.98	187.18	10592.16	1028.00
Department of Science and Technology					
15.	99—Department of Science and Technology	5120.49	50.00	4739.18	431.31
Department of Supply					
16.	105—Supplies and Disposals	1378.04	25.00	1347.48	55.56

1	2	3	4	5	6
		Ministry of Agriculture			
17.	3—Fisheries	1001.85	36.00	925.42	112.43
		Ministry of Chemicals and Fertilizers			
18.	9—Ministry of Chemicals and Fertilizers	60917.01	766.90	53189.94	8493.97
		Ministry of Commerce			
19.	11—Foreign Trade and Export Production	52065.00	1275.00	3772.01	49567.99
		Ministry of Finance			
20.	41—Opium and Alkaloid Factories	116.42	8.54	63.56	61.40
		Ministry of Home Affairs			
21.	56—Delhi	25216.92	1500.05	23930.88	2786.09
		Ministry of Industry			
22.	63—Village and Small Industries	16703.24	253.75	16574.50	382.49
		Ministry of Labour and Rehabilitation			
23.	69—Labour and Employment	32.01	7.00	0.94	38.07
		Ministry of Shipping and Transport			
24.	78—Roads	23321.95	1098.52	23209.20	1211.27
		Ministry of Works and Housing			
25.	91—Housing and Urban Development	7156.13	242.01	6639.91	758.23
		<i>Revenue—Charged</i>			
		Ministry of Health and Family Welfare			
26.	48—Medical and Public Health	0.60	1.50	0.28	1.82
		Ministry of Law, Justice and Company Affairs			
27.	71—Ministry of Law, Justice and Company Affairs	..	23.67	..	23.67
		<i>Capital—Charged</i>			
		Ministry of Commerce			
28.	12—Textiles, Handloom and Handicrafts	1175.83	49.17	1150.44	74.56
		Ministry of Works and Housing			
29.	91—Housing and Urban Development	1890.49	9.00	1816.08	83.41

APPENDIX II

(Vide Paragraph 3.4)

SAVINGS UNDER VOTED GRANTS

Voted grants where the savings (more than Rs. 5 lakhs in each case) exceeded 20 per cent of the total grant are given below :—

Sl. No.	Grant	Total grant	Expenditure	Saving	Percentage of saving
1	2	3	4	5	6
Revenue					
(Lakhs of rupees)					
1.	46—Department of Civil Supplies	579.57	289.01	290.56	50.1
2.	51—Cabinet	717.16	376.77	340.39	47.5
3.	80—Road and Inland Water Transport	600.55	392.94	207.61	34.6
4.	13—Ministry of Communications	566.58	373.24	193.34	34.1
5.	106—Lok Sabha	1018.69	684.52	334.17	32.8
6.	43—Other Expenditure of the Ministry of Finance	91299.16	64541.84	26757.32	29.3
7.	63—Village and Small Industries	29745.19	21467.95	8277.24	27.8
8.	41—Opium and Alkaloid Factories	3924.40	2869.71	1054.69	26.9
9.	84—Ministry of Tourism and Civil Aviation	127.67	98.73	28.94	22.7
10.	67—Ministry of Irrigation	15147.09	11719.10	3427.99	22.6
11.	98—Department of Ocean Development	2116.00	1648.01	467.99	22.1
Capital					
12.	97—Department of Environment	8.00	..	8.00	100.0
13.	5—Forest	79.74	0.33	79.41	99.6
14.	69—Labour and Employment	39.01	0.94	38.07	97.6
15.	11—Foreign Trade and Export Production	53340.00	3772.01	49567.99	92.9
16.	76—Ministry of Rural Development	17.74	2.59	15.15	85.4
17.	65—Information and Publicity	131.00	52.39	78.61	60.0
18.	81—Ministry of Social Welfare	133.08	56.00	77.08	57.9
19.	85—Meteorology	642.00	313.43	328.57	51.2
20.	41—Opium and Alkaloid Factories	124.96	63.56	61.40	49.1
21.	98—Department of Ocean Development	330.00	178.70	151.30	45.8
22.	32—Ministry of External Affairs	6229.00	3580.11	2648.89	42.5
23.	87—Tourism	1161.03	712.58	448.45	38.6
24.	28—Department of Petroleum	38229.20	23720.67	14508.53	38.0
25.	6—Co-operation	31536.25	20014.75	11521.50	36.5
26.	14—Overseas Communications Service	1383.00	886.29	496.71	35.9
27.	39—Currency, Coinage and Mint	9519.27	6575.29	2943.98	30.9
28.	86—Aviation	8626.01	6618.33	2007.68	23.3
29.	67—Ministry of Irrigation	1710.15	1330.57	379.58	22.2
30.	89—Public Works	6324.16	4952.61	1371.55	21.7
31.	18—Ministry of Defence	15711.01	12321.62	3389.39	21.6
32.	30—Department of Coal	120554.15	95278.65	25275.50	21.0

APPENDIX III
(Vide paragraph 24)

Position of outstanding inspection reports and paragraphs

Year	Ministry of Home Affairs		D.P.A.R.		Total	
	I.R.	Para	I.R.	Para	I.R.	Para
1962-63	1	3	—	—	1	3
1967-68	2	3	—	—	2	3
1968-69	2	3	—	—	2	3
1969-70	2	2	—	—	2	2
1970-71	4	9	—	—	4	9
1971-72	4 (1)	15 (8)	—	—	4 (1)	15 (8)
1972-73	5	13	—	—	5	13
1973-74	10 (3)	25 (10)	—	—	10 (3)	25 (10)
1974-75	9 (1)	30 (17)	—	—	9 (1)	30 (17)
1975-76	13 (1)	31 (10)	—	—	13 (1)	31 (10)
1976-77	27 (1)	69 (1)	—	—	27 (1)	69 (1)
1977-78	39	96	2	8	41	104
1978-79	37 (4)	154 (36)	5	18	42 (4)	172 (36)
1979-80	44 (2)	169 (24)	5	28	49 (2)	197 (24)
1980-81	43 (1)	184 (16)	1	1	44 (1)	185 (16)
1981-82	44 (4)	127 (19)	3	14	47 (4)	141 (19)
1982-83	90 (9)	273 (54)	3	11	93 (9)	284 (54)
1983-84	94 (30)	367 (182)	6 (3)	47 (34)	100 (33)	414 (216)
1984-85	111 (27)	524 (158)	7 (2)	22 (4)	118 (29)	546 (162)
	581 (84)	2097 (535)	32 (5)	149 (38)	613 (89)	2246 (573)

APPENDIX IV
(Vide Paragraph 28)

Year-wise break-up of Inspection Reports and Paras issued upto 31st March, 1985 and outstanding as on 30-6-1985

Year	Transport Wing		Roads Wing		Shipping Wing		Inland Water Transport Directorate		Border Road Development Board		Chartering Wing		Solatium Fund Authority		Inter State Transport Commission		Central Road Fund		Other AGs		Grand Total		
	IRs	Paras	IRs	Paras	IRs	Paras	IRs	Paras	IRs	Paras	IRs	Paras	IRs	Paras	IRs	Paras	IRs	Paras	IRs	Paras	IRs	Paras	
	1973-74							1	1													1	1
1975-76							1	1												1	1	2	2
1976-77																				2	2	2	2
1977-78	1	1	1	1	1	2														2	39	5	43
1978-79	1	2	1	1	1	1														1	1	4	5
1979-80	1	2	1	4	1	1														4	31	7	38
1980-81	—	—	2	2	1	2														2	36	5	40
1981-82	1	3	1	1	1	1											1	2		3	8	7	15
1982-83	2	7	1	7	1	1	1	3	1	4	1	1								3	5	10	28
1983-84	2	31	2	25	1	8	1	8	1	9			1	3	1	1	1	3	4	15	14	103	
TOTAL	8	46	9	41	7	16	4	13	2	13	1	1	1	3	1	1	2	5	22	138	57	277	

APPENDIX V

(Vide Paragraph 29)

Statement showing losses, irrecoverable revenue, duties, advances, etc. written off/waived and ex-gratia payments made during the year in 225 cases, Rs. 24.88 lakhs representing mainly losses due to theft, fire, etc. and irrecoverable revenue, duties, advances, etc. were written off/waived and in 1356 cases ex-gratia payments aggregating Rs. 53.95 lakhs were made during 1984-85, as detailed below :—

Ministry/Department	Write off of losses, irrecoverable revenue, duties, advances, etc.						Ex-gratia payment			
	Due to failure of system		Due to neglect, fraud, etc. on the part of individual Government Officials		Due to other reasons		Waiver of recovery			
			Number of cases	Amount (Rs.)			Number of cases	Amount (Rs.)		
	1	2	3	4	5	6	7	8	9	10	11
Home Affairs	2	36,432	..	..	1	5,000
Energy	2	11,052	..	..	..	..	..	..	..	..
Atomic Energy	9	55,504	..	..	..	..
Space	10	67,419	..	..	1323	6,61,500
External Affairs	3	3,27,812	..	..	..	..
Steel and Mines	51	8,74,208	..	..	..	..
Industry	1	2,581	1	4,900
Works and Housing	2	10,650	..	..	..	..
Commerce	4	43,11,687
Shipping and Transport	2	1,10,270	140	8,82,979	..	..	27	4,12,388
Finance	1	3,478	1	7,604	..	..
Information and Broadcasting	1	97,685	..	..	..	..
TOTAL	2	11,052	2	1,10,270	219	23,56,167	2	10,185	1356	53,95,475

NOTE :—This does not include information from the D.A.C.R. II, New Delhi.

APPENDIX-VI

[vide paragraph 44.3]

Statement showing cost of books charged from the Indentors vis-a-vis actual price of the book at which it is sold in market
Paper, materials etc. supplied by GITB Press, BBSR

Job No.	Name of the book	Qty. printed	Amount of Bill	Unit price ex-press	Price printed on book	Percentage of mark-up over ex-Press cost
			Rs.	Rs.	Rs.	
<i>Bihar Text Book Publishing Corporation Limited</i>						
12/3—BPTC/77	Bharat Ka Itihas	5 lakhs	6,58,211.20	1.31	4.00	205
10/1—CPTC/77	Nagarik Jiban	5 lakhs	3,69,283.85	0.74	2.25	204
11/2—BPTC/77	Ganit Bodh	5 lakhs	5,03,253.15	1.01	3.70	266
18/2—BPTC/77	Jib Bigyan	4 lakhs	2,17,541.00	0.54	1.65	205
<i>West Bengal Board of Secondary Education</i>						
22/4—WBSE/76	English Prose & Verse (Selection)	4 lakhs	2,57,447.00	0.64	2.00	212
10/3—WBSE/76	English Prose & Verse (Selection)	2 lakhs	1,10,327.50	0.52	2.00	284
2/2—WBSE/75	English Prose & Verse (Selection)	3 lakhs	1,69,908.00	0.56	2.00	250
1/1—WBSE/75	Parijat Reader	2 lakhs	87,478.25	0.44	1.50	to 257 to
44/5—WBSE/76	Parijat Reader	1.5 lakhs	63,141.00	0.42	2.00	354
<i>Govt. of Orissa Text Book Press</i>						
20/3—OTBP/78-79	Naya Patho Bahi	6 lakhs	4,44,949	0.74	1.35	82
4/1—OTBP/76	MO Patna Bahi	5 lakhs	2,95,541	0.50	1.15	95
<i>Orissa Board of Secondary Education, Cuttak</i>						
14/7—BSEO/77	New approach to English Grammar, Part I	20,000	19,131.80	0.96	2.00	108
34/12—BSEO	Reading for Pleasure	40,000	25,339.00	0.63	2.20	249
35/13—BSEO/78	New World	40,000	26,483.00	0.66	2.00	203
39/17—BSEO/78	Madhyamik Bhuparichayo Part II	30,000	50,930.00	1.70	3.00	76
51/18—BSEO/76	Madhyamik Jyamiti Parichaya	50,000	62,518.39	1.25	4.25	220
2/1—BSEO/77	Travel & Adventure	60,000	28,792.95	0.48	1.50	212
23/13—BSEO/76	Sahitya Prabesh	50,000	32,208.33	0.64	2.70	322

APPENDIX-VII

[vide paragraph 44.4.3]

Details of Idle Machine Hours

	1976-77	1977-78	1978-79	1979-80	1980-81	1981-82	1982-83	1983-84
(a) Chandigarh Press								
(i) Machines kept out of operation	317	248	Nil	Nil	Nil	Nil	Nil	Nil
(ii) Make ready of machines	1224	1454	1318	1057	1439	1361	885	1007
(iii) Oiling and Cleaning	1549	2060	1817	1446	1739	1421	1449	1917
(iv) Mechanical Defects	559	347	852	339	464	805	643	1811
(v) Electrical Defects	249	124	173	64	114	99	102	188
(vi) Want of power	124	101	409	607	1037	1802	1238	222
(vii) Want of crew	1512	1314	1094	1492	873	703	4	19
(viii) Want of jobs	1352	681	867	1933	2	..	Nil	31
(ix) Want of paper	49	18	145	..	..	..	Nil	Nil
(x) Others	1818	2285	2142	1935	2440	1845	3169	3817
	8753	8632	8817	8873	8108	8036	7490	9012
(b) Bhubaneswar Press								
(i) Machine kept out of operation	424	688	..	..	..	..	..	..
(ii) Make ready of machines	339	172	215	190	64	130	134	97
(iii) Oiling and cleaning	1039	1161	1135	505	103	496	449	454
(iv) Mechanical defects	109	315	201	574	152	612	758	1418
(v) Electrical defects	79	421	258	32	944	716	1161	742
(vi) Want of power	48	129	190	527	505	400	232	591
(vii) Want of crew	16	213	162	..	..	96	232	132
(viii) Want of paper	..	50	..	..	..	..	..	..
(ix) Want of job	..	97	845	..	..	..	..	..
(x) Others	298	324	337	890	1076	1386	766	658
	2352	3570	3343	2718	2844	3836	3732	4092
(c) Mysore Press								
(i) Make ready of machines	50	329	208	276	369	429	572	608
(ii) Oiling and cleaning	568	1316	796	1207	1196	1366	1468	1193
(iii) Mechanical and Electrical defects	58	186	87	780	751	774	776	1057
(iv) Want of power	25	133	16	230	124	151	77	414
(v) Want of paper	..	..	..	192	124	148	197	30
(vi) Want of crew	..	1932	3241	..	780	488	8	339
(vii) Want of jobs	..	..	..	..	..	80	..	8
(viii) Others	784	478	476	2664	1021	1474	2158	1039
	1485	4374	4824	5349	4365	4910	5256	4688

ERRATA

Page	Column	Line	For	Read
Table of Contents (i)		26	Ministr	Ministry
Table of Contents (ii)	Appendix-II	9 from botton	Saving	Savings
Table of Contents (ii)	Appendix-VI	3 from bottom	Indenters	Indentors
1	-	2 from bottom	progressive,	progressive
3	2	17	State	States
3	2	21	State	States'
3	2	24	obligation	obligations
3	2	15 from bottom	fertilizer	fertilizers
3	2	3 from bottom	Capital Subsidy	Capital- Subsidy
4	1	6	Ports	Posts
5	2	2	affect	effect
5	2	9	relief	relief,
6	1	11	13.72	19.26
6	2	2 from bottom	borrowing	borrowings
10	2	2(column 2)	Charged appropriations	Charged appropriations
11	1	12	Charged appropriation	Charged appropriations
11	1	13		Delete Revenue
12	2	1	Hinduistan	Hindustan
12	2	14	distrioute	distribute
13	1	5	short-	Short-
13	2	31	Rs.26.22	Rs.226.22
13	2	2 from bottom	pening	opening
14	1	26 from bottom	aoove	above
16	2	8 from bottom	t,he	the
18	1	11	handlcoms	handlooms
18	1	26	he	the
18	2	26-27	Icrritory	Terri-tory
21	Table against Madhya Pradesh	Last column	revisd	revised
21	2	4 from bottom	3.4(iii)	5.3.4(iii)
22	1	2	soecial	special
23	1	Table- column 1 - heading	Sl.	Sl.
24	2	2	been been	been
25	2	4	case	cash
25	2	11	balance	balanced
27	2	19 from bottom	exce	excess
28	1	3	contract	contact
28	1	6 from bottom	recovei	recover
29	1	2 from bottom	wihin	within
29	1	1 from bottom	intructions	instructions
29	2	16	i	it
29	2	22	pendnig	pending
30	1	9 from bottom	and Forests	and Forests-
30	2	11 from bottom	Rs.7.50	Rs.750
31	Table I	Column 6	Targetted	Targeted
32	2	11 from bottom	schemes.	schemes
34	2	7	Uts	UTs
35	1	13 from bottom	Mnistry	Ministry
36	2	7	vailed	availed
38	1	19	1985	1985,
38	1	15-16 from bottom	Division	Division,
38	2	20 from bottom	15	Fifteen
38	2	10 from bottom	1984,	1984
39	1	17 from bottom	Embassy	Embassy
39	1	7 from bottom	months	months'
41	1	27	reconsiliation	reconciliation
41	2	17	passport	Passport
42	2	25	previous consent in writing	'previous consent in writing'

Page	Column	Line	For	Read
43	1	8	demp-	damp-
43	1	9	to	of
43	1	16	strenght	strength
43	1	24	£ 8.09	£ 8.00
43	1	27	Operational	operational
43	1	29	sq.ft.	per sq. ft.
43	1	15 from bottom	pe:	per
43	1	12 from bottom	defaulters	defaulters
43	2	5	vaacte	vacate
43	2	10	charge	charges
44	1	17	vaacted	vacated
44	1	24	squattors	squatters
44	1	8 from bottom	)0	30
44	2	24 from bottom	Rs.314.16 lakh	314.16 lakh
44	2	19 from bottom	UTs	UTs.
46	2	3	guidelines	guidelines.
47	2	9	sterilisation	sterilisation,
47	2	26	(RFWES)	(RFWCs)
48	2	19	polyclincs	polyclinics
48	2	13 from bottom	UTs	UT
49	1	10	Welfares Centre	Welfare Centres
51	2	21	condoms	condoms is
53	1	17	pill,	pills
53	1	8 from bottom	Hospial	Hospital
53	2	24 from bottom	Nationall evel	National level
54	1	13	Strelisation	Sterilisation
56	1	4	uproded	upgraded
56	2	30	polyomyelitis	poliomyelitis
57	2	9 from bottom	performnce	performance
57	1	Last	In Orissa 29,	In Orissa, 29
58	2	3		Delete 56
58	Ist Table	1(column 6)	(361 per cent	(361 per cent)
58	-do-	5(column 6)	(22 per cent)	(92 per cent)
58	IInd Table	8(column 6)	143 per cent)	(143 per cent)
60	2	4	will	would
61	1	14	iner-	inter-
61	1	21 from bottom	55.49	44.51
61	2	22 from bottom	tota	total
61	2	20 from bottom		Delete con-
62	1	9	53.30	18.34
62	1	13	permantly	permanently
62	1	21	point	points
63	1	2	provided,	provided;
63	2	6	Dais	Dais,
63	2	21 from bottom	crores	crore
64	1	1	March 1985	March 1985;
69	1	2	sub standard	sub-standard
69	Table column 6 (heading)	1	Ikahs	Lakhs
69	2	13 from bottom	hard	hand
70	1	8	apparant	apparent
70	1	14	cost	costing
70	1	7 from bottom	security	security,
70	1	2 from bottom	Ltd.	Ltd. and
71	1	10	specifications,	specifications.
71	1	11	when	When
71	1	8 from bottom	Ammuniation	Ammunition

Page	Column	Line	For	Read
71	1	7 from bottom	store	stores
71	1	7 from bottom	was	were
72	1	15-16	receipts	receipts,
72	1	18	Rehabilitatio nof	Rehabilitation of
72	1	12 from bottom	Government	Governments
73	1	9 from bottom	have	had
73	2	10	Audit	audit,
73	2	18 from bottom	Government	Governments
73	2	7 from bottom	collector	Collector
74	1	15	Add'except in one district'	after the word 'held'
74	1	21	Pradesh	Pradesh,
74	2	23	1984-85	1984-85,
74	2	7 from bottom	take	taka
75	2	5 of col.4 & 5 of the table	certificate	certificates
78	2	4	has	had
78	2	9 from bottom	Rajasthan	Rajasthan,
78	2	6 from bottom	Madhya Pradesh	Madhya Pradesh,
79	2	20	cases	cases,
79	2	22	cases	cases,
80	1	28	employing	employing
80	1	19 from bottom	worth while	worth-while
80	1	13 from bottom	fomer	former
80	2	19	Tamil Nadu	Tamil Nadu,
80	2	12 from bottom	Orissa	orissa,
81	1	15	and poverty	anti-poverty
81	2	11 from bottom	folow	follow
82	1	15 from bottom	States	States,
82	2	1	Rajasthan	Rajasthan,
83	Annexure-I	7 from bottom (column 3)	61	51
86	Annexure-IV	Last column-against Bihar	(3.50)	3.50
87	Annexure-V	Column 4 against Karnataka	5.65	5.66
88	Annuxure-VI	Column 2 heading	No Timeleg	No time lag
89	1	9	instaled	installed
89	2	15 from bottom	district	districts
89	2	7 from bottom	target/	targets/
90	1	23 from bottom	these	those
90	2	1 from bottom	consultants	Consultants
93	2	21 from bottom	less	less Rs.200 on completion of biogas plant
94	1	17	Cash	cash
94	1	3	horrowers	borrowers
96	1	7 from bottom	501,	501;
97	1	12	up.	up,
98	2	19 from bottom	trainnig	training
99	1	5	50	50;
99	1	11	brogas	biogas
99	1	11	plants66. Persons	plants. 66 persons
99	1	24	mansons	masons
99	2	21	organisation,	organisations,
99	2	19 from bottom	co-	Co-
100	1	14 from bottom	Plants-wise	Plant-wise
100	2	14	emerges	emerge
101	2	11	Gujaart	Gujarat

Page	Column	Line	For	Read
105	Table against Haryana	Column 5	(1982-83	(1982-83)
106	Table	8	(10 laks of rupees)	(In lakhs of rupees)
108	2	3 from bottom	advanves	advances
111	1	22	verhaulings	overhaulings
111	2	8 from bottom	situations	situation
112	2	5	MI	ml
115	1	26	12.000	12000
116	1	13	crores	crore
116	1	14	crores	crore
122	Annexure-III	2	Para 30.9.2	Para 30.9.1
123	1	16 from bottom	21s	21st
124	2	2 from bottom	Firm	Firms
128	2	13 from bottom	4,000	4,000 numbers
129	1	5	As/T firms	As/T on firms
133	1	7	n	in
133	2	Table-column 2(item 9)-1	oad	pad
135	1	4 from bottom	theindentor	the indentor
140	Annexure-A	Column 10 against Sl.No.29	79,07	79.07
142	1	14 from bottom	clearning	cleaning
149	-	3	Add 'Capital-Voted' above	Ministry of Agriculture