



सत्यमेव जयते

GOVERNMENT OF WEST BENGAL

AUDIT REPORT

1963

©  
**Comptroller and Auditor General of India**  
1963



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## Prefatory Remarks

This volume mainly relates to matters arising from the Appropriation Accounts for 1961-62 together with other points arising from audit of the financial transactions of the Government of West Bengal. It also includes:

- (i) certain points of interest arising from the Finance Accounts for the year 1961-62 and
- (ii) matters relating to certain statutory bodies, the accounts of which are audited by the Indian Audit and Accounts Department.

2. The financial irregularities, losses, etc., commented upon in the Report relate to cases which came to the notice of Audit during the year 1961-62 as well as those which had come to notice in earlier years but could not be dealt with in previous Audit Reports; matters relating to the period subsequent to 1961-62 have also been included wherever considered necessary.



# CHAPTER I

## General

### REVENUE

The total revenue receipts of the State Government and the expenditure on revenue account during the five years ending 1961-62 as compared with the Budget Estimates, were as shown below:

Year.	Receipts.		Variation Per- centage.	Expenditure.		Variation Per- centage	Surplus (+) Deficit (-)	
	Budget.	Actuals.		Budget.	Actuals.		Budget.	Actuals.
	(In crores of rupees.)							
1957-58	60.69	68.28	12.5	72.18	70.18	2.7	-11.49	-1.90
1958-59	68.87	80.39	16.7	72.69	79.35	9.1	-3.82	+1.04
1959-60	79.04	91.64	15.9	82.67	85.88	3.8	-3.63	+5.70
1960-61	88.17	96.04	8.9	89.23	93.04	4.3	-1.06	+3.00
1961-62	95.48	101.70	6.5	98.68	102.48	3.8	-3.20	-0.78

The actual revenue realised in each of these years was appreciably in excess of the budget anticipations, the expenditure also exceeded the budget estimates except in 1957-58. In three years (1958-59 to 1960-61) the anticipated deficit was converted in a surplus while in two years (1957-58 and 1961-62) the actual gap between Revenue and Expenditure proved to be much smaller than was estimated in the budget.

2. There has been an increase of Rs. 33.42 crores (about 48.9 per cent.) in the revenue receipts over the period of 5 years since 1957-58. The important variations are given below:

	1957-58.	1958-59.	1959-60.	1960-61.	1961-62.	Increase since 1957-58.
(In crores of rupees.)						
Revenue raised by the State Government—						
(a) from taxes, duties and Other Principal Revenues.	37.93	44.31	46.53	51.97	54.68	16.75
(b) Other receipts such as water rates, betterment levy, rents from buildings, etc.	0.29	0.27	0.42	0.25	0.32	0.03
State's share of divisible Central taxes	10.81	14.22	14.81	18.10	15.93	5.12
Grants-in-aid from the Central Government under Article 275 of the Constitution.	5.15	4.97	5.82	5.14	4.75	0.40
Other Grants-in-aid from the Central Government.	1.94	5.13	7.30	8.71	13.86	11.92

The amounts received from the Government of India work out to 33.7 per cent. of the total revenue receipts for the year 1961-62.

Analysing further the revenue raised by the State Government, the increases in the different sources have been as follows:—

Head of Account.	1957-58.	1958-59.	1959-60.	1960-61.	1961-62.	Increase since 1957-58.	
						Amount.	Percentage.
State Excise Duties ..	5.25	5.46	6.02	6.17	6.96	1.71	32.0
Forest ..	1.42	1.48	1.59	1.68	1.71	0.29	20.4
Taxes on Vehicles ..	1.63	1.53	2.06	2.19	2.35	0.72	44.2
Other Taxes and Duties ..	18.93*	8.16	9.17	9.12	9.89	1.73**	21.2**
Sales Tax ..	..	16.65	17.11	19.73	21.45	4.80**	28.8**
Other heads ..	23.15	22.79	27.76	25.20	25.10	1.95	8.4
<b>Total</b> ..	<b>50.38</b>	<b>56.07</b>	<b>63.71</b>	<b>64.09</b>	<b>67.46</b>		

No new tax was levied during the year but the rates of Entertainment Tax were revised from January, 1962.

The increases in revenue during 1961-62 as compared with the receipts for 1960-61 are explained below:

Taxes on Vehicles—The increase is due to new vehicles put on the road.

Sales Tax—The increase is due to arrear collections and growth of revenue.

Other Taxes and Duties—The increase is due to revision of the rates of Entertainment Tax and normal growth.

3. **Non-realisation of water rates:** Arrears to the extent of Rs. 1.36 crores on account of water-rates up to 1961-62 were outstanding (31st March, 1962) in respect of the Irrigation Schemes declared as commercial as detailed below:

Year.	(In lakhs of rupees.)						Total.
	Midnapur canal.	Eden Canal.	Damodar Canal.	Bakreswar Irrigation Canal.	Mayurakshi Reservoir Project.		
Upto 1955-56..	0.06	1.18	2.62	0.02	8.71	12.59	
1956-57 ..	..	0.30	1.12	..	11.15	12.57	
1957-58 ..	..	0.64	1.95	..	23.59	26.18	
1958-59 ..	..	-0.28	-0.26	..	27.38	26.84	
1959-60 ..	..	-0.09	-0.26	0.01	27.10	26.76	
1960-61 ..	0.35	..	..	0.10	30.61	31.06	
1961-62 ..	0.05	..	..	0.23	0.10	0.38	
<b>Total</b> ..	<b>0.46</b>	<b>1.75</b>	<b>5.17</b>	<b>0.36</b>	<b>128.64</b>	<b>136.38</b>	

\*Includes receipts on account of Sales Tax.

\*\*Increase calculated over a period of 4 years from 1958-59.



There has been no improvement in the realisation of the arrears which are several years old. The figures in respect of the Mayurakshi Reservoir Project do not take into account the un-assessed revenue in respect of a large area of land brought under compulsory irrigation under the Bengal Development Act during the years 1954-55 to 1961-62. The assessment work was stated to be under progress.

Information regarding arrears of revenue in other Departments is not available.

4. (a) The expenditure on revenue account increased from Rs. 70.18 crores in 1957-58 to Rs. 102.48 crores in 1961-62. The increase is analysed below :

	1957-58.	1958-59.	1959-60.	1960-61.	1961-62.	Increase since 1957-58.
	(In crores of rupees.)					
(i) Collection of Taxes, Duties and other Principal Revenues.	5.93	6.18	6.64	7.29	6.48	0.55
(ii) Administrative Services—Police.	7.77	7.85	8.03	8.35	8.96	1.19
Other Administrative Services.	7.32	6.99	7.91	8.28	8.80	1.48
(iii) Social and Development Services—Education.	11.38	12.93	15.95	16.76	21.30	9.92
Medical and Public Health.	6.11	6.24	7.83	8.82	10.22	4.11
Other Social and Development Services.	8.38	8.99	9.68	10.45	12.37	3.99
(iv) Other Services—Interest Charges.	2.43	2.98	3.49	4.58	6.08	3.65
Forest .. ..	0.98	0.94	1.08	1.28	1.26	0.28
Civil Works (Buildings and Roads.)	3.90	3.80	3.98	4.62	5.16	1.26
(v) Other heads ..	15.98	22.45	21.29	22.61	21.85	5.87
<b>Total ..</b>	<b>70.18</b>	<b>79.35</b>	<b>85.88</b>	<b>93.04</b>	<b>102.48</b>	<b>32.30</b>

The increase under Medical and Public Health was mainly due to a private hospital taken over by Government (Rs. 26.09 lakhs), revision of pay scales (Rs. 12.25 lakhs), improvement and extension of hospitals and health units (Rs. 1,75.76 lakhs) and large expenditure on Plan Schemes for control of diseases and water supply and sanitation (Rs. 91.04 lakhs).

(b) Details for the increase in expenditure on Collection of Taxes, Duties and Principal Revenues are indicated below:

	1957-58.	1958-59.	1959-60.	1960-61.	1961-62.	Increase over 5 years period.	
						Amount.	Percentage.
(In crores of rupees.)							
State Excise Duties ..	42.51	43.13	44.71	45.03	49.18	6.67	15.7
Forests ..	97.53	93.88	108.15	127.97	126.48	28.95	29.7
Other Taxes and Duties ..	29.98*	10.08	11.82	11.88	12.74	2.06**	26.4**
Sales Tax ..	..	22.57	24.02	25.15	25.73	3.16**	14.00**
Other heads ..	423.10	448.45	474.89	518.80	434.33	11.14	2.6
<b>Total</b> ..	<b>593.21</b>	<b>618.11</b>	<b>663.59</b>	<b>728.83</b>	<b>648.46</b>		

In regard to "Forests" and "Other Taxes and Duties", the charges for collection increased by 29.7 per cent. and 26.4 per cent., the increase in the revenue was only 20.4 and 21.2 per cent. respectively, while in respect of "States Excise Duties" and "Sales Tax" the charges on collection showed increase of 15.7 per cent. and 14 per cent. against an increase in revenue of 20.4 per cent. and 28.8 per cent. respectively.

#### Expenditure outside the Revenue Account

5. The expenditure on Capital Account during the five years ending 1961-62 as compared with the Budget Estimates of these years is shown below:

Year.	Budget.	Actuals.	Excess (+)	Saving (-)
1957-58 ..	26.71	28.16	+1.45	..
1958-59 ..	21.80	23.92	+2.12	..
1959-60 ..	26.77	22.29	..	-4.48
1960-61 ..	33.96	22.75	..	-11.21
1961-62 ..	42.13	26.97	..	-15.16

Substantial savings in the Budget provision have been a regular feature during the last three years. This was stated to be due to the non-execution or partial execution of Plan schemes.

\*Includes expenditure on account of "Sales Tax".

\*\*Increase calculated over a period of four years since 1958-59.

6. For expenditure outside the Revenue Account, the resources available to the State Government during (i) 1961-62 and (ii) the five years from 1957-58 to 1961-62 were as follows:

	1961-62.	1957-58 to 1961-62.
	(In crores of rupees.)	
<b>Net additions to—</b>		
I. (i) Permanent Debt. . . . .	7.31	27.16
(ii) Loans from the Central Government . . . . .	26.94	119.97
(iii) Loans from other sources and Unfunded Debt. . . . .	1.38	8.37
II. Miscellaneous (mainly excess of deposits, etc., received by Government over repayment on that account).	2.91	14.37
III. Revenue Surplus . . . . .	..	7.11
<b>Total</b> ..	<b>38.54</b>	<b>176.98</b>
<b>Deduct—Revenue Deficit</b> ..	<b>0.78</b>	<b>..</b>
<b>Net resources available for expenditure outside the Revenue account</b> ..	<b>37.76</b>	<b>176.98</b>

An analysis of the expenditure incurred from the sources referred to above is given below:

	1961-62.	1957-58 to 1961-62.
	(In crores of rupees.)	
<b>I. Capital expenditure on—</b>		
(i) Irrigation and Multipurpose River Valley Schemes . . . . .	8.33	41.50
(ii) Other Commercial Departments/Undertakings, Schemes of Government Trading, Industrial Development, Road and Water Transport and Agricultural Schemes.	-0.12	6.23
<b>(iii) Other Capital Expenditure—</b>		
Compensation to Land holders, etc. on the abolition of the Zamindari System.	1.99	7.67
Capital outlay on Civil Works . . . . .	16.60	68.36
Miscellaneous Capital Outlay on other works and payment of commuted value of Pensions.	0.08	0.33
II. Net outgo under "Loans and Advances by the State Governments" i.e., after taking into account repayments of loans.	8.46	31.04
<b>Total</b> ..	<b>35.43</b>	<b>155.13</b>
<b>Add—Increase in Cash Balance and Investment</b> ..	<b>2.33</b>	<b>21.85</b>
<b>Total</b> ..	<b>37.76</b>	<b>176.98</b>

7. **Debt Position of the State:** The total debt outstanding at the end of the financial years 1949-50, 1954-55, 1957-58, 1959-60, 1960-61 and 1961-62 are indicated below:

	Permanent Debt.	Loans from the Central Government.		Other debts	Total.	Increase during the period.
		For Development purposes.	For other purposes.			
						(In crores of rupees.)
31st March, 1950 . . . . .	..	3	11	4	18	..
31st March, 1955 . . . . .	..	7	90	10	122	104
31st March, 1958 . . . . .	..	22	160	7	219	97
31st March, 1960 . . . . .	..	35	199	11	282	63
31st March, 1961 . . . . .	..	42	217	14	312	30
31st March, 1962 . . . . .	..	40	235	15	347	35

The State Legislature has not laid down any limit under Article 293(1) of the Constitution within which the executive power of the State Government would extend to borrowing on the security of the Consolidated Fund of the State.

The expenditure on account of interest on debt for the year 1961-62 (Rs. 10.03 crores) constituted 9.9 per cent. of the revenues of the year. Allowing for interest received (i) on capital advanced to the D.V.C., (ii) on loans and advances made by Government, and (iii) on the investment of cash balances, the net burden on the State revenues was Rs. 5.76 crores (5.6 per cent. of the revenues).

8. The following arrangements have been made for the amortisation of the loans raised in the open market. These are in accordance with the announcements made at the time of floating of the loans:

- (i) A sum equal to  $1\frac{1}{2}$  per cent. of the total nominal amount of the loan is set apart every year to form a Depreciation Fund for purchasing the securities of the loan for cancellation.
- (ii) In addition to the contributions to the Depreciation Funds, an annual contribution is made to the Sinking Funds for the amortisation of the loans at such rates as Government may decide from time to time to be necessary.

During 1961-62, a sum of Rs. 3.54 crores was credited to these Funds. The total balance in the Funds as on the 31st March, 1962, was Rs. 14.49 crores out of which Rs. 8.12 crores stood invested in the securities of West Bengal Government. A sum of Rs. 28.31 lakhs was received during the year as interest on investments.

9. Government did not consider it necessary to have any amortisation arrangements in respect of loans taken from the Central Government. The repayment of certain loans has not been regular. The overdue amounts on account of principal and interest on the 31st March, 1962, are indicated below:

				(In lakhs of rupees.)	
			Principal.	Interest.	Remarks.
Rehabilitation Loans	..	..	20.97	9.65	Revised terms and conditions for the repayment of these loans are stated to be under consideration of the Government of India.
Grow More Food Scheme	..	..	193.56	15.50	
Loans for Educational Development	..	..	22.26	8.66	
Cottage and Small Scale Industries	..	..	0.09	8.77	
Handloom Industry	..	..	0.68	0.40	

Out of Rs. 22.26 lakhs of principal and Rs. 8.66 lakhs of interest as shown against loans for Educational Development according to the terms and conditions of loans laid down by the Government of India, Rs. 5.22 lakhs on account of principal and Rs. 9.62 lakhs on account of interest have been paid by the State Government according to terms and conditions of repayment proposed by them pending receipt of Government of India's decision in the matter.

10. **Guarantees given by the Government of West Bengal:** Article 293 of the Constitution empowers the State Government to give guarantees within such limits as may be fixed by the Legislature. The Legislature has not yet enacted any law fixing the limits within which Government can give guarantees.

The guarantees given till the end of 1961-62 are indicated below :

(A) *Guarantee for the repayment of principal with interest in respect of loans—*

Parties on whose behalf guarantee was given.	No. of cases.	Limit up to which guarantee was given.  (In crores of rupees.)	Actual outstanding at the end of 1961-62 out of the sums guaranteed.  (In crores of rupees.)	To whom guarantee was given.
(i) Statutory Corporation ..	1	2.00	2.00	....
(ii) Local Bodies ..	2	3.00	1.59	....
(iii) Joint Stock Companies in which Government have interest.	1	0.10	0.10	West Bengal Financial Corporation.
(iv) Co-operative Societies ..	2	0.03	0.02	West Bengal Provincial Co-operative Bank Ltd.
(v) Co-operative Banks ..	2	5.41	0.66	Reserve Bank of India.

(B) *Guarantees of other types—*

Parties on whose behalf guarantee was given.	No. of cases.	Nature of guarantee.	Remarks.
(i) National Sugar Mills Ltd.	1	Payment against overseas supplies amounting Rs. 15.75 lakhs to Messrs. Duncan Stewart & Co. Ltd. (Glasgow).	....
(ii) West Bengal Financial Corporation.	4	Repayment of share capital and bonds and payment of dividend and interest thereon (total share capital and bonds issued Rs. 1 crore and Rs. 1.50 crores respectively).	....
(iii) West Bengal Central Co-operative Land Mortgage Bank Ltd.	1	Payment of principal and interest in respect of debenture amounting to Rs. 20 lakhs.	....

11. **Loans and Advances by the State Government:** The total loans and advances given by the State Government and outstanding as on the 31st March, 1962, amounted to Rs. 76.15 crores, the principal classes of which are shown below :

	(In crores of rupees.)
(1) Loans to Corporation, Municipalities, District and Other Local Fund Committees, Port Trust and other Port Funds.	2.30
(2) Advances to Cultivators .. .. .	5.29
(3) Loans and Advances to displaced persons .. .. .	41.59
(4) Loans under Community Development Project .. .. .	2.34
(5) Miscellaneous loans and advances—	
(i) (a) Loans to West Bengal State Electricity Board .. .. .	10.24
(b) Loans to West Bengal State Electricity Board under Railway Electrification Scheme.	2.28
(ii) Loans under the Low-Income Group Housing Scheme	1.30
(iii) Loans to West Bengal Development Corporation .. .. .	1.02
(iv) Other Miscellaneous Loans .. .. .	8.71

The overdue amount of loan recoverable in respect of item (1) only at the close of 1961-62 was Rs. 21.80 lakhs (principal Rs. 10.59 lakhs and interest Rs. 11.21 lakhs). This includes Rs. 14.99 lakhs (principal Rs. 5.76 lakhs and interest Rs. 9.23 lakhs) outstanding against the Calcutta Corporation since 1958-59. In respect of certain Municipalities these recoveries are outstanding from 1955-56 and 1956-57.

Information regarding the amount of recoveries in arrears in respect of other loans for which detailed records are maintained by departmental officers is not available. Loan accounts maintained by the departmental officers were not also satisfactory. In many cases, neither payments nor recoveries of loans had been entered in the Loan Register. In certain cases, Loan Ledgers were not maintained in proper form.

12 **Capital expenditure on Irrigation and Multipurpose River Schemes:** On the 31st March, 1962, the progressive capital outlay on Irrigation and Multipurpose River Schemes for which capital and revenue accounts are maintained) amounted to Rs. 27.50 crores. After making provision for interest on the capital, there was a net loss of 5.2 per cent. in 1961-62 on the capital investment.

With effect from the 12th August, 1954, the Government of India have fixed  $\frac{1}{2}$  per cent. as the productivity test rate in regard to all projects financed by the Central Government, or such of the state works for the execution of which loans may be asked for from the centre. The following works could not yield the prescribed return :

- (1) Sonarpur-Arapanch Matla Scheme—Part I.
- (2) Sonarpur-Arapanch Matla Scheme—Part II.
- (3) Bagzola-Guni-Jutragachi Scheme.

A review of the Mayurakshi Reservoir Project and Kangsabati Project, showed that the financial return from the projects could not be achieved to the extent anticipated at the time of sanction to the schemes. The position is explained below :

(i) *Mayurakshi Reservoir Project* : The main works of the Project have been completed and further extensions and improvement which have been taken up since 1960-61 are scheduled to be completed by 1967-68. The project has been classified as a productive one and is expected to yield from 1962-63, a net revenue return of 4.14 per cent. exclusive of interest charges on Capital Outlay. The up-to-date revenue return was much below the schedule. The net revenue (excluding interest on the Capital Outlay) and the deficit (including interest charges on the Capital Outlay) in 1960-61 and 1961-62 were as follows :

				(In lakhs of rupees.)		
Year.			Net revenue (excluding interest.)	Interest on capital.	Total deficit (including interest.)	
1960-61	..	..	-11.07	64.89	-75.76	
1961-62	..	..	-9.35	65.17	-74.52	

The shortfall in revenue was stated to be due to delay in assessment of water rates in respect of a large area of land brought under compulsory irrigation from 1954-55 to 1961-62 under the Bengal Development Act, 1935.

Against the targets of 6 lakh acres of Kharif area and 1.20 lakh acres of Rabi area scheduled to be irrigated, only 4.77 lakh acres of Kharif area and 321 acres of Rabi area were actually irrigated during 1962.

(ii) *Kangsabati Project* : Against the targets of ten thousand acres and ninety thousand acres of land scheduled to be irrigated during the years 1960-61 and 1961-62 only 1600 and 3000 acres respectively could actually be irrigated during those years.

The slow progress was attributed to :

- (1) Non-availability of funds during the initial stages.
- (2) Non-availability of land in the Reservoir area in the initial stage due to local resistance.
- (3) Delay in procurement of certain machinery due to non-availability of import licence which could not be issued for want of administrative approval to the project and the concurrence of the Planning Commission.
- (4) Difficulty experienced in obtaining proper quota of technical staff from the very beginning.

No water rate has yet (August, 1962) been fixed by Government and the beneficiaries have been afforded irrigation facilities free of cost during the first two years.

## CHAPTER II

### Appropriation Audit and Control over Expenditure

13. The following table compares the expenditure during the year (1961-62) with the total of voted grants and charged appropriations.

(In crores of rupees.)

Voted—	Grants/Appropriations.	Actual Expenditure.	Savings.	Percentage of savings.	
Original ..	144.17	151.07	129.28	22.39	14.8
Supplementary	7.50				
Charged—					
Original ..	23.47	24.28	19.70	4.58	18.9
Supplementary ..	0.81				
Total ..		175.95	148.98	26.97	15.3

The percentage of total savings taking the aggregate of voted and charged provisions together was 15.3 against 18.9 and 16.7 in the preceding two years.

14. **Supplementary Grants and Appropriations:** During the year supplementary provision was obtained under 26 voted grants and 18 charged appropriations. The details given in Appendix I indicate (i) that the supplementary provision proved entirely unnecessary in 9 cases (five voted grants and four charged appropriations) as the expenditure did not even come up to the original grant/appropriation, and (2) that in 6 cases (three voted grants and three charged appropriations) the supplementary provision proved excessive. There was saving of 9.54 per cent. over the total provision in one case and above 10 per cent. of the total provision in all the others.

On the other hand, there were 10 cases (eight grants and two appropriations) where the supplementary provision proved inadequate and there was an excess over the total provision.

There is thus scope for a closer estimation of the requirements before supplementary grants are placed before the Legislature.

15. (a) **Savings in Voted Grants:** (i) The details given in Appendix II bring out that among voted grants there were seventeen cases where the saving exceeded 10 per cent. of the total provision and in fourteen of these the savings exceeded 20 per cent.

(ii) Large savings occurred mainly in the grants for Land Revenue, Irrigation, Agriculture, Animal Husbandry, Cottage Industries—Miscellaneous—Other Miscellaneous Expenditure, Capital Outlay on Civil Works, Capital Outlay on schemes of Government Trading and Loans and Advances. Under these grants, against the total provision of Rs. 65.33 crores the unutilised amount came to Rs. 22.22 crores.



The savings have been explained as mainly due to non-implementation or slow progress of a large number of schemes under the Third Five-Year Plan. Under Land Revenue, there was less expenditure in connection with ex-Zamindari Estates on account of smaller provision required for preparation of Compensation Assessment Rolls.

Some of the major items for which the provision made during the year remained fully or substantially unutilised are indicated below:

Name of grant.	Description of item.	Funds provided. (In lakhs of rupees.)	Expenditure. (In lakhs of rupees.)
1	2	3	4
Land Revenue	.. Payment of final compensation to the Land holders on the abolition of the Zamindari System.	3,00.00	2.05
Irrigation	.. .. Scheme for bulk purchase of water from Damodar Valley Corporation for sale to individuals for Irrigation purposes.	50.00	—
	Amount kept under Reserve for minor Irrigation Schemes under the Third Five-Year Plan.	19.21	..
	Excavation of channels from Beel Pakuria Teramari and other Beels in Basirhat, Maliar Beel Drainage Scheme, Saharajore Irrigation Scheme, Sealdahgong Basin Drainage Scheme and closure of creeks in Sagar islands.	29.28	0.07
	Development of River Research Institute (Third Plan).	10.00	..
Agriculture	.. .. Seed multiplication farm	17.68	1.53
	Subsidiary Supplementary and diversified food.	16.04	..
	Deep tubewell irrigation scheme and Electric power.	2,00.00	56.11
	Tank Irrigation and Lift Irrigation Schemes from Rivers and Beels.	68.23	5.36
	Establishment of New Training Centres	18.40	..
	Expansion of Birla College of Agriculture.	8.93	..
Animal Husbandry	.. Schemes of Government Trading—Greater Calcutta Milk Supply Scheme.	3,21.57	2,34.22
Cottage Industries	— Establishment of 11 new Industrial Estates.	34.96	..
	Scheme for marketing products for small scale and village industries and procurement and supply of raw materials to Cottage Industries.	6.00	..
	Establishment of 25,000 spindle cotton mills on Co-operative basis for Spinning Yarn.	5.00	—

Name of grant.		Description of item.	Funds provided. (In lakhs of rupees.)	Expenditure. (In lakhs of rupees.)
1		2	3	4
Miscellaneous-- Other Miscellaneous Expenditure.	Mis-	Subsidised Industrial Housing Scheme	1,03.23	51.30
		Land Acquisition and Development Projects at Behala, Durgapur and Patipukur.	46.33	0.32
		Construction of flats at Tollygunge and Kalyani.	43.60	11.12
		Housing and Urban Development—Slum Clearance Project.	116.89	8.78
		Construction of Coke Oven and By-product Plant.	34.90	1.32
		Construction of Power Plant ..	120.00	12.03
		Construction of Gas Grid ..	79.00	32.85
		Construction of Fertiliser Factory ..	28.75	..
		Grants to Village Panchayats ..	15.53	..
Capital Outlay—Civil Works		Construction of (s) a six storied building at 11-A, Free School Street Calcutta (iv) thana building barracks and officers quarters for Police Stations in 24 Parganas and improvement of Agricultural School and Training Centre.	33.50	0.50
		Construction of a new Slaughter House	12.83	..
		Expansion of Craftsman Training ..	51.18	7.63
		Lump provision for new works (Communication) under the Third Five-Year Plan.	20.00	..
Loans and Advances	..	Loans to West Bengal Development Corporation.	1,00.00	50.00
		Loans under Slum Clearance Scheme	36.93	11.34
		Loans under Subsidised Industrial Housing Scheme.	16.20	1.26
		Loans under Village Housing Project ..	15.00	2.19
		Loans under the schemes for marketing of Products of Small Scale and Cottage Industries, etc.	12.67	0.22

(b) **Savings in charged Appropriations:** There was a large saving of 36.65 per cent. in the provision of Rs. 12.38 crores for repayment of public debt as there was no occasion for drawal of cash credit advances from the State Bank of India and the repayment of fertiliser loan to the Union Government was less.

16. **Excess over voted Grants:** The following 12 cases of excess over the voted grants require to be regularised under Article 205 of the Constitution:

(In units of rupees.)					
Sl. No.	Number and name of Grant.	Total Grant.	Expenditure.	Excess.	Percentage of excess.
1	2	3	4	5	6
		Rs.	Rs.	Rs.	
1.	14—General Administration—				
	Rs.				
	Original .. 3,67,17,000	4,00,80,000	4,12,42,653	11,62,6.3	2.90
	Supplementary 33,63,000				
	Mainly inadequate provisions for expenditure on elections due to non-receipt of estimates of requirements from local officers.				
2.	16—Jails .. ..	1,10,41,000	1,11,02,902	61,902	0.56
	The excess is small.				
3.	18—Ports and Pilotage—				
	Original .. 10,58,000	12,51,000	13,01,578	50,578	4.04
	Supplementary 1,93,000				
	Larger repair charges of a number of pooled launches.				
4.	20—Education—				
	Original .. 18,45,82,000	20,22,21,800	21,30,39,214	1,08,17,414	5.34
	Supplementary 1,76,39,800				
	Mainly larger expenditure under some of the schemes executed under the Second Five-Year Plan, viz. (i) Multipurpose Schools (Rs. 16.48 lakhs) and (ii) Improvement of conditions of services of teachers in Secondary schools (Rs. 30.43 lakhs) and under the Third Five-Year Plan, viz., (i) Improvement of conditions of services of teachers in Primary including Basic Schools (Rs. 32.68 lakhs) and (ii) Improvement of teaching facilities in existing schools (including accommodation) in Arts, Science and Crafts (Rs. 30.31 lakhs).				
5.	21—Medical—				
	Original .. 6,37,48,000	6,60,21,000	7,19,87,402	59,66,402	9.03
	Supplementary 22,73,000				
	Mainly due to establishment and improvement of hospitals and dispensaries.				
6.	30—Labour and Employment	23,86,000	29,37,634	5,51,634	23.12
	Mainly larger expenditure under Employment Exchange and Resettlement (i.e. 1.11 lakhs) and adjustment of recovery during the year of the share of the Union Government in the expenditure (i) on this account (Rs. 4.19 lakhs) and (ii) on the cost of Development Schemes under Second Five-Year Plan (Rs. 3.06 lakhs) under the revenue head offset by saving under the head "Inspector of Steam Boilers" (Rs. 2.50 lakhs) due to provision having been made subsequently for this expenditure under Grant No. "34—Miscellaneous Departments—Excluding Fire Services and Welfare of Scheduled Tribes etc."				

(In units of rupees)

Sl. No.	Number and name of Grant.	Total Grant.	Expenditure.	Excess.	Percentage of excess.	
1	2	3	4	5	6	
		Rs.	Rs.	Rs.		
7.	34—Miscellaneous Departments - Excluding Fire Services and Welfare of Scheduled Tribes etc.	68,38,000	72,13,860	11,75,860	10.47	
	Mainly under the head "Suspense" which includes transactions under the heads (i) purchase (ii) Stock and (iii) Miscellaneous Public Works Advances (Rs. 17.80 lakhs) offset partly by larger recoveries primarily from the Refugee, Relief and Rehabilitation Department and Education Department on account of establishment charges on buildings and tools and plant (Rs. 6.73 lakhs).					
8.	35—Civil Works—					
		Rs.				
	Original ..	4,80,21,000	4,90,21,000	5,02,15,698	11,94,698	2.44
	Supplementary	10,00,000				
	Mainly larger payments of Grants in-aid (Rs. 12.43 lakhs).					
9.	38—Superannuation allow- ances and Pensions—					
	Original ..	1,64,45,000	1,73,11,400	1,73,70,435	59,035	0.34
	Supplementary	8,66,400				
	The excess is small.					
10.	39—Charges on account of Stationery and Printing.					
	Original ..	87,24,000	87,79,000	89,42,492	1,63,492	1.86
	Supplementary	55,000				
	Mainly larger payments towards purchase of Stationery Stores (Rs. 1.79 lakhs.)					
11.	40—Miscellaneous—Contribu- tions.					
	Original ..	1,82,69,000	1,93,42,000	2,03,16,584	3,74,584	1.88
	Supplementary	16,73,000				
	Larger expenditure on grants to local bodies for dearness concessions to their employees owing to discontinuation of Central share of assistance during the Third Plan period.					
12.	42—Miscellaneous—Expendi- ture on Displaced Persons.	4,61,54,000	4,92,20,676	30,66,676	6.6	
	Mainly less recovery from the Union Government due to liquidation of a number of camps (Rs. 167.16 lakhs) offset partly by less expenditure on relief on account of reduction in camp population (Rs. 59.18 lakhs) and Loans and Advances by the State Government (Rs. 61.32 lakhs.)					

17. **Excess over charged Appropriations:** Charged Appropriations were exceeded in the following two cases which also require regularisation:

(In units of rupees)						
Sl. No.	Number and name of Appropriation.	Total Appropriation.	Expenditure.	Excess.	Percentage of excess.	
1	2	3	4	5	6	
		Rs.	Rs.	Rs.		
<b>1. 5—Forest</b>						
	Supplementary	24,114	41,350	17,236	71.47	
Provisions for payment of decretal cost was not made through a misapprehension.						
<b>2. 12—Interest</b>						
	Original	5,07,07,000	5,78,42,000	5,86,23,178	7,81,178	1.35
	Supplementary	71,65,000				

Payment of interest at a higher rate and larger drawal of loans mainly accounted for the excess

18. **Control over Expenditure:** The object of control over expenditure is to secure as close an approximation as possible between the actual expenditure and the final Grant/Appropriation under each sub-head of Grant/Appropriation; this is done (i) by sanctioning reappropriations for the transfer of funds from sub-heads of Grants/Appropriations where a saving is anticipated to other sub-heads in the same grant where there is need for additional provision of funds; (ii) by obtaining supplementary Grants or Appropriations wherever necessary; and (iii) by effecting surrender of surplus funds under any sub-head as soon as they can be foreseen.

Cases where the total expenditure against a Grant or Appropriation as a whole has exceeded the sanctioned amount and require regularisation by Legislature have been brought out in paragraphs 16 and 17 above. Cases where the additional funds provided in the course of the year by supplementary Grant or Appropriation proved unnecessary or excessive have been indicated in paragraph 14.

In the following cases, the total amount of the funds surrendered at the end of the year under different sub-heads within the specified grants was substantially in excess of the savings actually available for such surrender:

(In lakhs of rupees)					
Number and name of Grant/Appropriation.			Saving.	Amount surrendered.	
Number	Name.				
6	Registration	.. ..	0.39	0.89	
17	Police	.. ..	4.43	15.61	
26	Charges on account of Co-operative Credit		15.24	17.36	
27	Industries	.. ..	34.27	44.44	
56	Famine	.. ..	11.27	14.82	
50	Public Debt.	.. ..	454.70	469.59	

Cases where the provision required for expenditure under individual sub-heads within a grant or appropriation was not properly regulated during the year by judicious re-appropriations or surrenders of funds are indicated below :

(a) *Savings*

Group Head of Grant or Appropriation.	Comments.
Grant No. 2—Land Revenue. Group Head—F—Expenditure in connection with Ex-Zamindary Estates. Collection of Revenue.	The original provision was Rs. 1,41.79 lakhs; the expenditure during the year was only Rs. 1,34.69 lakhs. Additional funds to the extent of Rs. 7.01 lakhs, provided by re-appropriation in March, 1962 proved wholly unnecessary.
Grant No. 11—Irrigation. Group Head—L. I. Works.	The original provision for works in Kangsabati Reservoir Project was Rs. 1,54.70 lakhs; the expenditure came to Rs. 1,56.59 lakhs. Additional funds to the extent of Rs. 72.85 lakhs were, however, re-appropriated to this head in March, 1962. There was thus an excessive provision to the extent of Rs. 70.96 lakhs.
Grant No. 23—Charges on account of Agriculture. Group Head—L(f)(i)—Intensive Food Production Schemes (Third Five-Year Plan).	Against the original provision of Rs. 1,77.32 lakhs made in connection with the scheme for distribution of chemical fertilisers, the expenditure came up to Rs. 2,16.58 lakhs. The re-appropriation of Rs. 1,05.97 lakhs, made therefor in March, 1962 proved excessive to the extent of Rs. 66.71 lakhs.
Grant No. 42—Miscellaneous Expenditure on Displaced Persons. Group Head—B(u)C—Medical Facilities.	Against the original provision of Rs. 25 lakhs for medical facilities of displaced persons, the expenditure came up to Rs. 28.44 lakhs. Further provision by re-appropriation of Rs. 13 lakhs in March, 1962 proved excessive to the extent of Rs. 9.56 lakhs.

(b) *Excesses*

Grant No. 21—Medical. Group Head—L(b)—Second Five-Year Plan.	The original provision was Rs. 1,23.02 lakhs and the expenditure Rs. 1,20.31 lakhs. A sum of Rs. 16.45 lakhs was, however, withdrawn from this head in March, 1962 by reappropriation to other sub-heads. This indicates that the department could not estimate the requirements correctly even towards the end of the year.
Grant No. 35—Civil Works. Group Head—J(1)7—Civil works.	The original provision was Rs. 63 lakhs required for the maintenance of roads and buildings constructed during the first Five-Year Plan period; the expenditure amounted to Rs. 95.28 lakhs thereby requiring a further provision of funds to the extent of Rs. 32.28 lakhs. The provision under this group head was, however, augmented only to the extent of Rs. 0.56 lakh by re-appropriation, although savings amounting to Rs. 20.33 lakhs were available under other sub-head within the grant from which re-appropriations could have been made.
Grant No. 42—Miscellaneous Expenditure on Displaced Persons. Group Head—K—Colonisation of Displaced Persons.	Against a provision of Rs. 95 lakhs the expenditure amounted to Rs. 109.34 lakhs. Instead of covering this excess by providing additional funds by re-appropriation, Government actually withdrew a sum of Rs. 32 lakhs in March, 1962, for re-appropriation to other sub-heads. This is another case which shows that the department could not estimate its requirements correctly even at the end of the year.

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

19. **Delay in submission of materials for Appropriation Accounts:** The information required for framing the explanations for variations in case of 56 Group Heads in the Appropriation Accounts was not received from the Controlling Officers in time or was incomplete.

These heads formed 54.4 per cent. of the number of Group Heads in respect of which variations had to be explained. Although such delays have been commented upon in successive Audit Reports and were also brought to notice of Government during the year, the position has not improved. Comments on the variations in respect of these heads have, however, been included to the extent possible on the basis of the material available in the office of the Accountant General.

20. **Reconciliation of the figures of expenditure booked in the Departmental Offices with those of the Accounts Office:** The accuracy of the departmental accounts is required to be ensured by periodical reconciliation of the departmental figures with those of the Accounts Office in order to enabling the drawing and controlling officers to exercise effective control over expenditure with reference to grants and appropriations. During the year under report, however, the Controlling Officers detailed in Appendix III did not reconcile (August, 1962) the figures booked in their Accounts with those of the Accounts Office for periods ranging from one month to one year.

The unsatisfactory position in this respect was also mentioned in the earlier Audit Reports.

#### COMMERCE AND INDUSTRIES DEPARTMENT

21. **Expenditure on New Service:** A scheme for the production of Ergot on an experimental basis for ascertaining the feasibility of its commercial cultivation on a large scale in the district of Darjeeling was launched by the State Government in 1954 in collaboration with the Indian Council of Agricultural Research which shared 50 per cent. of the expenditure. The experiment was continued from year to year on this basis for six years until 1st October, 1960, when the assistance from the Indian Council of Agricultural Research was discontinued on the ground that they were not satisfied with the working of the scheme. Thereafter the entire expenditure on the scheme was met by Government up to and during 1961-62.

In June, 1961 the State Government approved a new scheme for the production of 42 tons of "Ergot" annually on commercial basis, involving an outlay of Rs. 40.68 lakhs spread over a period of seven years from 1961-62. This was done on a request from the Government of India to explore the possibility of growing medicinal plants required for the needs of the Phyto-Chemical Unit to be set up at Kerala with the collaboration of a foreign Government as also the State Government deemed the experiment which produced 630 lbs. of Ergot during 1956-57 to 1959-60 to be a success. No specific provision of funds for the scheme was made in the budget for 1961-62 and the expenditure amounting to Rs. 20,382 during that year was met partly out of the provision made for the earlier experimental scheme (Rs. 15,200) and partly by re-appropriation of funds from other sub-heads. Government have stated (August, 1962) that this commercial scheme was a continuation of the earlier experimental scheme "as the large scale production of Ergot was undertaken with sufficient quantity of seeds of Rye and potent high yielding Strains of Ergot producing fungus secured through experimental cultivation". In the view of Audit the new scheme of cultivation of Ergot on a commercial scale was not a mere extension of the earlier experimental scheme; it constituted a new service for which specific provision of funds should have been made either in the

original budget or by supplementary grant. The average expenditure per physical production per annum during the experimental period was Rs. 12,261 and 157lbs. of Ergot respectively against the estimated average expenditure of Rs. 5,81,143 for the average production of 13,440lbs. of Ergot annually on its switchover to commercial cultivation.

22. **Unnecessary or irregular withdrawal of funds at the close of the year:** Substantial amounts, as indicated below, were withdrawn from the Treasury towards the close of the financial years 1959-60 to 1961-62 to make payments for which there was no immediate necessity or justification.

(a) Education Department

(i) Chief Inspector of Education

Item No.	Amount drawn.	Date of drawal.	Remarks.
1(i).	Rs. 3 lakhs	.. March, 1960	.. } These amounts were withdrawn and paid to the authorities of Don Bosco for the construction of a building for a Polytechnic in Calcutta. The plans and estimates for the building were sanctioned only some months later in June, 1961.
(ii).	Rs. 2 lakhs	.. 23rd March, 1961.	
			Only a sum of Rs. 1.87 lakhs was utilised before the end of March, 1961 and the balance was carried forward for utilisation in the following year.
(iii).	Rs. 2 lakhs	.. Ditto	.. The amount was paid to the same School for the purchase of equipment for the above Polytechnic. No amount was utilised for the purpose up to December, 1962.
2(i).	Rs. 3 lakhs	.. 7th March, 1961	.. } These amounts were paid for the construction of building for the Polytechnic at Kanya pur. No amount was spent up to the end of 1961-62. It has been stated that the proposal for the acquisition of the site had to be revised and that the acceptance of Government to the revised proposal sent on the 3rd March, 1962 was awaited.
(ii).	Rs. 2 lakhs	.. 24th March, 1962	
3.	Rs. 3 lakhs	.. 29th March, 1961	.. The amount was paid to the Jagadish Chandra Polytechnic Institute for the construction of a building for a Polytechnic at Berachampa. The foundation stone was laid only on the 30th April, 1961. Thereafter in August, 1961, the Registrar of the Calcutta University advised that the site was of historical and archaeological importance. The acceptance of Government to a new site has not yet been conveyed (November, 1962).



(ii) *Chief Inspector of Technical Education.*

Item No.	Amount drawn.	Date of drawal.	Remarks.
4.	Rs. 3.74 lakhs	29th and 30th March, 1961	} The amounts withdrawn in March, 1961 were disbursed in the next financial year to certain firms on different dates from 24th April, 1961 to 14th June, 1961. The amount drawn in March, 1962 remained undischursed up to 9th April, 1962, the date of audit inspection.
5.	Rs. 3.58 lakhs	24th and 31st March, 1962	

(b) **Development (Development) Department.**

6.	Rs. 0.98 lakh	31st March 1962	The amount representing Government's contribution for the digging of wells (a local Development Work) was drawn by the Sub-Divisional Officer, Bankura. No disbursement was made during the financial year. A part of the amount (Rs. 36,451) was disbursed in the following year.
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Government have stated (March, 1963) that the amount was drawn in anticipation of expenditure in the following year and that as the action was irregular, instructions are being issued to the officers concerned not to resort to such procedure in future.

## CHAPTER III

### Civil Departments

#### Section I—Financial Irregularities, Losses, etc.

##### AGRICULTURE AND FOOD PRODUCTION DEPARTMENT

23. **Operation of the Scheme "Loans to big growers":** The scheme was in operation during the period from 1951 to 1956 under the First Five-Year Plan. Under this scheme cash loans against the mortgage of properties amounting to Rs. 6.34 lakhs were sanctioned by the Director of Agriculture to the cultivators owning large sized holdings as well as to societies in eleven districts for the purpose of intensifying food production by the reclamation of fallow lands, development and proper utilisation of holdings, purchase of pumping plants and reclamation of tanks.

In terms of the agreement the borrowers were to maintain proper accounts/vouchers, etc., of all the expenditure met out of the loan money and to make them available to inspecting officers. A test check conducted in four districts indicated that such accounts had never been inspected by the departmental officers.

According to the terms and conditions, all the loans should have been fully repaid by 1962. However, only a sum of Rs. 2.18 lakhs out of principal was recovered by the end of March, 1962.

It was also noticed that in the districts of 24-Parganas, Hooghly, Burdwan and Midnapore out of 35 borrowers to whom loan amounting to Rs. 3.53 lakhs had been advanced, twenty-six had not repaid more than one or two instalments during the period of operation of the scheme.

Law suits were instituted in 16 cases and in 8 of them decrees covering Rs. 0.64 lakh had been obtained against which recoveries had been made to the extent of Rs. 855 only. It is not clear why no legal action was instituted in 17 other cases of default.

24. **Establishment of 100 Thana Seed Farms:** With the object of achieving the target of additional production of foodgrains of 9.38 lakh tons annually by the end of the Second Five-Year Plan, Government in 1957 decided, among other measures, to establish 100 Thana Seed Farms for multiplication and distribution of improved varieties of seeds.

The scheme originally contemplated a total expenditure of Rs. 92,600 per farm in the Northern Range and Rs. 86,000 in the other ranges including one year's recurring expenditure. The annual recurring expenditure was estimated at Rs 12,200 per farm and the forecast of average return was Rs. 15,300 per annum per farm. Consequent on the increase in the price of land, labour and building materials the original estimate was revised to an average of Rs. 1.13 lakhs with a revised forecast of an average return of Rs. 12,500 per farm annually. The reasons for estimating a lower return are not known to Audit. Against the total provision of Rs. 113 lakhs a total expenditure of Rs. 92.14 lakhs was incurred up to the end of the

Second Five-Year Plan leaving certain liabilities on account of cost of land, works, etc., the extent of which was stated to be not yet known to Government.

All the 100 Farms were reported to have been set up by the Plan Period (25 in 1957-58, 69 in 1958-59, 5 in 1959-60 and one in 1960-61). Against the estimated production of 1.79 lakh mds. during 1960-61, in respect of 99 farms set up by the end of 1959-60, the actual production was 0.34 lakh mds. only.

In explaining the reasons for the short-fall Government stated that the model estimate of production schedule should not be taken as absolutely rigid and sacrosanct in consideration of the different soil-climatic regions in which the farms were situated and also in view of the fact that the farms were yet to be fully developed so as to ensure maximum yield under the given local conditions. The facts mentioned above, however, seem to indicate that all the factors which might affect production had not been taken into account in preparing the justification of the scheme. It has been reported that some of the farms have not been fully developed even after the third year for lack of provision of the minimum facilities in regard to fencing, irrigation, seed store, etc.

Further, it appears from the information made available to audit that 84 farms have sustained a loss of Rs. 9.34 lakhs during three years from 1959-60 to 1961-62.

**25. Unsatisfactory working of deep tube-well and lift irrigation Schemes:** In large tracts of the two Community Development Blocks of Habra and Fulia the surface water available for the purpose of irrigation was inadequate. A scheme to supply 1.94 lakhs acre-inch water annually from deep tube-wells was taken up, along with another scheme to supply 1.20 lakhs acre-inch of water annually by lift irrigation from a river with the help of powerful pumps.

The work for installation of pumps for lift irrigation commenced in December, 1954, was completed in March, 1958 at a cost of Rs. 4.39 lakhs. Up to September, 1960, a further sum of Rs. 54,148 was spent on its maintenance. No water has, however, been so far (May, 1962) supplied from the pumps.

The work of sinking of deep tube-wells was completed in October, 1958, at a cost of Rs. 14.86 lakhs. Information regarding the quantity of water supplied from these tube-wells each year has not been made available to Audit so far (November, 1962), although a request was made in March, 1962. On the basis of the cost of electricity consumed in 1958-59, 1959-60, 1960-61 and 1961-62, the outturn of the tube-wells worked out to about 7,827, 11,384, 17,681 and 25,239 acre-inch of water respectively, viz., 4 per cent., 6 per cent., 9 per cent., and about 13 per cent., respectively of the target.

The cost of maintenance and operation of the entire scheme was Rs. 65,078 in 1958-59, Rs. 78,041 in 1959-60, Rs. 92,834 in 1960-61 and Rs. 80,410 in 1961-62 (the expenditure on salaries and allowances of staff alone being Rs. 50,818 in 1959-60 and Rs. 51,389 in 1960-61). Thus the cost of maintenance and operation varied between 23 per cent. and 33 per cent. of the original estimate though the supply of water varied between 3 per cent. and 8 per cent. of the target of 3.14 lakhs acre-inch.

The annual charge on account of depreciation and interest on capital of the project comes to Rs. 1.48 lakhs.

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COMMUNITY DEVELOPMENT AND EXTENSION SERVICE  
DEPARTMENT

**26. Irregularities in the implementation of "Build Your Own House" Scheme:** Under the "Build Your Own House" Scheme sanctioned by Government in December, 1959 families in rural areas affected by floods were given facilities to construct the houses themselves by moulding their own bricks with the assistance of trainers appointed by Government and burning them with coal to be supplied free of cost. Other building materials were to be supplied by Government free. Landless labourers or persons without means among non-agriculturists were to be allowed to participate in the scheme without the imposition of any condition, extremely poor persons being eligible for subsistence grant (non-recurring) of Rs. 45 each from Government.

Persons owning up to 3 acres of land and those owning more than 3 acres of land were to make over to Government 1 md. and 2 mds. of paddy respectively for 20 years or in lieu value thereof at Rs. 10 per md. The participants were to be selected by the Block Development Officers on merits from applications received through "Gram Sevaks".

The following points came to notice during Local Audit conducted between December, 1961 and May, 1962:

- (i) In two Block Development Offices, 96 participants possessing agricultural land had been classified as "landless labourers" or "persons without means" thus leading to non-realisation of annual instalments and payment of subsistence grant.
- (ii) In another block the Block Development Officer received 583 tons of coal during the period from January, 1960, to May, 1960 against the total estimated requirement of 280 tons required for 185 houses damaged by flood in 1959. Storage charges paid to a contractor at the rate of 25 nP. per md. for each period of six months amounted to Rs. 11,368 for the entire stock of 583 tons up to end of 1961-62. An expenditure of Rs. 8,266 could have been avoided if the indents for coal (which had been placed by the Administrator, Rural Reconstruction) had been restricted to the actual requirements.
- (iii) In November, 1961 during physical verification of the stock of coal held by the Block Development Officer, Burdwan, conducted by the Sub-Divisional Officer, Rural Reconstruction, Kalna the stock was stated to be 712.5 tons against the balance of 1422 tons which had been transferred to this block in January, 1961 by the S.D.O., Burdwan (Sadar).

Further, at the time of issue of the entire stock of coal to the Executive Engineer, East Division, Kalyani, between the 21st November, 1961 and the 29th November, 1961, the quantity was stated to have weighed 537 tons only resulting in a total shortage of 885 tons valued at Rs. 11,758.

### COMMERCE AND INDUSTRIES DEPARTMENT

27. **Machines lying unused:** A test check of the accounts of the five out of the eleven Industrial Training Institutes or Centres in the State showed that out of the machines valued at about Rs. 22.70 lakhs purchased for these Institutes during the period November, 1956 to March, 1962, a number of them valued at Rs. 5.45 lakhs were lying unutilised up to October, 1962.

Year of purchase.	No. of machinery not installed.	Value.	No. of machinery installed but not put into operation.	Value.
		Rs.		Rs.
1956-57	.. 1	3,062	1	37,618
1957-58	.. 4	18,165	2	6,150
1958-59	.. 4	12,453	1	1,070
1959-60	.. 13	73,637	13	62,933
1960-61	.. 15	80,607	3	23,724
1961-62	.. 5	2,26,310	..	..
<b>Total</b>	.. <b>42</b>	<b>4,13,243</b>	<b>20</b>	<b>1,31,501</b>

Total :—Rs. 5,44,744

The reasons for not putting the machines to use have been stated to be:

- (i) non-completion of electrical installation in the workshops,
- (ii) non-availability of Alternating Current to work the machines as the workshops were supplied only with Direct Current, and
- (iii) inadequacy of accommodation.

### COTTAGE AND SMALL SCALE INDUSTRIES DEPARTMENT

28. **Loss in the running of the Scheme for the manufacture of Surgical Instruments at Baruipur:** In October, 1956, Government sanctioned a scheme for the manufacture of surgical instruments at Baruipur in the district of 24-Parganas with the object of helping blacksmiths and artisans of the area to learn improved techniques of production and to utilise the machinery installed at the Centre. They were also to be given opportunity to give the requisite finish to goods manufactured at their cottage units.

The scheme was started in October, 1956 and was due to be completed in stages in five years during the Second Five-Year Plan period, i.e., 1956-57 to 1960-61. Although the production stage was reached in February, 1958, the scheme was stated to have not been fully implemented till March, 1962.

The expenditure incurred on the scheme upto the end of 1960-61 against the sanctioned estimate was as follows:

Categories of expenditure.	Estimated amount.		Expenditure incurred to end of 1960-61.
	Original sanction.	Revised sanction.	
	Rs.	Rs.	
Land and Buildings	.. 40,000	65,000	78,233
Plant and Machineries	.. 48,300	82,848	92,952
Recurring Expenditure per annum	.. 70,090	25,880	10,442 (incurred during 1960-61)
Working Capital	.. ..	21,100	43,079 Ditto.

The physical target to be achieved, and the financial return anticipated on the scheme during the Second Plan period, were as follows:

Estimated production:

3,000 doz. per annum (on the basis of 10 to 12 doz. per day of 300 working days).	The physical achievement up to 1960-61 was only 202 doz. i.e., roughly 6.7 per cent. of the target.
Cost of Production .. ..	Rs. 1.20 lakhs.
Value of production at sale price .. ..	Rs. 1.36 lakhs. The actual sales up to the end of 1960-61 amounted to Rs. 2,218.
Net gain .. ..	Rs. 0.15 lakh.

The scheme which was originally declared to be a commercial one was subsequently declared in June, 1961 to be a non-commercial one; the proforma accounts showed that it had suffered a net loss of over Rs. 89,000 till the 31st March, 1961, as indicated below:

	Rs.
1956-57	... 139
1957-58	... 11,103
1958-59	... 31,578
1959-60	... 36,527
1960-61	... 10,234
	89,581

It was intended that ultimately a Co-operative would be started with those who had been trained at the Centre to take over the running of the unit. The marketing of goods of the workers and artisans was also to be a part of the programme.

Government have stated in September, 1962, that the Scheme is now running in full swing, and that 300 items of surgical instruments are being produced and that efforts are now being made to market these products through another Department.

**29. Scheme for "Development of Village Ghani Oil Industry":** With a view to developing the Village Ghani Oil Industry on a co-operative basis Government started six model ghani centres during 1957-58 at the National Extension Service Blocks of six districts (Murshidabad, 24-Parganas, Cooch Behar, Burdwan, Hooghly and Birbhum) with an equal number of Co-operative Production Units in the respective areas, each society having 15 ghanis belonging to 15 members. Two model ghani centres and two ancillary Co-operative Societies at West Dinajpur and Midnapur had already been started in 1955-56 with assistance from the Government of India (Rs. 22,746 as grant and Rs. 9,875 as loan).

The All India Khadi and Village Industries Board granted a subsidy of Rs. 13,160 at the rate of Rs. 140 per ghani towards their cost.

The State Government incurred an expenditure of Rs. 1.55 lakhs up to 1959-60 in establishing and running the model centres as Government units.

During the three years 1957-58 to 1959-60, the eight Government run model centres produced an average of only 1530 mds. of oil a year against a production of 7614 mds. a year as originally envisaged. The main factors responsible for the unsatisfactory performances of the centres were stated to be that the ghanis supplied were not really of an improved type, could not be operated by the local bullocks and needed constant repairs.

The eight Co-operative Societies were given loans to the extent of Rs. 3.58 lakhs as working capital between 1955-56 and 1958-59, out of which the Khadi and Village Industries Commission contributed Rs. 0.45 lakh.

The Deputy Director of Industries (Community Development Project) reported in July, 1959 that all the Societies had been running at a loss.

In July, 1959, an enquiry by the Deputy Director of Industries (Community Development Project) brought out the following position in regard to the Midnapore Society :

- (i) Out of 124 members of the Society, only 16 were bona fide producers of oil; the others had nothing to do with the production of oil. Government stated in August, 1962, that these persons were taken in as sympathisers so that an all round support for the implementation of the scheme might be ensured.
- (ii) Loans were advanced to these members, without making sure that the money would be utilised for the purpose for which the Government sanctioned the loans to the Society.

The Co-operative units were not also regular in the repayment of the loans advanced to them. Although the amount of Rs. 3.58 lakhs should have been repaid to the State Government by the end of 1961-62, a sum of only Rs. 0.64 lakh was actually repaid by that date. It had been reported in July, 1960, by the Registrar of Co-operative Societies that the terms of the loans had been infringed in almost every case; for example, the Society at Murshidabad had spent Rs. 0.21 lakh on fodder out of the working capital of Rs. 0.60 lakh granted to it for the purchase of oil seeds and marketing of oil. He has since been directed by Government (February, 1963) to realise all Government dues from the Societies and if necessary, to dispose of all their assets by auction after liquidating them.

The control and management of the scheme was transferred with effect from 1960-61 to the West Bengal Khadi and Village Industries Board. The terms and conditions of the transfer of the model centres have not yet been decided by Government (November, 1962).

In November, 1960, the Board recommended to Government the closure of the three Co-operative units at Midnapore, Murshidabad and Hooghly and the continuance of the remaining five units subject to the withdrawal of surplus ghanis and bullocks, stoppage of further financial assistance and extension of the period of the loans granted to them by three years. As the

performance of the units, however, does not justify their further continuance, Government have decided (February, 1963) to close them with effect from the 31st March, 1963, to dispose of the Government assets by auction and stop grants-in-aid from 1963-64.

**30. Scheme for development of Village Oil Crushing Industry:** A scheme for developing the Village Oil Crushing Industry was started in 1954 with the object of (a) organising Co-operatives of telis (oilmen) and persons interested in ghani oil and (b) setting up model centres for demonstration of Wardha type Ghani around the Co-operatives. The Indian Central Oil-Seeds Committee was to advance 50 per cent. of the working capital of the Co-operatives by way of interest free loans and share 50 per cent. of the recurring expenses of the demonstration centres which would function as Government sponsored units till handing over to the Co-operatives.

Four Co-operative Societies were started—two in 1955-56 at Potashpur (Midnapore) and Monteswar (Burdwan) and two in 1957-58 at Enrejbar (Malda) and Haripal (Hooghly). Each society was given a loan of Rs. 18,000. Out of these loans Rs. 36,000 were advanced by the Indian Central Oil Seeds Committee on condition that the State Government would be responsible for the recovery of the loans as well as its repayments.

Four demonstration centres were also started in those places—two in 1955-56 and two in 1957-58. The working of the four centres during 1955-56 to 1957-58 showed that against the estimated yield of 15 seers of oil per ghani per day, the actual production ranged between 0.9 seer and 2.6 seers. The factors responsible for the shortfall in production were stated to be:

- (1) that the actual crushing did not exceed 4 mds. a day against 8 mds. of seeds originally estimated,
- (2) that the seeds available were of inferior quality, and
- (3) that the ghani could not be operated by the local bullocks.

Government, however, spent Rs. 1.17 lakhs up to 1961-62 on these centres out of which a sum of Rs. 0.47 lakh was received as grants from the Indian Central Oil Seeds Committee as their share of expenditure up to 1958-59.

Government stopped financial aid and technical assistance to the Co-operative Societies with effect from the 1st April, 1960. Thereafter the societies at Enrejbar and Haripal went into liquidation leaving a sum of Rs. 21,600 due to Government. The sale of their assets realised only Rs. 4,137. As regards the other two societies, a sum of Rs. 10,800 was due to Government on the 30th June, 1962, against which a sum of only Rs. 253 could be realised. Further, a sum of Rs. 16,200 was also due for payment to the Indian Central Oilseeds Committee (June, 1962).

**31. Industrial Estates:** Five Industrial Estates were set up in the State during the Second Five-Year Plan period. The scheme provided for the construction of buildings and workshop sheds which were to be let out to entrepreneurs of moderate means.



The following points were noticed during a review of the working of two Estates, one started at Kalyani in 1956-57 and the other at Baruipur in 1957-58:

(i) **Loss of rent due to delay in allotment:** A loss of Rs. 2.16 lakhs was incurred due to delay in the allotment of sheds as detailed below:

(a) Kalyani.

Sheds completed		Sheds allotted.		Loss of rent.
Date of completion.	Area in sft.	Date.	Area in sft.	
Rs.				
1st phase—				
August, 1959	.. 49,284	Between February, 1960 and August, 1961.	29,855	60,540 (Up to November, 1961).
2nd phase—				
Between November, 1960 and November, 1961.	1.46 lakhs.	Between November, 1960 and November, 1961.	..	1.19 lakhs (Up to December, 1961).

It was stated that the sheds constructed in the 2nd phase could be allotted only in December, 1961, owing to the non-completion of the electric power connection for which an advance deposit of Rs. 2.61 lakhs had been made with the State Electricity Board nearly three years earlier.

(b) Baruipur.

Sheds completed		Sheds allotted		Loss of rent.
Date of completion.	Area in sft.	Date.	Area in sft.	
October, 1958	.. 29,978	Between December, 1958 and April, 1960.	3,380 26,598	36,641

These sheds had been completed on the 1st October, 1958, except for the arrangements for water supply, sanitary and electric connection. Although several parties were willing to occupy the sheds in that condition, only one party was allotted four sheds (3380 sft.). Government stated (August, 1962) that the sheds were generally allotted when they were complete in all respects and that suitable parties had to be selected on certain principles in keeping with the objective of the scheme.

(ii) **Incorrect fixation of rent at Baruipur:** The rent for the sheds at Baruipur was charged at Rs. 15 per 100 sft. against Rs. 16.34 nP. per 100 sft. as computed on the basis of the principle laid down by the Government of India resulting in short realisation of Rs. 14,293 up to January, 1962.

Government stated (August, 1962) that the recovery of the rent at the rate of Rs. 15 was provisional and that adjustments would be made with retrospective effect when the actual rent was fixed. No orders have yet been issued as to the actual rent to be charged (January, 1963).

(iii) **Non-realisation of rents at Kalyani:** Five parties occupied sheds on different dates during 1959-60 but were charged rent from dates subsequent to the dates of such occupation in contravention of the Agreement resulting in a loss of Rs. 0.12 lakh.

(iv) **Outstanding rent:** At the Kalyani Estate the unrealised rent amounted to Rs. 2.27 lakhs up to the end of November, 1961, some of the dues dating back to April, 1959, as detailed below:

					In lakhs of rupees.
1959-60	..	..	..	..	0.70
1960-61	..	..	..	..	0.82
1961-62	..	..	..	..	0.75

(v) **Financial results:** The financial results according to the figures available are as follows:

Name of Estate.	Capital expenditure up to March, 1962.	Net return.			
		1956-57 to 1958-59.	1959-60.	1960-61.	1961-62 (estimated).
(In lakhs of rupees.)					
Kalyani .. ..	38.75	Not avail- able.	Not avail- able.	- 1.11	- 0.79
Baruipur .. ..	4.96	Ditto	+ 0.01	+ 0.23	+ 0.16

## EDUCATION DEPARTMENT

32 **Scheme for Social Education:** (1) It was proposed in March, 1956 to open a State Central Library during the Second Five-Year Plan as a part of a Scheme for Social Education for guiding and co-ordinating the recognised library system and their future development in the State as well as catering reading room facilities to the public. A sum of Rs. 8.49 lakhs was spent on books, journals, land and buildings, etc., up to December, 1961, besides an expenditure of Rs. 3.07 lakhs up to that date on staff engaged from different dates from the 4th June, 1956. An amount of Rs. 6.27 lakhs was contributed by the Government of India towards non-recurring expenditure and Rs. 0.05 lakh towards recurring expenditure during 1955-56. The reading room of the library was not, however, opened to the public until the 1st May, 1962.

Government stated (December, 1962) that the reading room facilities could not be provided earlier as the building had to be extensively repaired, refitted and remodelled befitting a modern model library and that the staff when appointed was fully engaged all along for selection, purchase, cataloguing and classification of books, arranging shelves etc., and organising the different branches of the library on proper scientific line. They also stated that up to 1957-58, about 6,000 books had been purchased. It was noticed, however, that technical staff such as the Assistant Librarians and the Librarian was appointed only in June, 1959 and October, 1961 respectively and the staff appointed between 1956 and 1959 were of the non-technical category, such as staff-car driver, clerks, durwans, etc.

(2) Seven hundred and sixty-one radio sets were purchased during the period from March, 1949 to May, 1952, for installation in the adult education centres and educational institutions all over the State. Out of these, 34 sets valued at Rs. 9,500 were still lying in stock in November, 1962.

## FISHERIES DEPARTMENT

33. **Second Five-Year Plan Schemes:** The Fisheries Department took up twelve schemes for execution during the Second Five-Year Plan. A total expenditure of Rs. 27.73 lakhs representing about 36 per cent. of the Plan provision of Rs. 75.74 lakhs was incurred up to the end of 1960-61.

(Of the twelve schemes (i) seven were fish production schemes—three were to be executed departmentally and four were to be implemented by granting loans, and (ii) the remaining five were experimental ones, incidental to fish production.)

An indication of the progress made in implementing each of the schemes is given below:

Name of the scheme, budget provision during 1956-57 to 1960-61, and expenditure incurred.	Target Achieved.
1. Scheme for sea fishing with the help of Danish cutters and Japanese trawlers.	The work on the scheme has not commenced (February, 1963). A site was selected in February, 1955 after inspection by experts and 10 acres of land were acquired and taken possession of in February, 1957. The work concerned more than one department and the issue of administrative approval was delayed until March, 1959. In June 1959, however, it came to light that the site was not suitable for the purpose. An alternative site was selected and taken possession of in December, 1959, but it could not be utilised owing to legal complications.
(Rs. lakhs)	
Budget provision .. 27.47	
Actual Expenditure .. 0.01	
The object of the scheme was to establish a fishing harbour at Kakdwip with the construction of Jetty, cold storage and ancillary buildings and roads and facilitate berthing of trawlers and speedy transhipment of fish to Calcutta.	Only four boats were purchased at a cost of Rs. 56,039 in June 1958, and February, 1960. No fishermen had been trained and no Co-operative Society had been formed.
2. Scheme for exploitation of coastal fisheries of the State by mechanising indigenous fishing crafts and making these available to the fisherman Co-operative Organisations on hire purchase system.	The sale proceeds of the fish caught amounted to Rs. 1,322 as against the expenditure of Rs. 93,095 incurred in the maintenance of establishment for this purpose.
(Rs. lakhs)	
Budget provision .. 4.42	
Actual expenditure .. 1.15	
The scheme envisaged—	
(i) the buying of 16 mechanised seaworthy country crafts at an estimated cost of Rs. 2.36 lakhs and other equipments at Rs. 0.85 lakh, (ii) the training of 96 fishermen in mechanical fishing during the first 4 years and (iii) making available thereafter to the Co-operatives of the trained fishermen the boats and nets, etc., on hire purchase system. To the end of 1961-62, 3,840 mds. of fish was expected to be caught yielding about Rs. 76,800.	
3. Scheme for development of derelict fisheries in the State.	1,700 acres were stated to have been reclaimed but only 873 were brought under pisciculture. No statistics of actual production of fish could be shown to Audit.
(Rs. lakhs)	
Budget provision .. 14.21	
Actual expenditure .. 3.36	
The scheme aimed at developing 2,202 acres of derelict fisheries with an estimated yield of about 1,100 tons of fish during the Plan period.	

Name of the scheme, budget provision during 1950-57 to 1960-61, and expenditure incurred.

Target Achieved.

4. Short term loan scheme for augmenting fish production in culturable tanks.

1,247 acres were stated to have been brought under pisciculture but no information about the actual production of fish was available to Audit.

(Rs. lakhs)

Budget provision	..	2.88
Actual expenditure	..	2.29

The target was to bring 1,521 acres of water area under pisciculture with an expectation of 1,461 tons of fish production.

5. Medium term loan scheme for fish production in the semiderelict tanks.

759 acres were stated to have been improved but no statistics of actual fish production were available.

(Rs. lakhs)

Budget provision	..	5.47
Actual expenditure	..	5.19

The target was for improving semiderelict tanks covering 824 acres with an expected return of 700 tons of fish up to 1960-61.

6. Scheme for rendering assistance to Sunderban Fishermen through Co-operative Societies.

All the Societies came into being and the scheme was given effect to from December, 1958. Government purchased share capital of the Apex Society to the extent of Rs. 12,500 and advanced an interest free loan of Rs. 2.02 lakhs to the Apex Society. Besides, a total sum of Rs. 1.30 lakhs was spent on staff salary etc. of the supervisory staff employed by Government.

(Rs. lakhs)

Budget provision	..	..
Actual expenditure	..	3.44

The scheme aimed at improving the economic condition of the fishermen in Sunderban area by organising ten Primary Co-operative Societies with an Apex Central Society in order to exploit coastal and estuarine fishing.

The Apex Society utilised the loan money for purchase of nets, boats etc. to be given on hire to the primary Societies and also for granting maintenance loans to the members of the primary Societies.

Due to paucity of fish the primary Societies could not make much headway and could not repay the loans granted by the Apex Society which was reported to have suffered a loss of Rs. 0.45 lakh up to 30th June 1961, besides having an outstanding demand of about Rs. 0.55 lakh against the primary Societies as hire charges of boats, nets etc.

Government have stated (February, 1963) that the operation of the scheme in a modified form is under consideration. The life of the assets created by the Apex Society is limited and it is not known what amount could be realised by their disposal for the repayment of Government loan.

Name of the scheme, budget provision during 1956-57 to 1960-61, and expenditure incurred.

Target Achieved.

7. Scheme for assisting the needy fishermen by granting loan for augmenting fish supply.

(Rs. lakhs)

Budget provision .. 4.30

Actual expenditure .. 3.30

Assistance was stated to have been rendered for the purchase of 172 boats and 339 bales of yarn but no information has been available to Audit regarding the yield of fish.

The Plan targets were to render assistance to about 1,000 fishermen for the purchase of 537 boats and 387 bales of yarn with the expectation of a return of 2,700 tons of fish during the Plan period.

8. Scheme for popularising the use of fish pond manure.

(Rs. lakhs)

Budget provision .. 1.00

Actual expenditure .. 0.81

1,291 tons of manure was produced but no statistics as to the actual production of fish were shown to Audit.

The target of the scheme was to produce 5,112 tons of fish pond manure which would result in an additional production of 5,944 tons of fish during the Plan period.

9. Scheme for carrying out a Sample Survey to assess the inland fishery resources of the State.

(Rs. lakhs)

Budget provision .. 1.05

Actual expenditure .. 1.65

The survey of only 5 districts was completed within the period although the actual expenditure had exceeded the total Plan provision.

The target was to complete the survey of the entire State except Darjeeling and Jalpaiguri Districts within the first 3 years of the Plan.

10. Scheme of demonstration fish farming on private parties' tanks in every thana of the State.

(Rs. lakhs)

Budget provision .. 1.94

Actual expenditure .. 1.27

While more than the target number of farms were stated to have been established no attempt was made to assess the actual production of fish.

The target of the scheme was to set up 135 farms for demonstrating the improved technique of tank culture to improve fish production. An yield of 1,840 tons of fish was expected during the Plan period.

Name of the scheme, budget provision during 1956-57 to 1960-61, and expenditure incurred.

Target Achieved

11. Scheme for intensifying the production of carp fry by granting bonus to the culturists at Rs. 2 per 1,000 fry. 365 lakhs of carp fry were stated to have been produced but no information was available regarding the quantity of marketable fish obtained out of this scheme.

(Rs. lakhs)

Budget provision .. 0.82

Actual expenditure .. 0.81

The target was to produce 520 lakhs of fry which would yield 7,813 tons of marketable fish during the Plan period.

12. Experimental fish farming at Kalyani.

A total expenditure of Rs. 4.47 lakhs was incurred up to the end of the Plan period. The Engineering and Bacteriological Sections did not start functioning even up to November, 1962. The laboratory was also not fully equipped.

(Rs. lakhs)

Budget provision .. 11.58

Actual expenditure .. 4.47

The object of the scheme was to set up a "fresh water fish experimental and research station" at Kalyani consisting of a Farm and Engineering, Bacteriological and Chemical Sections with a view to carrying out chemical, biological, bacteriological and meteorological studies on different aspects of fish and fisheries.

In regard to an enquiry about the actual production of fish the reasons for shortfall in achieving the targets, the Directorate stated that it was difficult and impracticable to assess the actual production of fish but that additional estimated production would be 30,372 tons during the Plan period. The reasons for shortfall in achieving the targets were stated to be:—

- (1) rigidity of terms and conditions for advancing loans for tank fishery development,
- (2) delay in arriving at decision regarding transfer of State owned beels and boars to the Fisheries Department for development,
- (3) inability of needy fishermen to offer securities prescribed by Government against loans for procuring fishing implements,
- (4) increase in the cost of ingredients forming composite mixture under the farms for producing fish pound manure,
- (5) inter-departmental dispute regarding location fisheries Research Station and
- (6) restrictions imposed by Government of India on the import of marine engines from abroad.

#### FOOD, RELIEF AND SUPPLIES DEPARTMENT

34. **Famine Relief Expenditure:** During Local Audit of the accounts of the expenditure incurred on Famine Relief during the period from 1957-58 to 1961-62 in some of the districts/subdivisions the following points were noticed:

(a) Cash, clothes, foodgrains, etc., were handed over to the distributing agents (official as well as non-official), but they did not render accounts indicating the amount and quantities distributed as required by the orders

on the subject. The amounts involved are indicated below. No portion of the amounts were refunded by them as un-utilised:

- (i) Rs. 8.82 lakhs advanced for payment of cash doles, wages to relief workers, house building grants, etc.,
- (ii) 5,104 pieces of blankets, 8,450 pieces of dhoties and sarees and 17,416 pieces of garments of total value of Rs. 0.84 lakh approximately, and
- (iii) 66,799 mds. of foodgrains (valued at Rs. 10.69 lakhs approximately).

It was stated by Government (August, 1962) that replies from the District Officers in this respect were still awaited.

(b) A number of relief works started by the District Officers during 1957-58 to 1960-61 mainly of the nature of construction of embankments, roads and tanks were abandoned before their completion after incurring an expenditure to the extent of Rs. 4 lakhs. The reason for their abandonment was stated to be the setting in of rains or the non-existence of distress. The works had been left abandoned for more than 2 years and no directions appear to have yet (January, 1963) been issued by Government as regards completion of these works.

Government stated (August, 1962) that in the execution of relief works, the objective was to relieve distress and not to complete the works undertaken. This position is not, however, in consonance with the orders of Government in the matter which require that such works should be completed either during the period of distress or soon thereafter.

35 **Payment on account of handling of food-grains for which adequate evidences of the claim were wanting:** A payment of Rs. 12,450 was made to a Company in May, 1962 on account of handling charges of foodgrains, petrol, etc., stated to have been air-lifted by the Indian Airlines Corporation during the floods of 1954. It has been stated that the firm submitted their claim only in 1957 (ie., three years after the event) and that thereafter there was protracted correspondence with the local authorities about the correctness of the claim.

The claim was not supported by invoices as to the category of goods handled, or by acceptance of the local officers concerned on the basis of their records. Audit has not been advised of any agreement entered into with the firm in regard to the nature of the duties to be performed by them, the quantities of the commodities to be handled and the rates of charges to be paid. Further, handling charges of Rs. 8,100 claimed for different dates for 54 flights could not be reconciled with the flights actually performed by the Indian Airlines Corporation.

## HEALTH DEPARTMENT

36. **Rural Water Supply and Sanitation Scheme—Avoidable expenditure:** A sum of Rs. 1.14 lakhs was spent in the Rural Water Supply (Presidency Division) during 1960-61 on the work of construction of 52 ring or surface wells in Malda district. The expenditure was incurred mainly after the District Health Committee had reported (4th June, 1960) that the soil of the district was not suitable for the construction of ring or surface wells, and recommended an increase in the number of tubewells rather than surface wells. A decision that wells should not be constructed was taken on the 20th June, 1960 for the years 1960-61 and onwards; but this was not applied to wells sanctioned in 1959-60, the expenditure on which was incurred between July and December, 1960. If tubewells had been sunk in

1960-61 in place of the ring or surface wells in question, a sum of nearly Rs. 1 lakh might have been saved, as tubewells which were sunk in the district in 1959-60 had cost only about Rs. 308 each.

The matter was reported to Government through an inspection report in April, 1961. Their comments are awaited (January, 1963).

#### HOME (JAILS) DEPARTMENT

**37. Excess expenditure in the purchase of dietary articles:** A comparison of the rates paid for by two district jails and three sub-jails in Cooch Behar, Jalpaiguri, Malda and West Dinajpur during 1961-62 for dietary articles purchased regularly in large quantities showed that the rates were different not only in neighbouring localities but also in the same place when compared with the rates paid for by the Medical Department. The rates paid for were, in some cases, higher even than the wholesale market prices of the same quality of dietary articles prevailing in the locality at the time, as published in the Calcutta Gazette.

The rates of about a dozen different articles such as rice, dal, etc., were compared either with the wholesale market prices of the same quality of articles prevailing in the locality according to the Calcutta Gazette or with the rates paid for by the Medical Department at the same station. Calculating on the basis of Gazette rates in respect of articles mentioned in the Gazette and the others on the basis of rates paid for by the medical institution of the same station the total extra expenditure incurred by the jails referred to above for the total quantities of these dozen articles purchased during 1961-62 worked out to about Rs. 30,000 against the total expenditure of Rs. 2.74 lakhs incurred on the purchase of dietary articles.

Government observed (October, 1962) that the purchases were made on invitation of open tenders and that no financial irregularity seemed to have been revealed.

The fact that a sister department at the same station and in identical circumstances was able to secure lower rates and that the accepted rates in some cases being higher than the wholesale market rates ruling at the time of purchase as published in the Calcutta Gazette, would seem to suggest the need for a detailed enquiry into the matter.

#### IRRIGATION AND WATERWAYS DEPARTMENT

**38. Non-fulfilment of the objectives of a Drainage Scheme:** The Matla Drainage Sonarpur-Arapanch scheme which envisaged:

- (i) the reclamation of 51 sq. miles of water-logged area on the east of the river Peali, and
- (ii) the rehabilitation of displaced persons on 20,000 acres of land, and the allotment of 3,000 acres of land to local people,

was started in 1953, at an estimated cost of Rs. 71 lakhs and was scheduled for completion by 1956. The scheme was also expected to result in the production of 10,470 tons of food grains annually.

The progress made up to November, 1962 however, was that an area of 5,491 acres of land had been reclaimed and during 1960-61 (from October, 1960) and 1961-62 (upto December, 1961), 4,474 tons of foodgrains had been produced, but the other objectives of the scheme (viz., rehabilitation of displaced persons, allotment of land to local people, etc.) still remained to be realised. An amount of Rs. 87.44 lakhs (Rs. 16.44 lakhs more than the estimated provision) had been spent up to March, 1962. A revised estimate



for Rs. 83.42 lakhs, including Rs. 6.62 lakhs for additional establishment charges which was submitted to Government in 1959 is still awaiting sanction (November, 1962).

One of the main reasons for slow progress should be the defective construction of the Main Sluice at the outfall of the drainage canal which had been taken up in 1954-55 at an estimated cost of Rs. 10.58 lakhs and was completed in July, 1957 at a cost of Rs. 13.48 lakhs. Although special treatment had been accorded to the foundation of the sluice on account of the bad nature of soil selected for construction of the structure, it was noticed that water was passing below the floor of the Main Sluice, endangering the existence of the structure itself. Heavy repairs and protective measures, including the construction of a Box Sluice on the diversion channel were undertaken in September, 1957 to prevent leakage of water.

On a further report on the 2nd April, 1959 from the Director of River Research Institute to the effect that water was still percolating slowly and that the sand filling done during 1958 had subsided by about 6 inches, cement grouting for complete consolidation of the soft bed below the floor of the structure was taken up and is still continuing. The expenditure so far incurred on the construction and the execution of protective arrangements for the Main Sluice has totalled Rs. 24.16 lakhs (September, 1962) against the original estimate of Rs. 10.58 lakhs.

#### REFUGEE RELIEF AND REHABILITATION DEPARTMENT

39. **Avoidable Expenditure:** Six hundred and forty-three acres of land in Jhargram Subdivision under Midnapore district was acquired by Government in June, 1951, at a cost of Rs. 3.98 lakhs for the resettlement of 200 displaced agriculturist families living in the camps. Apart from an area of 98 acres which was transferred to the Development Department in February, 1957 at the book value of Rs. 61,855, the rest of the land has not been utilised so far (September, 1962). A scheme of resettlement of displaced persons was sanctioned by Government in January, 1957 but has not been implemented. There has thus been locking up of Government funds to the extent of over Rs. 3 lakhs for over 11 years.

Government have since stated (September, 1962) that the land was found unsuitable for agricultural purposes and that arrangements were being made to sell or transfer some blocks of the land to (i) middle-class displaced persons, (ii) the Commerce and Industries Department and (iii) a local college.

40. **Infructuous Expenditure:** On the report of the Screening Committee appointed for preparing a list of Camp Families of the Ranaghat Transit Camp for whom cash doles and other assistance were not admissible under the existing Government orders, the Government of India decided (November, 1958) that payment of doles, etc., to 354 families, who are gainfully employed, should be stopped within one month of the issue of their letter dated the 29th November, 1958.

The Administrator of the Camp held that only 297 families were in gainful employment and referred the matter to the State Government for clarification but meanwhile did not stop payment of doles to any of the families. The doles of 220 families were subsequently stopped by the Camp authorities with effect from the 24th November, 1959 and those of the remaining 77 families from the dates of their dispersal to rehabilitation sites between the 5th June 1961 and the 8th July 1961 even though no clarificatory orders were received from the State Government.

The total amount of cash doles paid to 297 families from December, 1958, the due date for stopping the payments of doles to the dates of actual discontinuance amounted to Rs. 2.11 lakhs.

In addition 83 more families were also found by the Administrator in November, 1959 to be in gainful employment. Their doles were not also stopped until January, 1960 which entailed an extra expenditure of Rs. 0.08 lakh.

The entire expenditure of Rs. 2.19 lakhs (Rs. 2.11 lakhs + Rs. 0.08 lakh) could have been avoided had prompt action been taken for the discontinuance of cash doles in compliance with the orders of Government.

This was reported to Government in March, 1961 and their reply is still awaited (January, 1963).

41. **Expenditure on Relief and Rehabilitation of displaced persons:** (a) Expenditure incurred during 1961-62 on (i) Relief and Rehabilitation of displaced persons, (ii) Dispersal of displaced college students from Calcutta and (iii) Administration of Township for displaced persons amounted to Rs. 5.11 crores including the expenditure on officers and staff. The expenditure on Relief and Rehabilitation proper amounted to Rs. 1.53 crores and Rs. 2.51 crores respectively. Of this amount a sum of Rs. 1.99 crores was realised from the Government of India.

(b) A sum of Rs. 1.84 crores was also advanced to displaced persons on account of different kinds of loans during the year. The total amount of loans advanced to displaced persons at the end of March, 1962 amounted to Rs. 43.10 crores of which a sum of Rs. 41.59 crores is outstanding. Particulars regarding the amount, the number of cases in which recoveries were overdue at the end of March, 1962, the yearwise break up of the recoveries in arrears and also the amounts written off have not been furnished by the State Government this year also.

(c) The expenditure incurred on pay and allowances of officers and establishment at Headquarters as well as districts and camps and also on account of staff connected with the administration of different schemes amounted to Rs. 0.93 crore. This works out to 15.9 per cent. of the amount spent on Relief and Rehabilitation proper including the amount advanced as loans (the percentage excluding the loans being 23.1). The corresponding percentages in the previous four years were as follows:

1957-58	...	10.3
1958-59	...	13.4
1959-60	...	14.7
1960-61	...	14.8

## MISCELLANEOUS IRREGULARITIES

### AGRICULTURE AND FOOD PRODUCTION DEPARTMENT

42. (a) Two Pump Drivers have been employed in the Thana Seed Farm under the Subdivisional Agricultural Officer, Cooch Behar and one Pump Driver under the Subdivisional Agricultural Officer, Alipurduar, from 1st August, 1958 and 1st June, 1959, respectively, even though no pumping machines have been installed yet (May, 1962) in those farms.

The justification for the expenditure of Rs. 7,105 incurred up to March, 1962, on their salaries, etc., is not clear. The services of one Pump Driver were utilised for operating one pumping set for barely a week in August, 1961, when one set was temporarily taken out from a Block Development Officer.

The matter was brought to the notice of Government in January and February, 1962 but no reply has so far been received (January, 1963).

#### FISHERIES DEPARTMENT

(b) The skipper of a fishing trawler was paid ex-gratia Rs. 7,000 in March, 1960 in lieu of leave salary for leave earned by service but not availed of within the period of contract as provided for in the contract. The same skipper was found responsible for the loss of Rs. 4,872 worth of fish but Government did not recover the loss from the ex-gratia payment as the contract with the skipper did not contain a clause for enforcement of recovery of loss caused to Government. The loss was written off by Government in February, 1962.

#### HOME (PUBLICITY) DEPARTMENT

(c) A portion of the hutments included in the "Indian Troops Buildings" in Calcutta was purchased in March, 1961, at a cost of Rs. 78,000 from the authorities in charge of the "Services Post-War Re-construction Trust Fund, West Bengal".

The purchase price was fixed on the basis of 10 years' rent at Rs. 650 a month. This rate of rent had originally been decided upon in May, 1960 when it was proposed to take over the hutments on hire.

The basis of valuation was adopted without taking into consideration the net rental paid by the Government of India (Rs. 450 per month) immediately before the hutments were rented by the State Government and without consulting the P.W.D. or other technical authorities as to the condition or expected life of the hutments, on the ground that they were proposed to be demolished and a new building was to be erected in their place.

In the circumstances, it is not clear how the fixation of a purchase price for the hutments without reference to net rental paid, the condition of the buildings or their expected life was justified.

#### HOME (SOCIAL WELFARE) DEPARTMENT

(d) The land and building at 120, Andul Road, Howrah, which had been originally requisitioned by the Refugee, Relief and Rehabilitation Department at a rental compensation of Rs. 1,304 per month for housing displaced persons was taken over by the Home (Social Welfare) Department on the 4th October, 1958 for accommodating a Vagrants' Home. The Home was, however, shifted to the premises on the 24th August, 1960.

It has been stated that some repairs to the building had to be executed before occupation and that work was commenced only on the 17th February, 1960 (more than 16 months after the date of taking over) on account of the time taken by the Construction Board in finalising the preliminary arrangements like preparation of plans and estimates, invitation of tenders and arrangement for collection of building materials.

The amount paid as rental for the vacant premises up to the date of actual occupation amounted to Rs. 29,529.

## Section II—Misappropriation of Government money

### LAND AND LAND REVENUE DEPARTMENT

#### 43. Defalcations—

Particulars.	Remarks.
<p>(a) A sum of Rs. 14,234 realised as land revenue was misappropriated by 14 Tahsildars working under two district Officers (Midnapore and Murshidabad) of the Estates Acquisition Department.</p>	<p>False statements of accounts had been prepared. The cases came to notice of the heads of offices concerned at the time of scrutiny of records on different occasions between August, 1957 and January, 1960 and were reported to the Police.</p> <p>A sum of Rs. 411 was adjusted against the amount due to one Tahsildar. 3 Tahsildars were discharged and 2 were placed under suspension. Criminal cases were started against 7 Tahsildars but intimation of the final action taken is awaited (January, 1963).</p>
<p>(b) Twenty seven cases of misappropriation of Government money by 26 Tahsildars and one Junior Land Reforms Officer totalling Rs. 58,656 were reported to audit during the period 1958-59 to 1961-62 from ten districts.</p>	<p>Government records had been tampered with. In 10 cases moneys collected from tenants, etc., were retained instead of crediting them into Government account. The misappropriations came to the notice of Heads of Offices between August, 1958 and March, 1962 when the accounts and relevant documents were scrutinised.</p> <p>A sum of Rs. 9,885 was realised or adjusted against amounts due to 8 Tahsildars and Rs. 1,547 were realised from Insurance Company against Rs. 1,964 due from two Tahsildars. Claims from Insurance Company are pending in ten cases (August, 1962).</p> <p>Three Tahsildars were convicted, five were discharged, three were suspended, and two absconded. One of the Tahsildars has expired. Criminal cases in respect of six Tahsildars and departmental action in respect of the remaining six Tahsildars and the Junior Land Reforms Officer were still pending (January, 1963).</p> <p>Ten cases of misappropriation of Government money by Tahsildars by not crediting into the Treasury revenue collected by them either in full or in part were also reported in "Note 2 below Grant No. 2 Land Revenue" in the Appropriation Accounts 1959-60.</p>

## CHAPTER IV

### Works Expenditure

44. **Works Expenditure:** (i) *Expenditure incurred without specific budget provision/sanctioned estimates on works costing over Rs. 2 lakhs:* Mention was made in paragraph 26 of the Audit Report, 1962 about the works executed without budget provision and/or without sanctioned estimates.

During the year 1961-62, 3 new works costing over Rs. 2 lakhs each were taken up [2 by Development (Roads) Department and one by Public Works Department] without specific budget provision. The expenditure on these works amounted to Rs. 7.22 lakhs. In regard to 3 other works [one by Development (Roads) Department and two by Public Works Department] which were already in progress at the end of the previous year, there was no specific budget provision for them in any year; the expenditure on those works up to 1961-62 amounted to Rs. 30.73 lakhs.

Three works included in the 6 works referred to above were not also covered by sanctioned estimates. The expenditure incurred on them in 1961-62 was Rs. 7.22 lakhs.

(ii) *Works costing over Rs. 5 lakhs each for which specific budget provision was made but which were not taken up:* The following five works costing more than Rs. 5 lakhs each for which a total provision of Rs. 40.90 lakhs was sanctioned in 1961-62 were not taken up during the year:

Name of the work	Provision made in the Budget.
1. Saharjore Irrigation Scheme .. .. .	Rs. 6 lakhs.
2. Malier Beel Drainage Scheme .. .. .	Rs. 8 lakhs.
3. Construction of Thana Building in Borhampore District ..	Rs. 14 lakhs.
4. Widening of Diamond Harbour Road from 5th to 7th mile ..	Rs. 7.50 lakhs.
5. Construction of super-structure of Corrye bridge in Midnapore ..	Rs. 5.40 lakhs.

These works were not taken up as the essential preliminaries had not been completed in time. The provision of funds for these works was apparently premature.

(iii) *Detailed/Revised Estimates:* The amount of expenditure incurred on works without sanction of detailed estimates or in excess of sanctioned estimates as at the end of March, 1962, was as follows:—

Department.	Want of sanctioned estimates.		Excess over sanctioned estimates.	
	Number of works	Amount (Rs. crores)	Number of works	Amount (Rs. crores)
Irrigation and Waterways ..	1,460	7.84	283	0.88
Public Works ..	3,390	8.68	129	0.67
Public Health ..	366	4.22	30	0.37
Development (Roads) ..	271	6.03	101	0.72
Development ..	1,141	0.58	93	0.94
Community Development Project	122	0.38	44	0.08
Refugee, Relief and Rehabilitation	350	0.13	..	..
<b>Total ..</b>	<b>7,100</b>	<b>27.86 (a)</b>	<b>680</b>	<b>3.66 (b)</b>

Rs. 2.85 crores out of (a) and Rs. 0.69 crore out of (b) relate to the period prior to 1957-58, the oldest items dating back to 1950-51.

In respect of fourteen works costing more than Rs. 5 lakhs each, a total expenditure of Rs. 108.30 lakhs had been incurred up to 31st March, 1962, without sanctioned estimates. These works include (i) construction of Roads (13 cases—Rs. 101.40 lakhs) and (ii) construction of a bridge over Diamond Harbour-Kakdwip Road (Rs. 5.30 lakhs). Some of these works were started as long ago as 1950-51 and 1951-52.

According to the rules, only emergent works can be taken up without sanctioned estimates. In the case of the works in question no intimation was sent to Audit that the works were emergent.

Particulars of 6 works costing over Rs. 5 lakhs each are detailed below on which the expenditure up to 31st March, 1962 exceeded the sanctioned estimates by more than 10 per cent.

Serial No.	Name of work	Sanctioned Estimate	Actual Expenditure	Percentage of excess over sanctioned estimate
(In lakhs of rupees)				
1.	Sonarpur-Arapanch-Matla Drainage Scheme Part II .. .. .	71.00	87.44	23.1
2.	Kholapota-Baduria-Maslandpur-Habra Road	0.50	17.33	3468.00
3.	Mollarpur-Rampurhat-Nalhati Section ..	12.68	17.37	36.9
4.	Bolepur-Patipur Road .. ..	17.75	20.47	15.3
5.	Saptagram-Purbasthali Road .. ..	67.76	79.29	17.0
6.	Suri-Dubrajpur-Ilampur .. ..	26.00	29.18	12.2

The excesses occurred as far back as 1955-56 in some cases and have not been regularised so far (January, 1963).

#### DEVELOPMENT DEPARTMENT

45. **Unauthorised Financial aid to a Contractor:** In March, 1957, the Chief Engineer, Construction Board, sanctioned an advance of Rs. 36,719 to Messrs. Orissa Steel Corporation Ltd. for the supply of 57.5 tons of steel materials from their ready stock against a release order issued by the Iron and Steel Controller. Before any supply had been made against this advance the Executive Engineer, Resources Division under the Construction Board sanctioned in February, 1960, a further advance of Rs. 52,862 to the same firm on their written commitment to supply 79 tons of steel materials from their ready stock against a quota certificate. Between June, 1960 and December, 1961, the firm supplied only 22.10 tons of steel materials worth Rs. 15,270. Since then repeated reminders for the supply of the balance quantity against both the quota certificates had proved fruitless. A total sum of Rs. 74,311 was still outstanding against the firm and no progress had been made in the matter (January, 1963) beyond sending a report in December, 1961 to the Registrar of Joint Stock Companies.

46. **Heavy overpayment in execution of earthwork:** In May, 1957, the work of excavation of a lake at Behala was entrusted by the Executive Engineer, Calcutta Division No. II(C.B.) to Contract Division No. I(C.B.) (now defunct) under the Construction Board.

The value of work executed according to the records of Contract Division No. I came to Rs. 1.85 lakhs up to July, 1959, on the basis of the measurements taken between July, 1957 and September 1960 while according to

the records of Calcutta Division II the value of work done up to that date as ascertained by actual measurement between June 1957 and July 1959 was only Rs. 1.13 lakhs. Thus there was a difference of Rs. 0.72 lakh in the value of work according to the two sets of measurements.

As measurement books constitute important initial records on the basis of which payments are made, the difference between the two sets of figures requires to be explained. The matter was reported to Government in March, 1961 but their comments have not yet been received (January, 1963).

### DEVELOPMENT (ROADS) DEPARTMENT

47. **Delay in placing order leading to unnecessary expenditure to the State:** Quotations for the supply of 11 nos. of Diesel Road Rollers were invited by the Mechanical Division of the Development (Roads) Department in May, 1959, the closing date for the submission of tenders being 25th June, 1959. The comparative statement prepared in August, 1959 showed that the three lowest quotations were as follows:

Name of supplier	Type	Price per Roller Rs.
1. Messrs. Hindusthan Traders Corporation (1st lowest).	Road Rollers fitted with Japan made engine.	40,000
2. Messrs. Marshall Sons & Co. (India) Ltd. (2nd lowest).	Britannia Road Marshall Type RD 810.	44,228
3. Messrs. Jessop & Co. (3rd lowest)	.. Indigenious product ..	45,486

The department did not have any experience of road rollers fitted with Japanese engines and in December, 1959 (i.e. after a delay of more than 4½ months) the Chief Engineer, Development (Roads) Department, sought the advice of the Government of India, Ministry of Transport and Communications. It was also pointed out that no foreign exchange would be required. The Government of India, however, advised against the purchase of such road rollers in view of the availability of indigenious road rollers in adequate quantities.

The second lowest quotation was, therefore, accepted and acceptance communicated in February, 1960. The firm, however, expressed their inability to supply the rollers according to time-schedule given in the purchase order and stated that the rollers would be invoiced at the price ruling at the time of supply. The department did not agree to this and entered into an agreement with the third lowest tenderer. This involved the Department in an extra expenditure of Rs. 14,530 calculated with reference to the difference between the rates quoted by the second and third lowest tenderers.

### PUBLIC WORKS DEPARTMENT

48. **Non-observance of the prescribed procedure for issue and acceptance of tenders:** In response to an invitation of open tenders by the Executive Engineer, Nadia Division (Works and Building), in September, 1959, for the work "improving the metal surface of NH 34-Section Jaguli to Ranaghut", 12 tenders were received, the lowest offer being 26.25 per cent. below the estimated rates. The tenders were cancelled by the Superintending Engineer who observed that a work "costing over Rupees four lakhs should not be entrusted to one party for obvious reasons". The work

was accordingly divided into 9 groups each costing not more than Rs. 50,000 and tenders were invited separately for each group. The offer of one particular firm (Messrs. Mallick Brothers), was accepted for five groups at rates varying between 24 per cent. and 27 per cent. less than the estimated rates, as they were the lowest for those groups. The other four groups were entrusted to different firms who had made the lowest offers but at one stage, negotiations were entered into with Messrs. Mullick Brothers for their undertaking two other groups where the only tender received was slightly higher than the estimated rates. The reasons for which the Superintending Engineer had cancelled the tenders originally invited for the work as a whole were not apparently considered strong enough to rule out the entrustment of seven groups out of nine to a single contractor.

The execution of the work in nine groups involved, up to January, 1961, an extra expenditure of Rs. 23,069 as compared with the amount that would have been paid if the initial lowest offer for the execution of the work as a whole had been accepted.

Government reported (December, 1962) that the reason for high rates in respect of the above two groups was under investigation and the results thereof are awaited (April, 1963).



## CHAPTER V

### Stores and Stock Accounts

49. **Stores and Stock Accounts:** (a) A synopsis of the important Stores Accounts (other than those of Government Commercial and Quasi-Commercial Departments/Undertakings, etc.) for the latest year available to Audit is given below:

Serial No.	Name of the Department	Description.	Opening balance	Receipts during the year	Issues during the year	Closing balance
(In lakhs of rupees)						
1	2	3	4	5	6	7
1959-60						
1.	General Administration (Publicity Branch of the Home Department).	Miscellaneous Stores	13.20	6.04	(A)4.15	15.09
2.	Home (Jails)	Tools and Plants, Raw Materials and finished goods in the Manufacturing Department of the Presidency and Central Jails.	7.58	(B)26.38	(C)24.95	9.01
[The Accounts are for the calendar year 1960]						
1960-61						
1	Agriculture (Intensive Food Production Scheme).	Seeds, Manures, Implements, Insecticides and Miscellaneous.	22.14	35.12	(D)26.67	30.59
2.	Commerce and Industries—					
	Government Quinine Factory, Mungpoo.	Cinchona bark, Quinine Sulph., Oil Chemicals, etc.	37.81	(E)51.77	(F)50.09	39.49
	Government Quinine Sales Depot, Calcutta.	Ditto ..	5.06	(G)30.24	(H)28.28	7.02
<p>Government have stated (November, 1962) that Cinchona plantations, Government Quinine Factory, Mungpoo, and Quinine Sales Depot, Calcutta are Government Commercial undertakings.</p>						

(A) Includes Rs. 3,711 on account of depreciation or damage.

(B) Includes Rs. 14,996 on account of revaluation of finished goods.

(C) Includes Rs. 1,740 and Rs. 9,569 relating to loss and depreciation respectively.

(D) Includes Rs. 4,63,371 being loss due to subsidised rate and Rs. 33,435 being the amount of shortage.

(E) Includes Rs. 219 on account of excess quantity found on physical verification.

(F) Includes Rs. 2,784 on account of shortages found on physical verification.

(G) Includes Rs. 27,065 due to sale at rates higher than the minimum selling rate.

(H) Includes Rs. 23,065 on account of depreciation and shortage found on physical verification.

Serial No.	Name of the Department	Description	Opening balance (as on 1st April 1961)	Receipts during the year (1961-62)	Issues during the year (1961-62)	Closing balance (as on 31st March 1962)
1	2	3	4	5	6	7
(In lakhs of rupees)						
1961-62						
1.	Medical ..	.. Instruments and appliances, medicines, drugs and dressings, bedding and clothing, etc.	29.66	(I)159.44	(J)159.39	29.71
2.	Irrigation and Waterways.	Small Stores, building materials and metals, etc.	14.39	7.03	9.69	11.73
3.	Public Works Deptt. ..	Ditto ..	96.37	275.58	234.53	137.42
4.	Development (Roads) Department.	Ditto ..	27.27	65.17	58.88	33.56
5.	Stationery and Printing					
	Stationery office, Calcutta.	Stationery Stores, Packing Cases, etc.	(K)3.96	45.14	44.63	4.47
	West Bengal Government Press, Alipore and Secretary's Press, Calcutta.	Printing and Binding materials, Spare parts and petty plants, etc.	2.77	7.62	6.82	3.57
	Alipore Central Jail Press, Calcutta.	Raw materials, spare parts, petty plants, etc.	8.55	(L)23.73	21.73	10.55

(I) Includes Rs. 1,006 on account of excess found on physical verification of stock.

(J) Includes Rs. 182 on account of shortage found on verification.

(K) Variation of Rs. 2,550 in the opening balance with the closing balance of the previous year's account (1960-61) is due to conversion into metric system, correction of error, wrong calculations and rounding off.

(L) A discrepancy of Rs. 1,27,551 representing the value of miscellaneous stores as recorded in the local office (Rs. 2,38,274) and as booked in the Audit office (Rs. 1,10,723) has not been reconciled.

(b) Non-submission of Store accounts: The accounts of Stores and Stock detailed below have not yet been furnished by the Department concerned (November, 1962):

Serial No.	Descriptions	Year of Account	Remarks
1	Stores Account of the Home (Publicity) Department.	1960-61 and 1961-62.	....
2	Consolidated Stores Account of the Manufactory Department of the Presidency and the Central Jails in West Bengal.	1961 ..	The accounts have been received but not yet accepted due to discrepancies.
3	Consolidated Stores Account of the principal State Hospitals in West Bengal.	1959-60, 1960-61 and 1961-62.	....
4	Consolidated Stores Account of the Intensive Food Production Scheme under the Directorate of Agriculture, West Bengal.	1961-62 ..	....
5	Stores Account of Jail Depot ..	.. From 1958 onwards.	Papers are stated to be in the Police custody.
6	Stores Account of the West Bengal Government, Cooch Behar Press.	1961-62 ..	....
7	Stores Account of Bengal Engineering College, Sibpore.	Ditto ..	The accounts have been received but not yet certified due to discrepancy.

50. **Stock Registers and Stock Verification:** The register of stock in each Public Works Division is required to be closed at the end of each half-year and reviewed by the Divisional Officer to ensure that the stocks consist only of necessary and serviceable articles and that the stores are priced within the rates at which they can be purchased at that time. The stock is also required to be verified periodically by responsible officers.

In several divisions, however, the stock registers for the half-year ending 31st March, 1962, had not been closed (November, 1962) as indicated below:

Department	Total No. of Divisions	No. of Divisions which had not closed the register for the year ending March, 1962.	Remarks
Public Works Department ..	28	26	Of the 26 Divisions, stock registers of 15 Divisions were not closed since 1947-48 to 1960-61.
Irrigation and Waterways ..	10	9	Stock registers of all the Divisions were not closed since 1954-55 to 1960-61.
Development (Roads) ..	12	11	Of the 11 Divisions, stock registers of 5 Divisions were not closed since 1951-52 to 1960-61.

In the following cases, a report of physical verification due for the year 1961-62 or earlier years has not been received so far (November, 1962).

Name of the Department	No. of cases in which stock verification reports have not been received	Period for which the reports are due
(i) Buildings and Roads Branch ..	37 Divisions ..	1 for 1947-48. 1 for 1951-52. 1 for 1955-56. 1 for 1957-58. 5 for 1958-59. 8 for 1959-60. 5 for 1960-61. 15 for 1961-62.
(ii) Irrigation Branch ..	9 Divisions ..	1 for 1954-55. 2 for 1957-58. 2 for 1958-59. 2 for 1959-60. 2 for 1960-61.

It is, therefore, not known whether in these cases, the physical balance of stores agrees with the book balance.

51. **Excessive Stocks:** The Rules of Public Works Department provide that the value of stores held in stock by P.W. Divisions should not exceed the limit specified by Government. No ceiling limits have, however, been prescribed by Government in the case of 9 Divisions (5 Buildings and Roads and 4 Irrigation Divisions). In other Divisions where limits have been prescribed, the value of stock held on 31st March, 1962, exceeded the ceiling limits in several cases as shown below:

Department	Total No. of Divisions in which stores were held	Divisions for which ceiling limit has been prescribed	Divisions in which stock held exceeded the limit	Percentage of excess
Public Works ..	28	25	11	30 to 100.
Irrigation and Waterways ..	10	6	1	100.
Development (Roads) ..	12	10	3	3 to 40.

In respect of Store Accounts of Divisions other than Public Works Department:

(a) Report of physical verification of stores as required under the rules was awaited in respect of 3 cases:

- (i) Publicity Branch of the Home Department, 1959-60.
- (ii) West Bengal Government Press, Alipore, 1960-61.
- (iii) Government Quinine Factory, Mungpoo, 1960-61.

(b) Invoices or relevant records and indents, acknowledgments, etc. in support of many items of receipts and issues could not be produced to Audit in 1 case (Publicity Branch of the Home Department, 1959-60).

(c) Losses on account of shortage, depreciation and deterioration etc. due to prolonged storage were either not duly assessed or not written-off or regularised in 4 cases:

- (i) Intensive Food Production Scheme, 1960-61—Rs. 33,435.
- (ii) Publicity Branch of Home Department, 1959-60—Rs. 3,711.
- (iii) Central Medical Stores, 1961-62—Rs. 25,534
- (iv) Government Quinine Sales Depot, Calcutta, 1960-61—Rs. 23,060.

(d) Purchases were made much in excess of requirement resulting in accumulation of stores in 1 case (Stationery Office, Calcutta, 1960-61—Rs. 37,775).

Postal stamps worth more than a lakh of rupees withheld from circulation were kept in Stock (May, 1961) in one Treasury. It has since been reported (May, 1962) that stamps worth Rs. 3,330 have been returned to the Central Stamp Store, those worth Rs. 2,327 issued to different offices as Service Postage Stamps.

#### HEALTH DEPARTMENT

52. **Loss due to shortage of stock of medicines:** In the Sodar Hospital, Berhampur, physical verification of the stock of medicines conducted during October to December, 1959 showed serious irregularities. The loss was estimated by an Assessment Committee at Rs. 10,598. The Storekeeper of the Hospital was placed under suspension but subsequently reinstated in service on compassionate grounds and ordered to repay a sum of Rs. 1,800 in 60 monthly instalments. Orders of competent authority regarding the write-off of the balance of the loss of Rs. 8,798 are still awaited (January, 1963).

On an earlier occasion a small shortage valued at Rs. 503 had been noticed during December, 1958 to January, 1959, but this was not followed by the institution of adequate safeguards for the future.

## CHAPTER VI

### Revenue Receipts

#### PUBLIC WORKS DEPARTMENT

53. **Non-realisation of rent of Stalls:** In spite of the appointment of an Estate Officer specially for collection of rent from the Stall holders, the total amount of unrealised rent in respect of 450 Hawkers' Stalls at the Calcutta Maidan leased out for trading purposes in April, 1954, on a monthly rent of Rs. 20 each amounted to Rs. 1.26 lakhs at the end of the year 1960-61 as follows:

1954-55	...	Rs. 6,257
1955-56	...	Rs. 38,930
1956-57	...	Rs. 34,060
1957-58	...	Rs. 37,425
1958-59	...	Rs. 5,210
1959-60	...	Rs. 1,063
1960-61	...	Rs. 2,574

This includes a sum of Rs. 1.14 lakhs due from certain stall holders who had left the place and whose whereabouts are stated to be not known. The department holds a security deposit of Rs. 10,000 from them. A sum of Rs. 81,348 was stated to have been covered by 693 certificate cases.

The arrears accumulated although a separate Estate Officer was appointed in June, 1954 and the stalls were let out on the condition that the rents would be recoverable in the 1st week of each month under the Public Demands Recoveries Act.

#### AGRICULTURE AND FOOD PRODUCTION DEPARTMENT AND LAND AND LAND REVENUE DEPARTMENT

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

- (i) Heavy arrears of land revenue to the extent of Rs. 2,57.58 lakhs outstanding since 1958-59 were noticed in 5 offices.
- (ii) Dues from private parties on account of demonstration centres for demonstrating agricultural implements and tractor hire charges amounting to Rs. 1.25 lakhs were outstanding since 1960-61.
- (iii) Arrears in realisation of sale proceeds for pumping plants outstanding since 1960-61 amounted to Rs. 40,295 (August, 1961).

## CHAPTER VII

### Loans and Advances, Suspense and other Transactions

#### REFUGEE, RELIEF AND REHABILITATION DEPARTMENT

**55. Delay in recovery of House Building Loans from displaced Government Servants:** In pursuance of a Government Order issued in November, 1950, loans were paid to displaced Government servants from East Pakistan for house-building purposes. According to the information furnished by certain Sub-divisions, out of a sum of Rs. 21.69 lakhs which was due for recovery on 31st March, 1961, a sum of only Rs. 1.18 lakhs had been realised by that date. No instalment had been paid by 1,412 Government servants. Information regarding the extent of recoveries overdue was still awaited from 10 Sub-divisions (November, 1962).

Government stated in September, 1962 that recoveries were since being pursued seriously.

**56. Avoidable Expenditure:** 11.66 acres of land were acquired in Howrah district at a cost of Rs. 19,121 for re-settlement of 55 displaced (small trader) families from East Pakistan. The land so acquired was divided into plots for allotment to 55 displaced families.

In 1958, 37 small trader families from the refugee camp at Gusuri were sent to the Scheme site for rehabilitation. But they refused to take possession of the plots allotted to them, one of the grounds being that any scheme to settle them in that colony would be a failure from the point of view of their economic rehabilitation. They were accordingly removed to another colony. A proposal by the local office made in September, 1958 for starting industry like handloom in this colony was not also considered by Government. Between February and March, 1960, another batch of 39 small trader families was, however, sent to the colony for rehabilitation. Each family was paid a house-building loan of Rs. 1,250 and small trade loan of Rs. 750. Of them, 11 families left the place in July, 1960 without constructing any house or starting any business there. 23 families followed suit in September, 1960. It also transpired that 14 families had taken away with them Government tents worth Rs. 3,500 (Rs. 250×14).

To make the scheme suitable for rehabilitation the layout of the colony was, however, changed in November, 1961 and 34 squatter families were sent there for rehabilitation in January, 1962.

There appears to be little prospect of recovery of Rs. 71,500 (Rs. 68000 in the shape of rehabilitation loan and Rs. 3,500 representing cost of tents) from the deserted refugee families.

**57. Non-fulfilment of the conditions of loans granted to a Company:** A loan of Rs. 21 lakhs was paid by the State Government to a Company during the period December, 1957 to June, 1958 for the establishment of a 600 ton

Sugar Mill at Ahmedpur, District Birbhum. The amount of the loan was met from a loan received from the Government of India, on the condition that the scheme should be implemented within 18 months and that the recruitment of skilled and unskilled workers would be confined to displaced persons as far as possible.

The State Government also advanced in September, 1957 from its own resources a loan of Rs. 10 lakhs to the Company for the import of the plant and machinery etc. for this Scheme and furnished a guarantee for Rs. 15.75 lakhs payable by the company in two instalments to the foreign supplier. In May, 1959, another temporary loan of Rs. 3 lakhs was given to the company to enable it to meet the customs duty on the imported machinery on condition that the company would repay this sum out of the loan of Rs. 10 lakhs to be granted by the West Bengal Financial Corporation under a guarantee furnished by the State Government.

The company did not fulfil its commitments regarding the implementation of the scheme within the stipulated period and the employment of displaced persons, and defaulted in the repayment of the loan as stated below:

- (1) Of the 1st loan of Rs. 21 lakhs an amount of Rs. 55,000 only was repaid by the company towards principal and interest as against the amount of Rs. 6.40 lakhs which had fallen due for repayment till 30th September, 1962.
- (2) Of the 2nd loan of Rs. 10 lakhs no instalment had yet been paid although an amount of Rs. 50,000 as principal was due on 30th September, 1962.
- (3) The company did not liquidate its obligation to the State Government by repaying the third loan of Rs. 3 lakhs even though it took the loan of Rs. 10 lakhs from the Financial Corporation in August, 1959. An extension of time up to end of January, 1960 and an interest free concession up to the 21st August, 1959 were granted to them. Up to June, 1960 the company repaid Rs. 15,250 and Rs. 25,000 towards interest and principal respectively, and assigned in favour of the State Government payable to the company by the Central Government during 1960-61 amounting to Rs. 1.38 lakhs. After setting aside Rs. 27,397 on account of outstanding interest a balance of Rs. 1.64 lakhs of the loan was still to be repaid on the 28th February, 1963.
- (4) The Scheme could not be fully implemented during the stipulated period of 18 months, and against the target of 900 only 48 and 156 displaced persons had been employed during the years 1959-60 and 1960-61 respectively. Government have since stated (February, 1963) that the reason for non-fulfilment is that the types of machineries and plants installed in the Mills require a less number of operational hands and that the work is managed by Casual labour, mainly non-refugees.

It has been stated by Government (February, 1963) that the demand notice issued in December, 1962 for repayment of loans etc. having failed, necessary steps for filing suit were being taken.



58. **Large unadjusted balances:** (a) Large balances are lying unadjusted (31-3-1962) in the Public Works Accounts as indicated below:

Nature of the balances.	Amount outstanding and period of transactions.	Remarks.
	(In lakhs of rupees).	
(i) Miscellaneous P. W. Advances.	Public Works .. 63.35	This account head is mainly debited with amounts recoverable from outside parties. It is desirable that these debits should be adjusted by making recoveries without delay.
	Development (Roads) 19.76	
	Irrigation and Waterways including Mayurakshi and Kangsabati Projects 1,93.84	
	<b>Total .. 2,76.95</b>	
		An analysis according to the period from when they have been outstanding is given below:—
		(In lakhs of rupees),
		1958-59 and earlier years .. 1,07.46
		1959-60 .. 69.81
		1960-61 .. 21.60
		1961-62 .. 78.08
(ii) Purchases	.. The balance under this head outstanding from 1958-59 and earlier years, but not adjusted even after the lapse of 3 years, i.e., by the end of 1961-62 is given below:—	This account head is credited with the value of the stores received from the suppliers or other Divisions for which payment has not yet been made; adjustments are made on payment of the cost in cash or by book transfer. It is necessary that such liabilities should be liquidated quickly to avoid complications in the accounts and hardship to the suppliers.
	(In lakhs of rupees).	
	Public Works Department .. 44.77	
	Development (Roads) Department .. 58.09	
	Irrigation and Waterways Deptt. including Mayurakshi and Kangsabati Reservoir Projects .. 35.36	
		(In lakhs of rupees).
(iii) Remittances into Treasuries.	1959-60 .. 1.46	According to the rules, each Public Works Division is required every month to reconcile with the Treasury Officers concerned, the amount remitted into Treasuries and the amounts drawn by cheque for payment at those Treasuries so that there may be no irreconcilable differences at the close of the financial year. Abnormally large outstandings are attributable to lack of adequate co-operation between the Treasuries and the Public Works Divisions.
	1960-61 .. 0.66	
	1961-62 .. 14.58	
	<b>Total .. 16.70</b>	

Nature of the balances		Amount outstanding and period of transactions.		Remarks.
		(In lakhs of rupees.)		
(iv) P W Cheques The following are some of the Divisions against whom large amounts have remained unreconciled for more than one year—	1958-59	..	6 40	Until the differences are settled it cannot be certified that the amounts shown by the Divisions as having been credited into the Treasuries were actually so credited or those amounts shown by the Treasuries as disbursed on behalf of the Divisions had actually been authorised by cheques issued by the Divisional Officers.
	1959-60	..	45 56	
	1960-61	.	40 36	
	Total	..	92 32	
Name of the Divn	Amount (In lakhs of rupees)			
(1) Relief Divn	23 00			
(2) Northern Electrical Division	13 20			
(3) Jalpaiguri Irrigation Division	27.97			
(4) Kakdwip Irrigation Division	28 15			
(v) Transfers between P W Officers				According to the rules, when a Public Works Division renders supplies and services to other Public Works Divisions or receives cash or stores on behalf of the other Divisions, the account head "Transfers between P W Officers" is debited or credited as the case may be. The debits and credits are settled when the transactions are finally adjusted in the accounts of the other Divisions concerned. Large amounts of debits (Rs 6 18 crores) and credits (Rs 2 17 crores) have, however, remained unadjusted mainly because the Divisions fail to forward the necessary supporting documents and the prompt action is not taken to rectify the deficiencies.
(vi) Items adjustable by the Public Works Department				Until the balances are adjusted, it cannot be said that the materials transferred from one Division to another have actually reached the destination and have been accounted for, and whether the services said to have been rendered to the other Divisions, had been duly acknowledged and brought to account.
				Similarly, a number of debits and credits raised by other Governments and other Departments against the State P W Divisions as advised by the Audit Office have also not been adjusted by the Divisions in their accounts.
				In spite of the fact that the outstandings were being reported to Government every year, the position in 1961-62 has deteriorated.

(b) Balances lying unadjusted (31-3-62) in respect of departments other than Public Works Department, are shown below :

Nature of the balances.	Amount outstanding and Period of transactions.		Remarks.	
	(In lakhs of rupees.)			
	Pay- ments.	Re- ceipts.		
Objection Book Suspense	1958-59 and earlier years	0.43	0.12	Amounts paid or received which could not be finally booked against the appropriate head of account mainly for want of sufficient details and vouchers from the Departmental Officers are initially booked under this account head.
	1959-60 ..	0.43	0.02	
	1960-61 ..	14.36	0.52	
	1961-62 ..	0.22	85.27	
	Total ..	(x)15.04	85.93	

(x) Includes Rs. 0.43 lakhs outstanding since 1959-60 (Education Deptt.) for want of vouchers from the Treasury, and Rs. 14.32 lakhs outstanding since 1960-61 (Home-Transport Deptt.) for want of vouchers from the High Commission for India in London.

## CHAPTER VIII

### Government Commercial and Trading Activities

#### SECTION I—GENERAL

59. This Chapter deals with (i) Statutory Corporations, (ii) Government Companies, (iii) Departmentally-managed Government Undertakings and (iv) Investments and guarantees by the State Government.

The provisions regarding the audit of Statutory Corporations, etc., by the professional auditors in certain cases as well as by the Comptroller and Auditor General, are laid down in the respective Acts creating these bodies. The audit of Government Companies is regulated by the provisions in the Companies Act. The Comptroller and Auditor General exercises a supplementary audit and he has also the power to issue directives under section 619(3)(a) of the Companies Act.

The Statutory Corporations and Government Companies enjoy considerable autonomy in respect of their day-to-day working, and their funds are also separate from the Consolidated Fund of the State.

The departmentally-managed undertakings are governed by rules and regulations framed by the Government. As their receipts and expenditure are transactions relating to the Consolidated Fund of the State, the Comptroller and Auditor General is statutorily responsible for their audit.

#### SECTION II.—STATUTORY CORPORATIONS

60. There were five statutory corporations in the State on the 31st March, 1962. A synoptic statement of the financial results on the working of these corporations is given in the Annexure.

In the case of the Calcutta State Transport Corporation, the accounts for the year 1961-62 have not yet been made available. So far as North Bengal State Transport Corporation is concerned the accounts after 1955-56 have not yet been finalised. The West Bengal State Electricity Board was formed on the 1st May, 1955. The accounts of the Board since 1959-60 have yet to be finalised.

61. **Calcutta State Transport Corporation:** The Corporation was established on the 15th of June, 1960. The Corporation operates (July, 1962) 830 buses on 31 routes covering on an average about 85,000 miles per day in Calcutta, Howrah and suburban areas.

Under section 47-B of the Road Transport Corporations Act, 1950, as amended in 1959, all rights, properties and assets acquired and all debts and obligations incurred by the State Government in connection with the transport organisation, vested in the Corporation and all expenditure incurred by the State Government in acquiring the properties and assets which passed to the Corporation on its formation and declared as such within six months of the establishment of the Corporation, was to be treated as Capital advanced to the Corporation and the terms and conditions thereof were to be determined by the State Government. A declaration

stating the actual amount of capital advanced to the Corporation and the terms and conditions thereof is yet to be made by the Government (March, 1963). The matter is stated to be still under correspondence with the Government.

Besides the amount of such capital, the Corporation received loans from the Government of India, Ministry of Rehabilitation (through State Government) amounting to Rs. 42.25 lakhs and also from the Government of West Bengal amounting to Rs. 64.57 lakhs during the years 1960-61 and 1961-62. The loan from the Government of India carries interest at 4 per cent. per annum and is repayable with interest in ten annual equated instalments. The terms and conditions of the loan from the State Government have yet to be decided.

The Corporation has a Central Workshop and four Zonal Depots for servicing, overhauling and body-building of buses. While the Central Workshop follows the system of individual job costing, the Depots do not maintain any records of costing for different jobs undertaken, as a result of which the cost incurred by the Depots could not be compared with those of the Central Workshop. In the Central Workshop, no reconciliation between the cost accounts and financial accounts is effected in respect of wages paid and stores consumed. The Corporation has since stated (December, 1962) that such reconciliation has been effected from 1960-61 (Corporation period of accounts).

### General Financial Results

The accounts of the undertaking for the past few years showed a steady increase in the balance of the Sundry Debtors as would be evident from the table given below:

Date.		Balance of Sundry Debtors.	Rs.
31st March, 1957 ..	..	..	16,83,046
31st March, 1958 ..	..	..	23,93,308
31st March, 1959 ..	..	..	21,92,971
31st March, 1960 ..	..	..	33,26,663
14th June, 1960 ..	..	..	40,04,420

The balance at the end of 1960-61 has been estimated to be Rs. 38,52,457 including Rs. 26,40,615 for services rendered by the Central Workshop. The main item included in these outstandings are the services rendered (Rs. 26,40,615)—chartered trips (Rs. 3,07,148)— and advertisement in buses (Rs. 94,271).

The Corporation has stated (December, 1962) that necessary action has already been taken for realisation of outstanding dues and that advertisement dues, excepting Rs. 7,785 have already been realised.

### Income Tax

The accounts of the Corporation for the period from 15-6-60 to 31-3-61 disclose a profit of Rs. 11,53,663 but no provision was made therein for the payment of income tax, which was stated by the Corporation to be due to non-receipt of demand notice.

### Financial Irregularities and Losses, etc.

Due to defects in drawing up the scheme of nationalisation of bus routes, the regular permits obtained for 700 buses on payment of fees of Rs. 14,000 to the Public Vehicles Department for the period from the 12th September, 1960 to the 11th September, 1961 became null and void as a result of the decision given by the High Court in a case filed by a private Transport Company. The defects in the scheme of nationalisation of routes were regularised with effect from the 15th April, 1961, but in the meantime the Corporation had to incur extra expenditure to the extent of Rs. 92,800 up to the 14th April, 1961 for obtaining fresh temporary permits.

Out of the total advance of Rs. 27,92,000 placed at the disposal of the Customs Department during the period from the 5th April, 1957 to the 30th March, 1959, a sum of Rs. 16,74,130 was refunded by the Customs Department to the Corporation in June, 1961 and the balance of Rs. 11,17,870 was stated to have been adjusted against customs duties. Out of the amount adjusted details for Rs. 10,76,561 only could be collected from the Customs Department. Necessary details of debit for the balance of Rs. 41,308 are still wanting. No systematic records were maintained by the undertaking for the adjustment of Customs duties against these advances.

As a result of advance payments in excess of the actual requirements the undertaking also sustained a loss of about Rs. 1,45,000 in the form of interest.

Two residential quarters, one at Lake Depot and the other at Howrah Depot, have been lying vacant since March, 1960 and the 15th September, 1959 respectively. The Corporation has been sustaining recurring loss of about Rs. 300 per month due to non-allotment of the two quarters and the total loss on this account up to the middle of July, 1962 amounted to Rs. 9,442 (approximately).

**62. West Bengal State Electricity Board:** The position in regard to the delay in the preparation of correct accounts by the Board and consequently the delay in their certification by Audit was reported in para. 51 of the Audit Report, 1962. The Revenue Accounts and the Balance Sheet of the Board for the years up to 1958-59 only have been prepared and made available to Audit. The Final Accounts for the year 1958-59 have been submitted to Audit and are under check. The Final Accounts of the Board for 1959-60 onwards have not yet been submitted to Audit. It has, therefore, not been possible to ascertain the correct working result of the Board for the year 1958-59 and onwards. The Accounts up to 1957-58 have however revealed a net deficit of Rs. 59.66 lakhs.

Test audit of the accounts done since last year's report showed a total short realisation of Rs. 5.91 lakhs under the following heads:

	(In lakhs of rupees).
1. Non-assessment of revenue .. .. .	0.62
2. Under-assessment of revenue .. .. .	3.54
3. Non-assessment and underassessment of electricity duty	1.75

*(i) Some specific instances are detailed below :*

(a) The energy for house service pump (water pumps) in respect of a consumer were charged at the rate of 16 nP. per unit applicable to industrial meters, instead of at the rate of 22 nP. per unit up to the 31st October, 1960 and at the following rates from the 1st November, 1960 :

Consumption per month Units.	Gross rate per Unit.
	N.P.
For the 1st 500 Units .. .. .	31
Over 500 units .. .. .	22

applicable to pump-motors thus resulting in an undercharge of Rs. 16,230 during 1959-60 and 1960-61. The Board was requested in December, 1961 to recover the amount. Their reply is still (December, 1962) awaited.

(b) In the Burdwan Municipality the street lamps were burnt 2,900 hours per year against the usual period of 2,200 hours per year in the other municipalities. Yet the Burdwan Municipality was charged at the same rate as the other municipalities. The charging of the concessional rate resulted in a financial loss of Rs. 27,000 (approximately) for the years 1956-57 to 1958-59. The reasons for according special treatment to the above municipality was stated to be due to the policy of rate reduction at Burdwan and that the burning hours in the municipality were 2,900 prior to the revocation of Burdwan Electric Licence.

(c) Under the Bengal Electricity Duty Act, 1955, the Board is required to collect the duty payable by the consumers on electrical energy consumed and pay the same to the State Government.

A test check of the energy bills raised by divisional officers and supply stations revealed that in a large number of cases, duty had not been correctly assessed which resulted in under-recovery amounting to Rs. 1.75 lakhs during the years 1955-56 to 1960-61.

The matter was reported to the Board through Inspection Reports issued from time to time. Their reply is still (April, 1963) awaited.

*(ii) Other losses :*

1. Loss of cash due to defalcation—Rs. 11,569.

2. Loss of stores due to—

(i) theft (19 units)—Rs. 59,151

(ii) other causes (1 construction division and 21 other units)—  
Rs. 7,64,403.

The loss of Rs. 7.64 lakhs referred to at item 2(ii) above includes an amount of Rs. 6.22 lakhs representing the book balances of stores at the time of the closure of some construction camps under a Construction Division. The utilisation of these stores could neither be pointed out nor their physical existence certified by the Board.

*(iii) Infructuous expenditure :*

During 1957-58 the Board undertook departmental construction of six buildings at Siliguri under the Jaldheka Hydro-Electric Project. As the actual expenditure was far in excess of the sanctioned estimate, the Board with the approval of the Government instituted an investigation by the Chief Engineer, Development (Roads) Department, Government of West Bengal. The amount of extra expenditure incurred on the construction of the buildings was estimated by him at Rs. 1,20,400 as stated below :

1. Sanctioned estimate—Rs. 2,15,000.
2. Booked expenditure—Rs. 3,86,000.
3. Likely cost on the basis of the schedule of rates of Darjeeling District—Rs. 2,65,600.
4. Excess expenditure—Rs. 1,20,400.

According to him the loss was due to excess issue of materials and their higher issue rates, excessive number of labour employed and higher rates of wages. It was also noticed by him that no detailed estimates for these structures had been prepared and that several indents had been written long after the issue of materials. The Board stated in reply (November, 1962) that in the course of execution of the work, several items of work not originally provided in the estimate had to be undertaken and in working out the excess expenditure, this had not been taken into account. As a result of further examination by a retired Chief Engineer, the actual excess expenditure was worked out to Rs. 54,000 (approximately). Since there were no allegations of corruption, no officer of the Board was held responsible for the same. The Board accordingly waived the minor irregularities etc. resulting in excess expenditure and accepted the booked expenditure as the actual cost of the buildings.

*Other irregularities*

(a) Log books in respect of Board's motor vehicles were not properly maintained. A test check of the log books maintained in the Majerhat Central Stores showed that a total sum of Rs. 1,268 was due to the Board by some officers for use of the Board's vehicles for non-duty purposes. The Board have stated in November, 1962 that steps have already been taken for the maintenance of log books properly and that the question of recovery is under their consideration.

(b) Personal ledger accounts of Debtors and Creditors were not maintained, showing the actual amounts due to/from the Board.

(c) Register of rents of buildings has not been maintained and the standard rents of the buildings of the Board have not been worked out. The recoveries of rents due from officers and servants of the Board are also not watched through a register of rents recovered, as required under the rules.

(d) Stores ledger of a central stores indicated loss of bolts and nuts (brass), cable sockets (brass), terminal cover (brass) valued at Rs. 8,223 during 1959-60 and 1960-61. Responsibility for loss has not yet been fixed.

(e) Long storage of certain accessories valued at Rs. 12,690 had rendered them unfit for use. No action has been taken to fix responsibility for the loss.



## ANNEXURE

(Referred to in paragraph 60 of the Report)

## Government Commercial and Trading Activities-Statutory Corporations

	Calcutta State Transport Corporation.	North Bengal State Transport Corporation.	West Bengal State Electricity Board.	West Bengal Financial Corporation.	West Bengal State Warehousing Corpora- tion.
	15th June, 1960.	15th April, 1960.	1st May, 1955.	1st March, 1954.	31st March, 1958.
1. Date of incorporation.	15th June, 1960.	15th April, 1960.	1st May, 1955.	1st March, 1954.	31st March, 1958.
2. Paid up Capital—					
(i) Government share.	Rs. 5.97 crores (a)	Rs. 3.37 lakhs.	Nil	Rs. 31.77 lakhs.	Rs. 19 lakhs.
(ii) Other sources.	Nil	Nil	Nil	Rs. 68.23 lakhs.	Rs. 16 lakhs.
3. Loans received from Government.	Rs. 49.23 lakhs.	....	Rs. 666.22 lakhs (b)	Nil	Nil
Loans received from other sources.	Nil	....	Nil	Rs. 1.50 crores.	Nil
4. Free Reserve.	Rs. 6.06 lakhs.	....	Rs. 6.58 lakhs.	Rs. 1.84 lakhs.	Nil
5. Total capital employed.	Rs. 6.52 crores.	Rs. 3.37 lakhs.	Rs. 672.80 lakhs.	Rs. 2.52 crores.	Rs. 35 lakhs.
6. Block Assets.	Rs. 4.84 crores.	Rs. 3.01 lakhs.	Rs. 553.57 lakhs (c)	Nil	Rs. 10.94 lakhs.
7. Depreciation.	Rs. 36.00 lakhs.	Rs. 0.71 lakh.	Rs. 13.13 lakhs (d)	....	Rs. 0.14 lakh.
8. Net Profit + or Loss —	+Rs. 11.54 lakhs.	+Rs. 2.01 lakhs.	—Rs. 59.67 lakhs.	+Rs. 6.94 lakhs.	—Rs. 1.53 lakhs.
9. Percentage of return on capital employed.	1.77	59.64	—8.86	4.74 (e)	—4.37
10. Remarks ..	The above figures are according to the Accounts for 1954-55. period from 15.6.60 to 31.3.61.	The above figures are according to the Accounts for 1957-58.	The above figures are according to the Accounts for 1957-58.	The above figures are according to the Accounts for 1961-62.	The above figures are according to the Accounts for 1961-62.

Notes—(a) The amount of capital shown is provisional and has not been finally determined by the State Government as yet.

(b) Includes Rs. 207.00 lakhs which represent the provisional value of assets taken over from State Government on 1.5.1955.

(c) Represents the original value of the Assets.

(d) Represents total amount of depreciation upto 1957.58 credited to the Depreciation Reserve Fund.

(e) For the purpose of working out this percentage, interest amounting to Rs. 5.01 lakhs on loans taken by the Corporation has been added to profit as shown in item (8) above.

## SECTION III—GOVERNMENT COMPANIES

63. The financial results of the State Government Companies as shown in their accounts are summarised below :

	Durgapur Projects Ltd.	Kalyani Spinning Mills Ltd.	West Bengal Small Industries Corporation Ltd.
1. Date of Incorporation	6-9-61	13-1-60	29-3-61
2. Paid up Capital—			
(i) Govt. Share, .. Rs.	15 crores (a)	Rs. 140.00 lakhs,	Rs. 10 lakhs.
(ii) Other sources, ..	....	Nil	....
3. Loans received from Government,	Rs. 5.63 crores (b)	Rs. 70.39 lakhs,	Rs. 24.07 lakhs (e)
From other sources, ..	....	....	....
4. Free Reserve, ..	....	....	....
5. Total Capital employed,	Rs. 20.63 crores,	Rs. 210.39 lakhs,	Rs. 34.07 lakhs,
6. Block assets, ..	Rs. 14.09 crores (c)	Rs. 172.40 lakhs,	Rs. 0.83 lakh,
7. Depreciation, ..	Rs. 0.31 crore,	Rs. 17.39 lakhs,	Rs. 0.06 lakh,
8. Net Profit + or loss —	+Rs. 2.77 lakhs (d)	—Rs. 8.47 lakhs,	—Rs. 0.26 lakh,
9. Percentage of return on capital employed,	+0.13	—4.03	—0.8
10. Remarks, ..	The above figures are according to the Accounts for the period from 6-9-61 to 31-3-62.	The above figures are according to the Accounts, 1961-62.	The above figures are according to the Accounts for the period from the 20th March, 1961 to the 31st March, 1962.

Government have invested Rs. 1.40 crores in shares of Kalyani Spinning Mills Ltd., a Government Company which is running at a loss. The loss incurred during 1961-62 was Rs. 8.47 lakhs, the up-to-date loss being Rs. 11.49 lakhs. In the other two Government Companies viz., Durgapur Projects Ltd. and West Bengal Small Industries Corporation Ltd. Government have invested Rs. 15 crores and Rs. 10 lakhs respectively. The former earned a net profit of Rs. 2.77 lakhs for the period from 6th September, 1961 to 31st March, 1962 and the latter incurred a loss of Rs. 26 thousand during 1961-62.

(a) Of the shares, 1,40,000 equity shares of Rs. 1,000 each are issued to Govt. of West Bengal in consideration of the acquisition of the undertaking of the Durgapur Projects.

(b) Assets taken over as per balance sheet on 5-9-61 Rs. 20.97 crores out of which Rs. 34 lakhs were liabilities. A sum of Rs. 15 crores was transferred as share capital to the State Govt.

(c) The agreement with the Government of West Bengal for the transfer of assets and liabilities has not been executed pending finalisation of the purchase consideration.

(d) The Thermal Power Plant and the Durgapur Coke Oven and By-Product Plants were working as a departmentally-managed undertaking from June, 1960 and February 1959 respectively. The Thermal Power Plant has earned a net profit of Rs. 11.60 lakhs whereas Coke Oven and By-Product Plants have incurred a net loss of Rs. 8.83 lakhs.

In respect of the Coke Oven and By-product Plants the Government have stated in September, 1962 that during 1959-60 and 1960-61 the project incurred a loss of Rs. 19.37 lakhs excluding interest charges and Rs. 70.89 lakhs including interest charges. The accounts of these units are separately under examination.

(e) In cash Rs. 10 lakhs, interest Rs. 0.34 lakh and transfer of stock in trade and assets Rs. 13.73 lakhs

**SECTION IV—STATE GOVERNMENT COMMERCIAL AND QUASI-COMMERCIAL DEPARTMENTS**

64. (a) During the year 21 Commercial and Quasi-Commercial Schemes were worked departmentally. Even though the importance of furnishing the pro forma accounts in time to Audit was stressed in previous Audit Reports, and also in paragraph 55 of the Audit Report, 1962, it was pointed out that special measures should be taken to bring the accounts of those schemes up-to-date, the pro forma Profit and Loss Accounts for the year 1961-62 have not been finalised in any case excepting 2 cases, while in 19 cases the pro forma accounts for earlier years are still awaited. The financial results of working of these schemes could not, therefore, be ascertained. Details of pro forma accounts which are still awaited, are given in Appendix IV.

(b) In respect of Government Sales Emporia the pro forma accounts of which are due since inception in 1951-52, it has been proposed by Government to prepare the accounts from the year 1958-59 only on the ground that the relevant records were not available for the earlier period. Formal orders of Government in this regard have not yet been issued. Even the accounts from the year 1958-59 onwards, together with the statement of affairs as on 1st April, 1958 are still awaited (February, 1963).

(c) In respect of the Scheme for Silk Dealers' Co-operative Organisation the pro forma accounts of which are due since inception in 1948-49 it has been decided by Government that such accounts need be prepared with effect from 1955-56 only by drawing up an opening balance sheet as on 1st April, 1955. The reason stated by Government for this was that the labour involved in compiling the accounts since inception would be disproportionate to the advantages likely to accrue therefrom. Government have also certified that the non-preparation of the accounts for the years from 1948-49 to 1954-55 would not lead to any undesirable results. The accounts from 1955-56 onwards are still (August, 1962) awaited.

(d) In the case of Fulia Township, the pro forma accounts of which are due since 1952-53, Government felt that the accounts in question cannot be prepared at this stage. The reasons for this and the difficulties in preparing the accounts have not been stated by the Government so far (August, 1962).

The financial results of certain schemes as shown in the pro forma accounts received are summarised below :

Serial No.	Name of the Concern.	Year of Account.	Turnover.	(In lakhs of rupees.)		Remarks.
				Profit +	Loss -.	
1.	Band Saw Mills, Siliguri. ..	1959-60	7.59	+ 1.60		
		1960-61	15.31	+ 1.01		
2.	Brooklyn Ice Plant and Cold Storage. ..	1959-60	4.93	+ 0.19		
		1960-61	3.96	- 0.14		
3.	Scheme for supply of concentrates and fodders to the licensees of Milk Colony.	1959-60	6.43	+ 0.01		
		1960-61	4.70	Net profit was Rs. 98 only.		
4.	Scheme for the controlled sale of Skim Milk Powder in West Bengal.	1959-60	33.22	+ 2.89		
		1960-61	14.64	+ 1.34		
5.	(i) Scheme for State Trading in Wheat and Wheat Products.	1958-59	1,115.97	- 48.85		
		(ii) Do. in Rice, Paddy and Gram. ..	1958-59	1,926.79	- 69.06	
6.	Durgapur Brick Board. ..	.. From 1-10-56 to 31-10-61.	24.35	+ 0.91		

Individual accounts wherever available have been given in Appendix V to the Report.

**65. Band Saw Mills, Siliguri:** No value account of several items of stores was maintained with the result that the value of closing stock shown in the balance sheet stands undervalued to that extent. Physical verification of logs lying in the forest depots was not conducted during 1960-61 and the book balance was shown as the closing balance in the Profit and Loss Account. Government have since stated (January, 1963) that steps have been taken to revalue the items where necessary and to exhibit the value thus calculated in the Pro forma Accounts for 1962-63 and to conduct physical verification of the logs at the different outlying depots in future.

**66. Brooklyn Ice Plant and Cold Storage:** Total capital invested on this scheme undertaken for preservation of potato seeds in the Cold Storage for distribution amongst the cultivators was over Rs. 8,00,000. During 1960-61, only 15,856 mds. of potato seeds were sold. Total receipt and expenditure on this account amounted to Rs. 4,07,205 and Rs. 2,10,366, respectively and the scheme suffered a net loss of Rs. 14,406.

No physical verification was conducted during the year, but 1,311 maunds of potato seeds valued at Rs. 16,623 representing 6 per cent. of the stock-in-hand on the 31st March, 1960 were shown in the accounts as shortage. Government orders approving the write off had not been obtained up to the date of audit (January, 1962). Assets, such as Ice-plant and other plants and machinery, sheds, car, etc. purchased between 1947-48 to 1950-51 for Rs. 2,58,711 was shown as 'nil' in the Capital Register for 1960-61. Some of the assets were, however, still in use.

The outstanding dues increased from Rs. 4,53,752 in 1959-60 to Rs. 5,18,129 in 1960-61. Government have stated in January, 1963 that necessary instructions have been issued to the Block Development Officers and District Magistrates for realisation of outstanding dues.

**67. Schemes for State Trading in Wheat Product and Rice, Paddy and Gram:** During the year 1958-59 the sales of Wheat and Wheat products and Rice, Paddy and Gram amounted to 74.44 lakh mds. and 1.06 crore mds. valued at Rs. 11.15 crores and Rs. 19.27 crores, respectively.

The net loss on the trading during the year was Rs. 117.91 lakhs (Rs. 48.85 lakhs on account of Wheat and Wheat products and Rs. 69.06 lakhs on account of Rice, Paddy and Gram).

No leave and pensionary contributions on account of permanent establishment employed in the Department had been included in the Profit and Loss Account of the Rice, Paddy and Gram although the inclusion of the same was necessary according to orders of Government.

The shortages shown in the Profit and Loss Account in both cases still remain to be formally written off by Government.

As already pointed out in paragraph 56 of the previous Audit Report interest on Capital Outlay, depreciation on fixed assets had not been taken into account in the Trading and Profit and Loss Account and the amounts involved on these accounts could not be assessed as a complete list of fixed assets such as buildings, equipments, etc., had not been appended to the Balance Sheet of both the Schemes although this was prescribed by Government in February, 1960.

#### DEPARTMENT OF COMMERCE AND INDUSTRIES

**68. Oriental Gas Company:** The management and control of the undertaking of the Oriental Gas Company Ltd., a private company, were acquired by Government on 22-3-62. The tribunal for fixing the compensation to be paid to the company has not yet been set up (November, 1962).

### Accounts

No Pro forma Profit and Loss Accounts and Balance Sheet have been drawn up yet. Government stated in August, 1962 that it would be inexpedient to prepare even provisional Profit and Loss Account and Balance Sheet until the Tribunal has come to a definite finding. The Tribunal has not yet been set up (November, 1962).

The following irregularities were noticed in the accounts of the Undertaking:

#### Loss of revenue due to defective meters

During the period from December, 1960 to April, 1961, the quantity of Gas accounted for and charged to consumers was 44.30 crores cft. as against 59.70 crores cft. shown as distributed. The loss of 14.98 crores cft., excluding the internal consumption of 0.42 crore cft., representing 25.09 per cent. of the total quantity of gas distributed was attributed by the administration to (i) defects in the working of the meters, (ii) contraction in volume of gas on account of variations in temperature of gas at the gas works and at the consuming points and (iii) leakage in distribution system. It was stated in this connection that distribution loss of about 15 per cent. was reasonable in modern Gas Works (though no specific authority could be quoted in support). Accordingly, 6.03 crores cft. (i.e. 14.98 crores cft. minus 15 per cent. of 59.70 crores cft.) of the un-accounted—for gas valued at Rs 2.86 lakhs (calculated at the average rate of Rs. 4.75 nP. per 1000 cft.) was the avoidable loss. It was also stated that repairs and replacement of defective meters were not possible on account of the general import restrictions.

### FOREST DEPARTMENT

69. **Loss in the manufacture of charcoal:** It was decided in 1949-50 to manufacture charcoal in two forest divisions at Kurseong and Darjeeling for sale to the public. No pro forma accounts bringing out the financial results of the operations have been prepared so far by the Department at any stage.

On the basis of the records made available to audit, losses of Rs. 44,723 and Rs. 46,993 during 1958-59 and 1959-60 respectively in Kurseong Division and Rs. 25,322 during 1959-60 in Darjeeling Division have been noticed. Losses for the earlier years could not be worked out for want of details, but an analysis of expenditure and revenue furnished by the Kurseong Division in connection with the operation of the scheme from 1949-50 to 1956-57 disclosed a loss of Rs. 1,09,205 (Expenditure Rs. 15,08,048 minus Revenue Rs. 13,98,843). The loss thus arrived at was exclusive of charges on account of supervision, royalty, depreciation on trucks and interest on capital. The charges on these accounts during 1958-59 and 1959-60 aggregated to Rs. 47,172 and Rs. 45,263 respectively which represented 23 per cent. (approx.) of the total expenditure. On the same basis the charges on account of royalty, etc., for the years 1949-50 to 1956-57 work out to Rs. 3,46,850. The loss for these years would thus amount to Rs. 4,56,055 (approx.). The figures for Revenue and Expenditure for the year 1957-58 were not available and the loss for this year could not be ascertained.

The total loss in the operations for the years 1949-50 to 1956-57 and 1958-59 to 1959-60 in the Kurseong Division and for the year 1959-60 in

the Darjeeling Division would amount to Rs. 5,73,093 (approximately) as indicated below:

Kurseong Division.				Rs.
1949-50 to 1950-57	..	..	..	4,56,055
1958-59	..	..	..	44,723
1969-60	..	..	..	46,993
Darjeeling Division.				
1959-60	..	..	..	25,322
Total				5,73,093

The main reason for the losses was the fixation of selling price of charcoal below its cost of production inspite of the fact that Government enjoys the monopoly in the production of charcoal in these two divisions.

#### DEPARTMENT OF HEALTH

70. **Factory attached to the Dental College and Hospital, Calcutta:** (a) The Dental Factory attached to the Calcutta Dental College and Hospital was set up in January, 1953 for manufacturing artificial teeth for sale. The financial results of this commercial undertaking were not susceptible of assessment as suitable Capital, Manufacturing, Trading and Profit and Loss Accounts had not been kept since its inception on a "pro-forma" basis by the factory. This is stated to be because of (i) want of qualified staff required for the purpose and (ii) the factory having been set up on an experimental basis.

The factory manufactured 7.26 lakhs of teeth at a cost of Rs. 1.49 lakhs (excluding charges for depreciation, interest, publicity, leave salary and pension contribution, repairs and maintenance, other departmental charges, audit fees, etc.) during the period 1953-54 to 1960-61 out of which 5.24 lakhs of teeth were sold for Rs. 48 thousand. On the quantities sold there was a loss of Rs. 60 thousand being the difference between the proportionate cost of manufacture of 5.24 lakhs of teeth and their sale proceeds, without taking into account the other charges referred to above.

The desirability of fixing selling prices with due consideration to total cost was brought to the notice of Government in December, 1961. Their decision is still awaited (November, 1962).

(b) In 1953 the factory purchased from a Swiss firm, 3,98,926 pieces of "Natura Acrylic" teeth which were supplied by the firm during the period from November, 1953 to June, 1954 at a cost of Rs. 1,84,000. In the course of audit it was noticed that the entire stock of these foreign manufactured teeth was lying unsold. An attempt made to dispose of the stock through advertisement in the Press (November, 1958) brought forth the highest offer of Rs 22,500 only, which was not accepted. These teeth were sent to the Central Medical Stores (May, 1959) where these are stated to be still stored up (November, 1961). A proposal of the Expert Committee to utilise the teeth in the Calcutta Dental College and Hospital for training of students and for free supply of artificial teeth to the indigent public was stated (October, 1962) to be under the consideration of Government.

During the period from September, 1953 to December, 1957, the factory produced 2,18,126 pieces of artificial teeth with the moulds purchased from the same firm. Out of these, 74,516 pieces were disposed of (actual sales 59,327, departmental consumption 12,209 and issued as samples to doctors, etc., 2,980 pieces) and 1,43,610 pieces worth Rs. 14,360 lying in the stock till March, 1963.

It has been stated that the teeth remained unsold, as being of the "Continental Type", there was no demand for the same in India.

**SECTION V—INVESTMENTS AND GUARANTEES BY THE STATE GOVERNMENT**

71. **Investments of Government in the shares of Statutory Corporation, Joint Stock Companies, etc., Co-operative Banks and Institution:** Up to the end of 1961-62, Government invested Rs. 22.14 crores in the shares of (i) Statutory Corporation (Rs. 5.10 crores), (ii) Government Companies (Rs. 16.50 crores), (iii) Joint Stock Company (Rs. 1.70 lakhs), (iv) Co-operative Banks (Rs. 26 lakhs) and (v) Co-operative Societies (Rs. 26.16 lakhs). The only Joint Stock Company in which Government invested Rs. 1.70 lakhs during 1950-51 to 1952-53 is the Bengal Salt Company Ltd. The accounts of the Company for the years ending December, 1959 and December, 1960 revealed net losses of Rs. 29 thousand and Rs. 11.6 thousand respectively. No dividend for 1961 was declared. The investment as per item No. (iv) relates to seven co-operative Banks and one Land Mortgage Bank. The accounts of these banks for the year ending 30-6-61 indicate that the Co-operative Banks earned total profit of Rs. 2.2 lakhs and the Land Mortgage Bank Rs. 0.30 lakh, the progressive result being loss of Rs. 7.96 lakhs in respect of the former and profit of Rs. 0.23 lakh in respect of the latter. The Auditor's Report revealed that suitable provision for bad and doubtful debts were not made in most cases. In one case the market value of investment was less than the value shown in the balance sheet by Rs. 6.62 lakhs.

Government investment in respect of item (v) relates to 372 Co-operative Societies some of which are functioning from 1955-56. Out of these, audited accounts in respect of 14 for 1956-57, 25 for 1957-58, 8 for 1958-59 and 4 for 1960-61 were received up-to-date (October, 1962). A review of the same revealed the following position:

Year of account ending in June.	No. of Society.	Net financial results.	
		Profit +	Loss -
1957 .. .. .	10	+14	..
1957 .. .. .	5	..	-32
1958 .. .. .	13	+9	..
1958 .. .. .	13	..	-30
1959 .. .. .	5	+8	..
1959 .. .. .	4	..	-36
1961 .. .. .	2	+8	..
1961 .. .. .	3	..	-128
1962 .. .. .	1	..	-31

The above statement includes one Industrial Society, viz., Mecawo Co-operative Industrial Society Ltd. which was formed in November, 1956 by conversion of a private firm "Mecawo Limited" to which Government paid a loan of Rs. 60 thousand in March, 1954. Government invested in December, 1956 Rs. 2.60 lakhs in the shares of this Society which is continuously running at a loss (Rs. 27,377 in 1957, Rs. 18,010 in 1958, Rs. 32,274 in 1959, Rs. 38,262 in 1961 and Rs. 31,413 in 1962) the turnover being gradually on the decrease. The account for 1960 has not yet been received. The Society is further liable to repay the balance of Rs. 30 thousand of the earlier loan to a private firm.

## CHAPTER IX

### Grants-in-aid

72. **Grants-in-Aid:** (a) The following are some of the important irregularities noticed during the course of audit of grants-in-aid paid to institutions other than local bodies:

(i) The certificates of departmental officers showing that the grants drawn had been utilised by the grantees for the purpose for which they had been sanctioned have not yet been furnished (November, 1962) in the following cases:

Department.	Year.	Number of grants.	Amount. (In lakhs of rupees.)
Health Department .. ..	1960-61	78	35.52
Education Department .. ..	1959-60	25	3.09
	1960-61	17	3.57
Co-operation Department .. ..	1960-61	15	7.41
	1961-62	29	43.23
Industries Department .. ..	1959-60	15	0.79

(ii) An ad-hoc grant of Rs. 10 lakhs paid in March 1960 to "H. C. Mukherji T.B. After Care Colony Society" for the construction of second unit of blocks in the colony and another ad-hoc grant of Rs. 2.90 lakhs paid in March 1961 to the "Chitta Ranjan Seva Sadan" for air-conditioning the operation theatre and Labour Room and for the establishment of a Pediatric Centre and a Baby clinic have remained entirely un-utilised for a long time (March, 1962).

(iii) Grants-in-aid to the extent of Rs. 49,216 were released (Rs. 32,216 in 1960-61 and Rs. 17,000 in 1961-62) for the construction of a Stadium even though the share of the sponsoring party (25 per cent. of the estimated cost) was not contributed and utilised which was one of the conditions precedent to the payment of the grant.

(iv) Particulars of other cases are summarised below:

Purpose of Grant.	Year of Grant.	Amount. Rs.	Comments.
<b>West Bengal Music and Cultural Society.</b>			
Non-recurring grant paid to the Society for the purchase of—			
(i) Land .. ..	1956-57	90,000	A sum of Rs. 90,000 was drawn in March, 1957 and the second instalment of Rs. 44,500 in July, 1957. The account of the Society as on the 31st March, 1961 showed that Rs. 1.32 lakhs only had been spent on purchase of land, but that the unspent balance had not been refunded.
	1957-58	44,500	
(ii) Construction of Building ..	1956-57	1,20,000	The amount drawn in March, 1957 has remained altogether unutilised (January, 1963).



Purpose of Grant.	Year of Grant.	Amount. Rs.	Comments.
<b>District Social Education Officer, 24-Parganas.</b>			
(i) Non-recurring grants for construction of buildings, purchase of books and equipments payable to rural libraries.	1960-61	40,000	The amounts were drawn from the Treasury and deposited in an unauthorised account of the officer in the State Bank of India. The amounts remained undischarged up to the date of inspection (July, 1961).
(ii) Recurring grants payable to public libraries, Folk recreation and to night schools.	1960-61	28,100	The matter was brought to the notice of Government in August, 1961 but their reply is still awaited (July, 1962).
<b>District Inspector of Schools, Purulia.</b>			
Non-recurring grant for the construction of a school building and teachers' quarters.	1960-61	27,550	The amount was drawn and deposited in the State Bank of India which was not authorised by Government. A sum of Rs. 500 was withdrawn therefrom by cheque in August, 1961, the balance remaining deposited there. The matter was brought to the notice of Government in February, 1962 but no reply has yet been received (July, 1962).
<b>Chief Inspector of Physical Education and Youth Welfare.</b>			
Grants to District Youth Welfare Council.	1960-61	14,000	No records indicating disbursement of the grants to different clubs and associations were shown to audit.
<b>District Social Education Officer, Murshidabad.</b>			
Non-recurring grant for the development of rural libraries.	1960-61	28,000	The amount was drawn in March, 1961 and is lying undischarged with the officer (April, 1962).

(b) Some of the important points reported by the Examiner, Local Audit Department during the year 1961-62 in regard to the utilisation of grants-in-aid by local bodies and other institutions which are under his audit are briefly mentioned below:

(i) In respect of 14 municipalities, subvention granted for raising the emoluments of the employees were in excess of the amounts admissible to the extent of Rs. 1.93 lakhs.

(ii) The condition that a substantial portion of grants which are annually made over to the District Boards for augmenting resources should be distributed among Union Boards was not observed by two District Boards. The West Dinajpur District Board which drew Rs. 21,500 in 1960-61 and the Mulla District Board which drew Rs. 10,500 in 1960-61 distributed to the Union Boards only Rs. 850 and nil respectively within their jurisdiction.

(iii) Grants-in-aid amounting to Rs. 17,511 drawn by 3 municipalities in 1959-60 remained un-utilised and were not refunded as required under the conditions attached thereto (August, 1961).

(iv) An amount of Rs. 10,975 was paid by the Director of Public Instructions, West Bengal to the Khagda Basic School in 1960-61 without specifying the purpose of the grant.

(v) Grants amounting to Rs. 9.26 lakhs were released in July, 1961 for the setting up of senior basic schools in rural areas, urban basic schools and pre-basic schools without obtaining the certificate of utilisation of the earlier instalments amounting to Rs. 3.09 lakhs which had been released in March, 1961.

### CO-OPERATION DEPARTMENT

73. **Land Mortgage Banks:** Twelve Land Mortgage Banks functioned during the year ending 30th June, 1961. The State Government continued to pay subsidy to these Banks to the extent to which the management expenses exceeded the gross profit. An estimated amount of the subsidy was paid to each Bank in advance subject to adjustment at the end of the year. The amount thus paid in advance totalled Rs. 1.18 lakhs for the year ending 30th June, 1961. The audited accounts of these Banks for the year ending 30th June, 1961 showed, however, that the amount of subsidy payable by Government was only Rs. 0.45 lakh. After deducting the refund of Rs. 0.11 lakh, a sum of Rs. 0.62 lakh was recoverable from them on account of these advances. A sum of Rs. 0.04 lakh representing leave salary and pensionary contributions for the period 1st July, 1960 to 30th June, 1961 in respect of the staff lent to the Banks was also outstanding recovery. Information regarding the recovery was awaited (January, 1963).

## CHAPTER X

### Inspection Reports and Audit Objections

74. **Local Audit and Inspection:** Important irregularities and defects in accounts noticed during local audit and inspections are included in the Inspection Reports and sent to Departmental Officers and heads of the departments and also to Government. Unless such Reports receive prompt attention there is likelihood of the irregularities recurring at frequent intervals. The position in July, 1962 was that 3,741 Inspection Reports containing 16,573 paragraphs issued up to 31st March, 1962 remained undisposed of. The Inspection Reports and paras thereof which have been outstanding for considerably long periods are indicated below:

			Number of Reports out- standing.	Number of Paras out- standing.
Issued up to 31st March, 1957 (more than 5 years old)	..	..	669	1,753
Issued between 1st April, 1957 and 31st March, 1960 (more than 2 years but less than 5 years old)	..	..	1,286	4,661

Even the first replies had not been received (July, 1962) in respect of 40 Reports more than 5 years old and 193 Reports more than 2 years old.

The names of the departments with comparatively heavy outstandings are shown below:

Departments.	Number of Reports and Paras outstan- ding for more than 5 years.		Number of Reports and Paras outstan- ding for more than 2 years but less than 5 years.	
	I. R.	Paras.	I. R.	Paras.
	Education .. .. .	32	104	58
Medical .. .. .	6	8	91	209
Agriculture .. .. .	32	75	90	214
Industries .. .. .	33	132	65	255
Famine Relief .. .. .	29	71	64	207
Food .. .. .	54	84	66	209
Public Works .. .. .	25	65	55	346
Refugee, Relief and Rehab.	295	714	282	762
Irrigation and Waterways	23	72	56	282

Certain types of irregularities which persist for want of adequate action on the part of the departments and were noticed in local audit in 1961-62 also in some cases, are mentioned below:

Nature of irregularity.	Number of offices in which irregularity was noticed.
(i) Non-observance of rules regarding collection of land revenue and maintenance of relevant records and registers by the Tahsildars and other loan collecting staff. (See also paragraph 43 of the report).	6
(ii) Defects in the maintenance of Bill Register .. ..	10
(iii) Non-realisation of security deposits/bonds from subordinates handling cash or stores; in some cases security bonds executed were found to be defective.	64 cases in 23 offices.
(iv) Irregular payments of cash doles to displaced persons amounting to Rs. 17,412 were made during 1960-61 and 1961-62.	9
(v) Non-submission of Utilisation Certificates in respect of loans amounting to Rs. 1.42 lakhs granted during 1960-61.	4
(vi) Irregularities in the maintenance of Cash Book .. ..	10

**75. Outstanding audit objections:** In spite of repeated reports to Government, there has been no appreciable improvement in the disposal of objections raised in Central audit. The amount covered by audit objections relating to the period up to 31st March, 1962, outstanding on 31st July, 1962 was Rs. 60.48 crores involving 24,621 items. These include Rs. 23.94 crores involving 10,714 items outstanding from 1948-49 to 1960-61.

The amounts outstanding on account of (i) Want of sanctioned estimates and (ii) Excess over sanctioned estimates which are considerably heavy, have been dealt with in Para. 44 of Chapter IV (Pages 39-40). The nature of other objections and Departments/Major Heads with heavy out-standings and nature of objections are given below:

Department/Major Head.	(In crores of rupees).			
	Non-submission of Detailed Contingent Bills.	Non-submission of vouchers and stamped receipts.	Other reasons.	Total.
Medical .. ..	..	5.16	0.02	5.18
Agriculture and Food Production ..	0.02	0.16	1.25	1.43
Famine .. ..	..	..	1.89	1.89
Food .. ..	1.49	..	9.75	11.24
Development (Durgapur Projects Ltd.) ..	..	..	4.58	4.58

Of Rs. 6.83 crores outstanding on account of non-submission of detailed contingent bills, vouchers and stamped receipts, Rs. 0.02 crore relates to the period from 1956-57 to 1958-59 and Rs. 0.05 crore to the period prior to 1956-57, the oldest item being for 1955-56. Such inordinate delays on the part of Controlling Authorities in taking action to submit detailed bills, vouchers and stamped receipts constitute a serious lapse in as much as the entire expenditure in respect of which detailed bills, vouchers and stamped receipts are not submitted, escapes audit scrutiny altogether for an unusually long period.

With lapse of time it becomes more difficult for the departments to settle the objections mainly on account of difficulty in locating the relevant records. Special measures are, therefore, required to be taken by Government to ensure submission by the Controlling Officers of the necessary sanctions, explanations, countersigned bills, payees' receipts and other documents to Audit.

## CHAPTER XI

### Other Topics of Interest

76. **Scheme for the abolition of Zamindari System :** The State Government decided in May, 1962 that with effect from 1961-62 a pro forma account showing the financial results of the scheme for the acquisition of estates launched by the Government of West Bengal, should be prepared at the end of each financial year with a view to reviewing the financial results of the scheme for each year. Pro forma account for the year ending 1961-62 which was due for submission to Audit by the end of August, 1962 is still awaited (January, 1963). In its absence the financial results of the scheme could not be ascertained. However, a table showing the gross receipts and the total expenditure on the scheme for 1961-62 and the preceding 6 years is furnished below :—

	Receipts.		Expenditure.		
	(In lakhs of Rupees).		(In lakhs of rupees).		
	1955-56 to 1960-61 (6 years.)	1961-62.	1955-56 to 1960-61 (6 years.)	1961-62.	
(a) Land Revenue receipts from Ex-Zamindari Estates.	20.25-38	4.28-67	7,70-34	1,22-73	
(b) Collection from Government Estates ..	4.46-41	92-93	2.64-62	1,03-31	
(c) Rates and cesses of lands .. ..	14-64	13-81	6,72-90	2,12-94	
(d) Collection of payments for services rendered— Recovered on account of Certificate Estab- lishment.	.45	..	4.11.		
(e) Forest—Receipts from vested forests managed by the Forest Department.	47-96	57-82	13-56		

(f) Charges of Administration—General Establishment and Certificate Establishment.	15.62	11.66
(g) Works .. .. .	3.38	..
(h) 57—Miscellaneous—contribution Grants to local bodies in lieu of landlord's and tenant's share of cesses.	62.50	13.12
(i) 82—Capital Account of other Estate Works outside the Revenue Account—Other Schemes—construction of building in connection with Estates Acquisition Schemes.	.04	..
(j) 22—Interest on Debt and Other Obligations —Interest on compensation money payable to land-holders etc. on the abolition of Zamindari system.	..	.33
<b>Total ..</b>	<b>25,34.84</b>	<b>5,93.23</b>
<b>Total ..</b>	<b>22,14.52</b>	<b>4,66.93</b>

Owing to the non-completion of the Survey and Settlement Operation in all the districts and the non-publication of the final compensation Assessment Rolls, the total compensation payable cannot be ascertained at this stage. However, the amount of compensation payable in cash and in bonds has been tentatively estimated by the Board of Revenue at Rs. 19.7 crores and Rs. 39.41 crores respectively. In addition, the payment of annuities of Rs. 55 lakhs per annum to Sanja holders for 25 years and perpetual annuities of Rs. 17 lakhs per annum to religious and charitable units is also to be made.

As in the previous years, *interim* payment of compensation to the intermediaries continued to be made this year as well. In many cases, special payments were also made to the extent of 50 per cent. of the total compensation payable on the basis of approximate net annual income or the portion payable in cash whichever is less. The final payment of compensation as well as payment of interest payable on compensation to the intermediaries of low net annual income has been started. The amount of final compensation and interest thereon paid during 1961-62 were Rs. 2,05,752 and Rs. 32,713 respectively.

## FINANCE DEPARTMENT

77. **Non-receipt of acceptance of the correctness of balances under Debt and Deposit heads:** The balances under the Debt, Deposit heads as on the 31st March, 1962, were communicated to the Departmental Officers concerned for confirmation of their correctness and acceptance. In 208 cases the Departmental Officers were responsible for maintaining Loan Registers, but the communication of their acceptance was either unduly delayed or not received at all. The matter was brought to the notice of Government on the 29th June, 1960 and again on the 5th July, 1962, but no improvement has yet been noticed.

R. N. CHATTERJI,

*Accountant General, West Bengal.*

CALCUTTA:

The 1 JUL 1963

Countersigned,

A. K. ROY,

*Comptroller and Auditor General of India.*

NEW DELHI:

The 18 JUL 1963

## APPENDIX I

(Referred to in paragraph 14 of Chapter II).

## Statement showing particulars of Grants Appropriations in which Supplementary provision was obtained and the extent to which it was utilised.

Particulars of Grants' Appropriations.	Amount of Grant Appropriation.		Actual Expenditure.		Savings Cols. 5-6.		
	Original.	Supplementary.	Total.	(In lakhs of rupees).	Amount.	Percentage of the total grant/appropriation.	
Number and Name.	Whether Voted or Charged.	3	4	5	6	7	8
<b>(i) 10 Grants/ Appropriations in which the Supplementary provision proceed entirely unnecessary.</b>							
1							
8. Sales Tax .. .. .	Voted ..	26.97	0.84	27.81	25.68	2.13	7.66
9. Other Taxes and Duties .. .. .	Voted ..	13.29	0.32	13.61	12.74	0.87	6.39
10. Interest on Irrigation Works .. .. .	Charged ..	22.81	0.76	23.57	22.56	1.01	4.29
14. General Administration .. .. .	Charged ..	11.56	0.30	11.86	10.97	0.89	7.50
35. Civil Works .. .. .	Charged ..	14.04	1.27	15.31	13.51	1.80	11.76
37. Privy Purses and allowances of Indian Rulers .. .. .	Voted ..	1.69	0.02	1.71	1.58	0.13	7.60
38. Superannuation allowances and Pensions .. .. .	Charged ..	2.22	0.04	2.26	2.18	0.08	3.53
43. Community Development Projects .. .. .	Voted ..	3.59 82	7.00	3,66.82	3,35.63	31.19	8.50
44. Extraordinary charges .. .. .	Voted ..	2,14.25	3.86	2,18.11	2,11.47	6.64	3.04
<b>(ii) Grants/ Appropriations in which the Supplementary provision proceed excessive and there was final saving of more than 5 per cent.</b>							
2. Land Revenue .. .. .	Charged ..	0.03	0.14	0.17	0.13	0.04	23.53
4. Stamps .. .. .	Voted ..	9.55	2.52	12.07	10.61	1.46	12.10
12. Interest on Ordinary Debt. .. .. .	Voted ..	0.01	0.49	0.50	0.33	0.17	34.00
22. Public Health .. .. .	Voted ..	2,44.45	89.94	3,34.39	3,02.48	31.91	9.54
41. Miscellaneous—Other Misc. Expr. .. .. .	Charged ..	0.02	0.57	0.59	0.05	0.54	91.53
44. Extraordinary Charges .. .. .	Charged ..	0.03	0.07	0.10	0.07	0.03	30.00



## APPENDIX II

(Referred to in Paragraph 15 of Chapter II).

## I.—Statement showing Savings under Voted Grant

Number and Name of Grant.	(In lakhs of rupees.)			
	Total provision.	Expenditure.	Saving.	Percentage of saving.
1	2	3	4	5
<b>I. Cases where the savings amounted to 22 per cent. or more of the total grant.</b>				
2. Land Revenue .. .. .	9,21·19	5,85·52	3,35·07	36·44
11. Irrigation .. .. .	6,80·86	5,41·64	1,39·22	20·45
12. Interest on Ordinary Debt ..	0·50	0·33	0·17	34·00
23. Charges on account of Agriculture	9,48·76	5,34·17	4,14·59	43·69
24. Agriculture—Fisheries .. ..	33·77	26·19	7·58	22·45
25. Charges on account of Animal Husbandry.	1,87·40	39·48	1,47·92	78·93
26. Charges on account of Co-operative Credit.	67·62	52·38	15·24	22·54
28. Industries—Cottage Industries ..	2,90·38	1,90·92	99·46	34·25
29. Industries—Cinchona .. .. .	40·14	30·22	9·92	24·71
33. Miscellaneous Departments—Excluding Fire Services and Welfare of Scheduled Tribes, etc.	1,44·04	1,03·51	40·53	28·14
41. Miscellaneous—Other Miscellaneous Expenditure.	16,21·63	9,81·33	6,40·30	39·48
47. Civil Works .. .. .	9,46·42	7,30·21	2,16·21	22·85
48. Road and Water Transport Schemes	28·06	7·35	20·71	73·80
49. Capital Outlay on Schemes of Government Trading.	..	—1,30·29	1,30·20	Above 100 per cent.
<b>II. Cases where the savings exceeded 10 per cent.</b>				
4. Stamps .. .. .	12·07	10·61	1·46	12·16
27. Industries—Industries .. .. .	2,21·38	1,87·11	34·27	15·48
51. Loans and Advances by State Government.	9,36·27	8,38·42	97·85	10·45

# APPENDIX I

(Referred to in paragraph 14 of Chapter II).

## Statement showing particulars of Grants Appropriations in which Supplementary provision was obtained and the extent to which it was utilised.

Particulars of Grants/Appropriations.	Amount of Grant Appropriation.				Actual Expenditure.		Savings Cols. 5-6.	
	Number and Name.	Whether Voted or Charged.	Original.	Supplementary.	Total (In lakhs of rupees).	(In lakhs of rupees).	Amount. (In lakhs of rupees).	Percentage of the total grant (approximation).
	1	2	3	4	5	6	7	8
<i>(i) 10 Grants/Appropriations in which the Supplementary provision proved entirely unnecessary.</i>								
8. Sales Tax .. .. .	..	Voted	26.97	0.84	27.81	25.68	2.13	7.66
9. Other Taxes and Duties .. .. .	..	Voted	13.29	0.32	13.61	12.74	0.87	6.39
10. Interest on Irrigation Works .. .. .	..	Charged	22.81	0.76	23.57	22.56	1.01	4.29
14. General Administration .. .. .	..	Charged	11.56	0.30	11.86	10.97	0.89	7.50
35. Civil Works .. .. .	..	Charged	14.04	1.27	15.31	13.51	1.80	11.76
37. Privy Purses and allowances of Indian Rulers .. .. .	..	Voted	1.69	0.02	1.71	1.58	0.13	7.60
38. Superannuation allowances and Pensions .. .. .	..	Charged	2.22	0.04	2.26	2.18	0.08	3.53
43. Community Development Projects .. .. .	..	Voted	3.59.82	7.00	3,66.82	3,35.63	31.19	8.50
44. Extraordinary charges .. .. .	..	Voted	2,14.25	3.86	2,18.11	2,11.47	6.64	3.04
<i>(ii) Grants/Appropriations in which the Supplementary provision proved excessive and there was final saving of more than 5 per cent.</i>								
2. Land Revenue .. .. .	..	Charged	0.03	0.14	0.17	0.13	0.04	23.53
4. Stamps .. .. .	..	Voted	9.55	2.52	12.07	10.61	1.46	12.10
12. Interest on Ordinary Debt. .. .. .	..	Voted	0.01	0.49	0.50	0.33	0.17	34.00
22. Public Health .. .. .	..	Voted	2,44.45	89.94	3,34.39	3,02.48	31.91	9.54
41. Miscellaneous—Other Misc. Expr. .. .. .	..	Charged	0.02	0.57	0.59	0.05	0.54	91.53
44. Extraordinary Charges .. .. .	..	Charged	0.03	0.07	0.10	0.07	0.03	30.00

## APPENDIX II

(Referred to in Paragraph 15 of Chapter II).

## I.—Statement showing Savings under Voted Grant

Number and Name of Grant.	Total provision.	Expenditure.	(In lakhs of rupees.)	
			Saving.	Percentage of saving.
1	2	3	4	5
<b>I. Cases where the savings amounted to 22 per cent. or more of the total grant.</b>				
2. Land Revenue .. .. .	9,21·19	5,85·52	3,35·67	36·44
11. Irrigation .. .. .	6,80·86	5,41·64	1,30·22	20·45
12. Interest on Ordinary Debt ..	0·50	0·33	0·17	34·00
23. Charges on account of Agriculture	9,48·76	5,34·17	4,14·59	43·69
24. Agriculture—Fisheries .. ..	33·77	26·19	7·58	22·45
25. Charges on account of Animal Husbandry.	1,87·40	39·48	1,47·92	78·93
26. Charges on account of Co-operative Credit.	67·62	52·38	15·24	22·54
28. Industries—Cottage Industries ..	2,90·38	1,90·92	99·46	34·25
29. Industries—Cinchona .. .. .	40·14	30·22	9·92	24·71
33. Miscellaneous Departments— Excluding Fire Services and Welfare of Scheduled Tribes, etc.	1,44·04	1,03·51	40·53	28·14
41. Miscellaneous—Other Miscellaneous Expenditure.	16,21·63	9,81·33	6,40·30	39·48
47. Civil Works .. .. .	9,46·42	7,30·21	2,16·21	22·85
48. Road and Water Transport Schemes	28·06	7·35	20·71	73·80
49. Capital Outlay on Schemes of Government Trading.	..	1,30·29	1,30·29	Above 100 per cent.
<b>II. Cases where the savings exceeded 10 per cent.</b>				
4. Stamps .. .. .	12·07	10·61	1·46	12·10
27. Industries—Industries .. .. .	2,21·38	1,87·11	34·27	15·48
51. Loans and Advances by State Government.	9,36·27	8,38·42	97·85	10·45

APPENDIX II—*concl.*

(In lakhs of rupees.)

Number and Name of Grant.	Total provision.	Expenditure.	Saving.	Percentage of saving.
1	2	3	4	5
<b>III. Cases where the savings were below 10 per cent. of the total grant.</b>				
1. Taxes on Income other than Corporation Tax and Estate Duty.	6.59	6.43	0.16	2.43
3. State Excise Duties .. ..	49.44	40.18	0.26	0.53
5. Forest .. ..	1,27.76	1,26.06	1.70	1.33
6. Registration .. ..	26.35	25.06	0.39	1.48
8. Sales Tax .. ..	27.81	25.68	2.13	7.66
9. Other Taxes and Duties ..	13.61	12.74	0.87	6.39
15. Administration of Justice ..	1,01.51	1,00.53	0.98	0.97
17. Police .. ..	9,00.69	8,96.26	4.43	0.49
19. Scientific Departments ..	0.76	0.74	0.02	2.63
22. Public Health .. ..	3,34.39	3,02.48	31.91	9.54
31. Miscellaneous Departments—Fire Services.	45.09	41.29	3.80	8.43
36. Famino .. ..	5,67.52	5,56.25	11.27	1.99
37. Privy Purses and Allowances of Indian Rulers.	1.71	1.58	0.13	7.60
43. Community Development Projects	3,66.82	3,35.63	31.19	8.50
44. Extraordinary Charges ..	2,18.11	2,11.47	6.64	3.04
45. Pre-partition Payments ..	5.00	4.00	0.10	2.00
46. Multipurpose River Schemes ..	5,90.87	5,53.00	37.87	6.41

### APPENDIX III

(Referred to in paragraph 20 of Chapter II).

Head of Account,	Designation of the Controlling Officer.	Month from which verification of accounts for 1961-62 is still outstanding.	Explanations of the Controlling Officers.
1. 25—General Administration—			
(i) Board of Revenue .. .. .	Secretary, Board of Revenue ..	November, 1961 to March, 1962	Accounts could not be verified before due to delay in preparation of the Expenditure Statement.
(ii) General Establishment .. .. .			
(iii) Loan Audit Estt. .. .. .			
2. 39—Public Health—			
(i) Engineering aide .. .. .	Chief Engineer, Public Health Engg.	February, 1962 and March, 1962.	} Due to non-receipt of figures from the local office, verification could not be done.
3. 54—Famine—A—Famine Relief— Scheme for Water Supply in flood affected areas.	Ditto .. .. .	March 1962	
4. 57—Miscellaneous—Development Schemes—			
(i) Provision of Plant Protection .. .. .	Asstt. Secretary, Agriculture ..	Ditto	.. .. .
(ii) Seed Farm at Canning .. .. .			
5. 18—Other Revenue, etc.— Irrigation Works .. .. .	Chief Engineer, I. & W. Department.	April, 1961 to March, 1972	.. .. .
6. 51—B—Other Revenue Expenditure connected with Multipurpose River Schemes .. .. .	Ditto .. .. .	Ditto	.. .. .
7. 72—Capital Outlay— Village and Small Industries .. .. .	Assistant Secretary, Cottage and Small Scale Industries Department.	March, 1962	.. .. .

## APPENDIX IV

(Referred to in Paragraph 64).

List of wanting *Pro forma* Accounts(a) In the following cases the *Pro forma* Accounts have not been prepared since inception :—

Serial No.	Description.	Period.	Remarks.
1.	Scheme for Deep Sea Fishing with the help of Danish trawlers and Japanese cutters.	1949-50 to 1961-62	
2.	Schemes under the Director of Dairy Development and Animal Husbandry and Ex-officio Milk Commissioner, West Bengal :		
	(1) Scheme for distribution of toned and Cow's milk.	1950-51 to 1961-62	
	(2) Scheme for manufacture of butter and ghee.		
	(3) Livestock Research-cum-Breeding Station at Haringhata.		
	(4) Greater Calcutta Milk Supply Scheme.	1955-56 to 1961-62	
3.	Kanchrapara Area Development (Kalyani Township) Schemes.	1949-50 to 1961-62	
4.	Durgapur Industries Board ..	1955-56 to 1961-62 (up to 14-9-61 i.e. pro-company period).	The functions of the Board have been taken over by the company styled "Durgapur Projects Ltd." with effect from the 15th September, 1961.  Accounts for the period 1959-60 and 1960-61 (up to the 14th September, 1961) received in October, 1962 and returned for revision in December, 1962 have not yet been resubmitted (March, 1963).
5.	Brick and Tile Board .. ..	27-12-60 to 31-3-61 and 1961-62	
6.	Scheme for Production Centres under Refugee, Relief and Rehabilitation Department.	1945-55 to 1961-62	Consolidated accounts for all the Centres as called for are still awaited (March, 1963).
7.	Integrated Wood Industries Scheme under the Director of Industries (Durgapur, Kalyani and Siliguri Centres).	1956-57 to 1961-62	<i>Pro forma</i> Accounts up to 1959-60 returned by Audit are still awaited (March, 1963.)
8.	Oriental Gas Co.'s undertaking ..	16-11-60 to 31-3-61 and 1961-62	
9.	Dental Factory attached to Calcutta Dental College and Hospital.	1952-53 to 1961-62	

APPENDIX IV—*concl.*

(b) In the following cases Pro forma Accounts have not been prepared for the period noted against each :—

Serial No.	Description.	Period.	Remarks.
1.	State Transport Services, Cooh Behar ..	1958-57 to 1959-60 (up to 14-4-60 i.e. pre-Corporation period).	The Proforma Accounts were received at different times in incomplete state. The revised Accounts for 1955-56 received in December, 1962 are under check. In the absence of the revised Accounts for 1960-57 the accounts of subsequent years could not be checked.
2.	Central Engineering Organisation Dasnagar Howrah.	1959-60 (revised) and 1960-61 to 1961-62.	
3.	Scheme for Industrial Centres ..	1958-59 to 1961-62	Accounts for 1958-57 and 1957-58 were prepared and submitted to Audit in April, 1961 but their scrutiny has been kept in abeyance as desired by Government pending their check by the Commercial Accountant of Government.
4.	Schemes under the Director of Dairy Development and Animal Husbandry and Ex-officio Milk Commissioner, West Bengal—		
	(i) Scheme for supply of fodders and concentrates to the Licensees of Milk Colony.	1961-62	
	(ii) Schemes for controlled sale of Skim Milk Powder in West Bengal.	1961-62	Accounts submitted to Audit could not be checked for non-production of basic records.
5.	Scheme for Production of Shark Liver Oil, etc.	1961-62	
6.	Consolidated Profit and Loss Account of the Manufactory Department of the Presidency and the Central Jails in West Bengal.	1961	The Accounts have revealed certain discrepancies in respect of the Dum Dum Central Jail. The reply of Government to whom the matter was reported in September, 1962 is still awaited (March, 1963).
7.	Consolidated pro forma accounts of "hats" under the management of the State Government.	1960-61 and 1961-62	Accounts for 1959-60 received. But arrangements have not yet been made for scrutiny of the accounts from initial accounts maintained by local officers.
8.	Stock, Trading, Profit and Loss Account of Rice and Paddy.	1959-60 to 1961-62	Accounts for 1959-60 received in November, 1962 and returned for rectification in February, 1962 have not yet been re-submitted (April, 1963).
9.	Stock, Trading, Profit and Loss Account of wheat and wheat products.	1959-60 to 1961-62	Same as above.

## APPENDIX V

(Referred to in Paragraph 64).

### Extraction Manufacturing, Profit and Loss Account, 1960-61 of Band Saw Mills.

Dr.	1959-60 Rs.	1960-61 Rs.	By—	1959-60 Rs.	1960-61 Rs.	Cr.
Opening stock of logs and sawn timber ..	4,20,320	7,75,205	Sales .. ..	7,36,561	14,88,697	
Royalty of logs and value of sawn timber ..	4,89,387	6,37,165	Miscellaneous Receipts .. ..	20,533	38,105	
Extraction charges ..	1,74,594	2,47,685	Value of logs sold and used departmentally	1,989	4,693	
Audit Fees ..	4,960	4,960	Closing stock of logs and sawn timber ..	7,75,205	5,87,440	
Milling expenses ..	1,61,132	1,97,534				
Interest on Capital Outlay ..	46,251	58,051				
Administration and Office expenses ..	64,299	70,591				
Selling and Distribution expenses ..	12,865	26,349				
Loss on disposal of unserviceable stores ..	..	146				
Provision for bad and doubtful debts ..	100	100				
Net Profit during the year ..	1,60,360	1,01,249				
<b>Total ..</b>	<b>15,34,298</b>	<b>21,18,935</b>	<b>Total ..</b>	<b>15,34,298</b>	<b>21,18,935</b>	



APPENDIX V—*contd.*

**Balance Sheet of Band Saw Mills, Siliguri, as at 31st March, 1961.**

Capital and Liabilities.	As on 31st March, 1960.		Properties and Assets.		As on 31st March, 1961.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Government Capital ..	14,85,232	14,05,625	Fixed Assets ..	..	6,19,662	7,73,228
Undischarged Liabilities ..	..	4,960	Current Assets ..	..	7,99,235	6,09,498
Royalty Payable ..	18,241	17,811	Sundry Debtors and Loans and Advances	..	1,05,655	2,10,341
Sundry Creditors ..	21,079	1,63,671				
<b>Total ..</b>	<b>15,24,552</b>	<b>15,92,067</b>	<b>Total ..</b>	<b>..</b>	<b>15,24,552</b>	<b>15,92,067</b>

**Brooklyn Ice Plant and Cold Storage.**

*Trading and Profit and Loss Account for the year 1960-61.*

Dr.	Particulars.	1960-61		Particulars.	1960-61	
		Rs.	Rs.		Rs.	Cr.
To—						
Opening Stock ..	..	2,77,592	2,78,114	Sales ..	..	4,93,318
Purchases ..	..	2,76,643	1,91,626	Miscellaneous Receipts ..	..	20,148
Salary and Wages ..	..	56,328	56,816	Closing Stock ..	..	2,78,114
Other Miscellaneous expenditure ..	..	1,31,600	1,20,075	Net Loss ..	..	..
Interest on Government Capital ..	..	30,467	33,475			14,406
Net Profit ..	..	19,050	..			..
<b>Total ..</b>	<b>..</b>	<b>7,91,580</b>	<b>6,80,106</b>	<b>Total ..</b>	<b>..</b>	<b>7,91,580</b>

APPENDIX V—*contd.*

**Brooklyn Ice Plant and Gold Storage.**

*Balance Sheet as at 31st March, 1961.*

	1959-60		1960-61		Assets and Properties.		1959-60		1960-61	
	Rs.		Rs.		Fixed Assets	..	Rs.		Rs.	
Liabilities and Government Capital.										
Government Capital ..	7,58,837		8,36,689		Fixed Assets ..	..	76,768		64,948	
					Current Assets ..	..	2,78,114		2,58,495	
Deduct—Loss during the year ..			14,406		Sundry Debtors	..	4,53,752		5,18,129	
Add—Profit during the year	19,050									
Sundry Creditors ..										
Undischarged Liabilities ..										
Total ..					Total					

APPENDIX V—*contd.*

Scheme of State Trading on Wheat and Wheat Products.

Balance Sheet at 31st March, 1959.

	Rs.	Assets.	Rs.
Liabilities.			
Net outlay .. .. .	1,66,94,519	Sundry Debtors .. .. .	3,42,67,386
63—Extraordinary charges .. .. .	8,44,54,344	Investment and S-Deposits .. .. .	50,000
Audit Charges .. .. .	11,83,776	Stock-in-trade .. .. .	1,04,90,935
Interest Account .. .. .	13,77,031	C.R.'s suspense (awaiting transfer) .. .. .	184
Sundry Creditors :—		Deposits in Reserve Bank of India, Un- divided Bengal Suspense Accounts.	1,48,35,821
G. I. Purchase, Incidentals and other miscellaneous liabilities.	2,53,52,494	Cheque in hand .. .. .	1,67,451
Refund to Parties .. .. .	1,77,553	Profit and Loss Account—	
Security Deposits (Flour Mills) .. .. .	50,000	As per last account .. .. .	7,98,08,822
Undivided Bengal Suspense Account .. .. .	1,48,35,821	Less amount of Interest .. .. .	10,029
Cheque in hand .. .. .	1,67,451	Less stock in transit not shown as on 31st March, 1959.	2,02,895
			<u>7,95,95,898</u>
		Add this year's Loss .. .. .	48,85,314
			<u>8,44,81,212</u>
Total .. .. .	<u>14,42,92,989</u>	Total .. .. .	<u>14,42,92,989</u>

APPENDIX V—contd.

*Stock, Trading and Profit and Loss Account of Wheat and Wheat Products for 1958-59.*

Dr.	Particulars.	1958-59		Particulars.	1958-59	
		Rs.	Cr.		Rs.	Cr.
To	Opening stock .. .. .	1,56,54,168	..	Salos .. .. .	..	11,15,49,203
	Stock in transit .. .. .	37,99,034	..	Miscellaneous receipts including interest .. .. .	..	48,086
	Purchases .. .. .	9,90,27,750	..	Shortage (154, 218 mds.) .. .. .	..	..
	Incidental and other indirect charges .. .. .	84,36,437	..	Closing Stock .. .. .	..	1,04,90,935
	Audit charges .. .. .	56,149	..	Net loss .. .. .	..	48,85,314
	Total .. .. .	12,69,73,538	..	Total .. .. .	..	12,69,73,538

*Comparative Stock Trading, Profit and Loss Account in respect of State Trading Operations in Rice, Paddy and Gram for 1957-58 and 1958-59.*

Dr.	1957-58		1958-59		Cr.
	Rs.	Cr.	Rs.	Cr.	
To	Opening Stock .. .. .	23,69,023	3,00,65,724	By Sales .. .. .	19,26,79,189
To	Stock in Transit .. .. .	..	9,445	By Miscellaneous Receipts (including Railway claims recovered) .. .. .	2,17,599
To	purchases .. .. .	9,98,23,321	18,71,03,786	By shortages—	3,85,683
To	incidental charges .. .. .	40,77,457	81,44,892	1957-58 .. .. .	..
To	Sales Tax .. .. .	169	173	1958-59 .. .. .	..
To	overhead charges .. .. .	52,47,516	88,49,195	By Closing Stock .. .. .	3,00,65,724
To	Audit charges .. .. .	74,818	1,05,452	By Net Loss .. .. .	69,06,123
Total .. .. .	11,15,92,304	23,42,78,667	Total .. .. .	11,15,92,304	23,42,78,667

