

**AUDIT REPORT**  
**1969**



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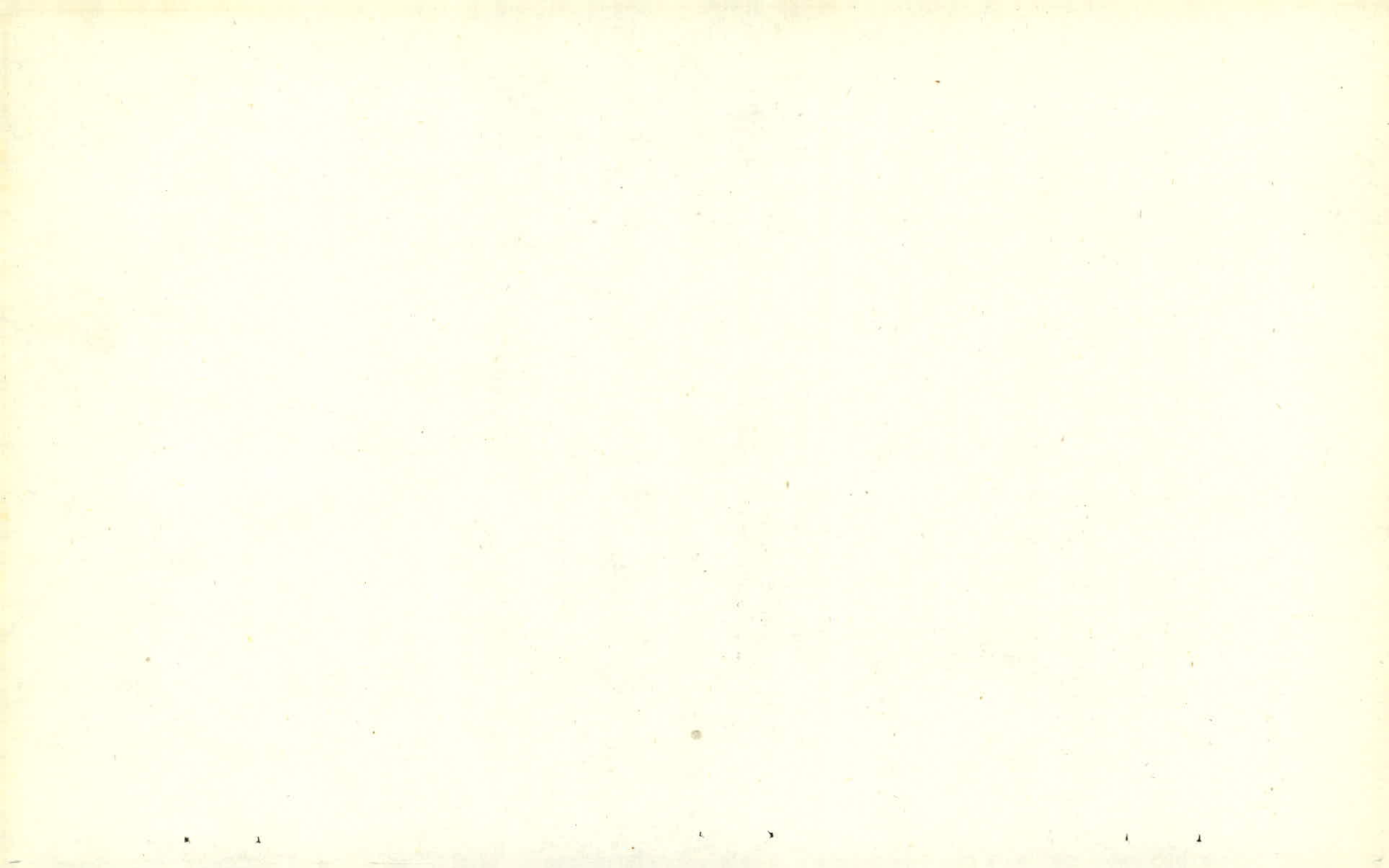
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## PREFATORY REMARKS

This volume mainly relates to matters arising from the Appropriation Accounts for 1967-68 together with other points arising from audit of financial transactions of the Union Territory. It also includes:—

- (i) certain points of interest arising from the Finance Accounts for 1967-68; and
- (ii) matters relating to certain statutory corporations and Government companies, the accounts of which are audited by the Indian Audit and Accounts Department.

The financial irregularities, losses, etc., commented upon in the Report relate to cases which came to the notice of Audit during the year 1967-68 as well as those which had come to notice earlier but could not be included in the earlier Audit Reports; matters relating to the period subsequent to 1967-68 have also been included, wherever considered necessary.

The points brought out in this Report are those which have come to notice during the course of test audit of the accounts of the departments. They are not intended to convey or to be understood as conveying any general reflection on the financial administration by the departments/authorities concerned.





## CHAPTER I

### General

*Budget and actuals*—The budget estimates and actuals of revenue receipts and expenditure met from revenue for 1967-68 are given below along with the corresponding figures for 1965-66 and 1966-67:—

Year	Budget	Actuals	Variations	
			Amount	Percentage
(In lakhs of rupees)				
<i>Revenue Receipts</i>				
1965-66	15,66.96	17,21.65	+1,54.69	10
1966-67	17,57.06	25,62.04	+8,04.98	46
1967-68	33,42.77	34,27.16*	+84.39	3
<i>Expenditure met from revenue</i>				
1965-66	15,66.96	18,02.40	+2,35.44	15
1966-67	17,57.06	23,88.75	+6,31.69	36
1967-68	33,42.77	35,18.92	+1,76.15	5

<i>Revenue surplus (+)   deficit (—)</i>		
Year	Budget	Actuals
(In lakhs of rupees)		
1965-66	..	—80.75
1966-67	..	+1,73.29
1967-68	..	—91.76

The gap between the revenue and expenditure of the Union Territory is covered by grant-in-aid from Government of India. The budget did not, therefore, anticipate any surplus or deficit on revenue account; the year, however, ended with a revenue deficit of Rs. 91.76 lakhs. Against the grant-in-aid of Rs. 20,42.92 lakhs envisaged in the budget, Rs. 20,06.99 lakhs were actually received during the year.

2. *Revenue receipts*—(a) In 1967-68 the revenue receipts increased by 34 per cent over that in 1966-67 and by 99 per cent over that in 1965-66. The increase is analysed below:—

	1965-66	1966-67	1967-68	Increase + Decrease— since 1965-66
(In lakhs of rupees)				
<i>(i) Revenue raised by the Union Territory Government—</i>				
(a) Taxes, duties and other principal heads of revenue	1,17.38	2,39.89	3,97.89	+2,80.51
(b) Other receipts, such as fares and freight of passengers and goods traffic, sale proceeds of forest timber and other produce, etc.	7,08.31	8,26.28	10,21.83	+3,13.52
<i>(ii) Receipts from Central Government—</i>				
Estate duty	..	..	0.45	+0.45
Grants-in-aid	8,95.96	14,95.87	20,06.99	+11,11.03
Total	17,21.65	25,62.04	34,27.16	+17,05.51

\*The budget took credit for an estimated receipt of Rs. 2.34 lakhs under Central Sales Tax Act; but the actual realization (Rs. 3.97 lakhs) was credited to the Consolidated Fund of India.

The revenue raised by the Union Territory Government in 1967-68 accounted for 12 per cent of the total receipts. The corresponding percentage for 1966-67 was 9.

The increase in the revenue raised by the Union Territory Government since 1965-66 occurred mainly under the following and was attributed generally to realisation of more revenue due to transfer of hilly areas of composite Punjab State to Himachal Pradesh consequent on re-organisation of the Punjab State from 1st November 1966 and other reasons given below:—

Head	Receipts during		Increase since 1965-66		Remarks
	1965-66	1967-68	Amount	Percentage	
	(In lakhs of rupees)				
State excise duties	56.57	2,02.60 ✓	1,46.03	258	Due to sale of excise contracts at higher rates.
Sales tax	7.27	46.30 ✓	39.03	537	
Other taxes and duties	17.01	57.07	40.06	235	Due to realisation of more taxes as a result of better control and implementation of rules by field staff.
Taxes on vehicles	3.07	11.20	8.13	265	Due to registration of more vehicles.
Stamps	7.35	31.80	24.45	333	Due to more receipts from sale of stamps, court-fees, etc.
Education	9.37	24.10	14.73	157	Due to enrolment of more students.
Agriculture	9.11	20.34	11.23	123	Due to increase in production of farms and orchards, distribution of more seeds, more experimental exploitation of fish from Gobind Sagar, etc.
Electricity schemes	23.23	85.82 ✓	62.59	269	Due to more electrification of rural areas and inclusion of receipts relating to hilly areas of composite Punjab State merged with Himachal Pradesh as a result of re-organisation of Punjab State.
Road and water transport schemes	1,62.16	2,05.66 ✓	43.50	27	Due to coverage of more mileage.
Forest	4,07.53	5,49.06 ✓	1,41.53	35	Due to increased sale of forest produce/products of Rosin and Turpentine Factory and recovery of outstandings from contractors.

No new taxes were levied during the year.



(b) *Arrears in collection of revenue*—According to information furnished by some of the departments, on 31st March 1968 there were the following arrears in collection of revenue:—

Department	Amount outstanding (In lakhs of rupees)	Earliest year to which the arrears relate	Remarks
Transport	57.55	1949-50	Represents outstanding recoveries of fare and freight charges, service charges, cost of stores and petrol, etc., supplied to departments of Himachal Pradesh Government, Central Government and other State Governments and private parties.
Revenue	7.28	1954-55	
Excise and taxation	6.03	1951-52	Rs. 0.19 lakh were reported to be irrecoverable.

3. *Expenditure on revenue account*—Expenditure on revenue account during 1967-68 increased by about 47 per cent over that in 1966-67 and by 95 per cent over that in 1965-66. The increase was mainly due to (i) expenditure on hilly areas of composite Punjab State merged with Himachal Pradesh as a result of re-organisation of Punjab State from 1st November 1966, (ii) grant of enhanced rates of dearness allowance to the staff from 1st May 1967 and (iii) more expenditure on works, etc. The increase is analysed below:—

	1965-66	1966-67	1967-68	Increase since 1965-66	
				Amount	Percentage
				(In lakhs of rupees)	
<i>Collection of taxes, duties and other principal heads of revenue—</i>					
Land revenue	35.37	41.53	64.37	29.00	82
Other heads	4.41	6.11	10.67	6.26	142
<i>Total—Collection of taxes, duties and other principal heads of revenue—</i>	39.78	47.64	75.04	35.26	89
Debt services	41.65	93.68	1,53.08	1,11.43	267

Increase is mainly due to (a) larger payment of interest consequent on progressive increase in the balance of loans received from the Government of India for financing capital expenditure and for disbursement to third parties as loans and advances and (b) payment of interest on the share of loans taken by the composite State of Punjab from Central Government and allocated to Himachal Pradesh on re-organisation.

*Administrative services—*

General administration	74.95	96.64	1,33.36	58.41	78
Police	97.74	1,38.54	2,05.62	1,07.88	110
Other heads	20.62	27.85	39.89	19.27	93
<i>Total—Administrative services</i>	1,93.31	2,63.03	3,78.87	1,85.56	96

(The expenditure on administrative services constituted 11 per cent of the total expenditure on revenue account)

<i>Social and developmental services—</i>					
Education	2,64.69	4,01.38	7,16.96	4,52.27	171
Community development projects, national extension service and local developmental works	93.96	1,05.51	1,17.27	23.31	25
Agriculture	1,19.44	1,38.10	1,95.12	75.68	63
Medical	86.23	1,11.56	1,68.34	82.11	95
Other heads	1,73.52	2,05.65	2,88.11	1,14.59	66
<i>Total—Social and developmental services</i>	7,37.84	9,62.20	14,85.80	7,47.96	101

(The expenditure on social and developmental services constituted 42 per cent of the total expenditure on revenue account during 1967-68)

Multi-purpose river schemes, irrigation and electricity schemes	90.16	1,11.52	1,73.34	83.18	92
Public works (including roads) and schemes of miscellaneous public improvements	1,47.37	2,60.74	3,60.25	2,12.88	144
Transport and communications	1,43.76	1,84.51	2,22.03	78.27	54
<i>Miscellaneous—</i>					
Forest	2,97.83	3,46.74	4,70.90	1,73.07	58
Other heads	1,07.93	1,17.92	1,62.00	54.07	50
<i>Total—Miscellaneous</i>	4,05.76	4,64.66	6,32.90	2,27.14	56

4. *Expenditure outside the revenue account*—Expenditure outside the revenue account includes, besides capital expenditure, amounts disbursed by Government as loans and advances.

The expenditure outside the revenue account during 1965-66, 1966-67 and 1967-68 as compared with the budget estimates for these years is shown below (loans and advances are dealt with in paragraph 5).

Year	Budget	Actuals	Variations Increase + Decrease—	
			Amount (In lakhs of rupees)	Percentage
1965-66	4,75.61	5,82.20	+1,06.59	22
1966-67	4,58.50	4,68.12	+9.62	2
1967-68	7,81.25	13,01.07	+5,19.82	66



An analysis of the expenditure outside the revenue account is given below:—

Head of Account	During 1967-68	Progressive total upto the end of 1967-68
	(In lakhs of rupees)	
<i>I—Capital expenditure on—</i>		
<i>(i) Social and developmental services—</i>		
(a) Improvement of public health	31.67	1,83.55
(b) Industrial and economic development	19.68	1,30.81
(c) Agricultural improvement and research	69.19	1,39.23
(d) Miscellaneous	..	71.80
<i>(ii) Electricity schemes</i>	2,73.24	6,37.15
<i>(iii) Public Works (including roads and schemes of miscellaneous public improvement)—</i>		
(a) Public works	5,16.61	35,91.45
(b) Schemes of Government trading	3,50.90	4,00.95
<i>(iv) Transport and communications—</i>		
Road and water transport schemes	21.52	2,87.33
(v) Miscellaneous	18.26	1,27.88
<i>II—Net disbursement under loans and advances, i.e., after taking into account recoveries of loans and advances</i>		
	37.06	5,39.48
Total	13,38.13	61,09.63

Out of the total expenditure of Rs. 13.38 crores outside the revenue account, Rs. 12.26 crores were met from loans granted by Government of India.

5. *Loans and Advances by the Union Territory Government—*(a) The disbursements under loans and advances and the recoveries thereof during 1965-66, 1966-67 and 1967-68 together with the corresponding budget estimates are given below:—

	Year	Budget	Actuals	Variations	
				Increase+	Decrease—
				Amount	Percentage
		(In lakhs of rupees)			
Disbursements	1965-66	42.86	58.51	+15.65	36
	1966-67	33.75	72.79	+39.04	116
	1967-68	77.02	75.18	—1.84	2
Recoveries	1965-66	8.47	13.58	+5.11	60
	1966-67	7.90	29.64	+21.74	275
	1967-68	29.63	38.12	+8.49	29
Net	1965-66	34.39	44.93	+10.54	31
	1966-67	25.85	43.15	+17.30	67
	1967-68	47.39	37.06	—10.33	22

(b) Loans and advances given by the Union Territory Government and outstanding at the end of March 1968 were Rs. 5.39 crores. Details are given below:—

Loans and advances	Balance on 31st March 1968 (In lakhs of rupees)
(i) Loans to municipalities	22.10
(ii) Loans to land holders and other notabilities	0.02
(iii) Advances to cultivators	1,28.03
(iv) Loans and advances to displaced persons	6.07
(v) Loans and advances under community development programme	8.94
(vi) Miscellaneous loans and advances:—	
(a) Loans to Nahan Foundry	33.75
(b) Loans under low income group housing scheme	1,38.00
(c) Loans to cottage and small scale industries	45.65
(d) Loans to co-operative societies	21.53
(e) Loans under village housing project schemes	6.68
(f) Loans under Punjab State aid to industries act	92.47
(g) Other loans	27.49
(vii) Loans to Government servants, etc.	8.75
Total	5,39.48

Rs. 8.45 lakhs were received by the Union Territory Government during 1967-68 as interest on loans and advances.

(i) *Loans the detailed accounts of which are maintained by departmental officers*—Complete information about recoveries (of loans) in arrears at the end of 1967-68, the detailed accounts of which are maintained by the departmental officers, has not been supplied by Government. According to information made available (February 1969), the recoveries in arrears were Rs. 48.87 lakhs (principal Rs. 31.44 lakhs and interest Rs. 17.43 lakhs). Details are given below:—

Head of Account	Amount of arrears	
	Principal	Interest
	(In lakhs of rupees)	
(i) Advances to cultivators	3.65	0.67
(ii) Miscellaneous loans and advances—		
(a) Loans under low income group housing scheme	9.01	10.54



(b) Loans under middle income group housing scheme	0.41	0.46
(c) Loans to co-operative societies	0.29	0.19
(d) Loans under village housing scheme	0.77	0.59
(e) Loans to private individuals and bodies (Pre-merger)	4.76	..
(iii) Loans and advances under the community development programme	1.50	0.78
(iv) Cottage and small scale industries	11.05	4.20
Total	31.44	17.43

(ii) Loans the detailed accounts of which are maintained in the Audit Office—At the end of March 1968 Rs. 2.74 lakhs (principal Rs. 1.31 lakhs and interest Rs. 1.43 lakhs) were overdue for recovery in case of loans to municipalities the detailed accounts of which are kept in Audit Office. Of that, Rs. 1.62 lakhs (principal Rs. 0.86 lakh and interest Rs. 0.76 lakh) were in arrears for more than one year.

6. *Debt position*—(a) The total debt outstanding at the end of March 1968 was Rs. 40.92 crores; the entire amount represented loans from the Central Government, Rs. 12.26 crores were received during 1967-68 as loans.

(b) *Service of debt*—The table below shows the net burden on revenue of interest charges on debt:—

	1967-68 (Rs. lakhs)
(i) Interest paid on loans received from the Central Government	1,53.08
(ii) <i>Deduct</i> —Interest realised on loans and advances by the State Government	8.45
(iii) Net interest charges	1,44.63
(iv) Percentage of gross interest to total revenue receipts	4
(v) Percentage of net interest to total revenue receipts	4

There were in addition certain other receipts and adjustments of Rs. 37.72 lakhs, such as interest received from commercial departments. If these are also taken into account, the net burden of interest on the revenue was Rs. 1,06.91 lakhs which was 3 per cent of the revenue receipts.

7. *Guarantees*—Governments of the Union Territories have no power to give guarantees on the security of their Consolidated Funds. Guarantees, if any, in connection with the administration of the Union Territory are given by Government of India. In the event of guarantees being invoked, the necessary payments will, in the first instance, be a charge on the

Consolidated Fund of India and the amount will subsequently be recovered from the Union Territory.

The guarantees are in the nature of contingent liabilities. Brief particulars of the guarantees are given below (further details are given in statement no. 6 of Finance Accounts 1967-68):—

	Maximum amount guaranteed	Amount guaranteed outstanding on 31st March 1968
(In lakhs of rupees)		
<i>Guarantee for overdraft to—</i>		
(i) Nahan Foundry Ltd., Nahan, from the State Bank of India and Himachal Pradesh Co-operative Bank	13.75	13.75
(ii) Guarantee for repayment of share capital raised by Himachal Pradesh Financial Corporation (and payment of minimum dividend of 3 per cent thereon)	11.56	11.56
(iii) Guarantee for repayment of redeemable bonds (and payment of interest thereon) issued by Himachal Pradesh Financial Corporation	8.92	8.43

8. *Investments*—The Union Territory of Himachal Pradesh had invested Rs. 0.39 lakh in the bonds of Punjab Financial Corporation and Rs. 10.16 lakhs in the share capital of Himachal Pradesh Financial Corporation. Rs. 40,320 were received as dividend for 1967-68 (Rs. 25,875 from Punjab Financial Corporation and Rs. 14,445 from Himachal Pradesh Financial Corporation). Rs. 25,875 were credited to the Himachal Pradesh Government and Rs. 14,445 were transferred to Special Reserve Fund of Himachal Pradesh Financial Corporation under section 35-A of State Financial Corporation Act 1951.

Rs. 25.40 lakhs were also invested in Mandi-Kulu Road Transport Corporation to the end of 1967-68. No dividends have been declared by the Corporation till March 1968.

Upto 1967-68 Rs. 6.36 lakhs and Rs. 2.90 lakhs were invested in Himachal Pradesh Mineral and Industrial Development Corporation and Himachal Pradesh State Small Industries Corporation respectively.



The investment made by the Union Territory Government in the share capital of Kulu Valley Transport Limited at the end of 1967-68 was Rs. 3.08 lakhs; the company went into voluntary liquidation from May 1963. Rs. 40 lakhs also were invested in the share capital of Nahan Foundry Limited.

The investment made by the Union Territory Government in the share capital of co-operative banks/other societies at the end of March 1968 was Rs. 32.20 lakhs. Rs. 0.29 lakh were received as dividend during the year.

9. *Financial results of electricity schemes*—The table below shows the net return (revenue receipts less working expenses) during 1965-66, 1966-67 and 1967-68 on the outlay on electricity schemes for which capital and revenue accounts are kept:—

	1965-66	1966-67	1967-68
	(In lakhs of rupees)		
Progressive capital outlay	2,87.02	3,58.38	6,31.62
Total revenue receipts	23.23	30.31	85.82
Direct working expenses	50.89	69.28	1,27.87
Net revenue without taking into account interest charges	—27.66	—38.97	—42.05
		Percentage	
Return as percentage of outlay	—10	—11	—7
		(In lakhs of rupees)	
Interest on capital	10.72	12.40	19.55
Net profit +/loss— after meeting interest	—38.38	—51.37	—61.60
		Percentage	
Net return +/deficit— after meeting interest as percentage of capital outlay.	—13	—14	—10

The working expenses increased from Rs. 50.89 lakhs in 1965-66 to Rs. 1,27.87 lakhs in 1967-68 while the corresponding increase in receipts was from Rs. 23.23 lakhs in 1965-66 to Rs. 85.82 lakhs in 1967-68.

10. *Non-receipt of utilisation certificates*—In 1967-68 Government paid Rs. 1,02.39 lakhs as grants-in-aid to panchayats, municipalities, co-operative societies, educational institutions, etc.

Certificates of proper utilisation of grants are required to be furnished by departmental officers to Audit within a reasonable time. Utilisation

certificates for Rs. 91.00 lakhs paid as grants were awaited (November 1968) as indicated below:—

Year	Number	Amount (In lakhs of rupees)
1962-63 and earlier years	62	1.90
1963-64	<u>38</u>	15.67
1964-65	48	<u>2.74</u>
1965-66	32	3.45
1966-67	355	41.86
1967-68	120	25.38
Total	<u>655</u>	<u>91.00</u>

The outstandings related mainly to Agriculture (Rs. 31.72 lakhs), Panchayats (Rs. 15.56 lakhs), Welfare (Rs. 12.91 lakhs), Local Self Government (Rs. 12.06 lakhs), Community Development (Rs. 6.59 lakhs), Education (Rs. 3.01 lakhs) and Co-operative (Rs. 3.27 lakhs) departments.



## CHAPTER II

### Appropriation Audit and Control over Expenditure

11. *Summary*—The following table compares the total expenditure in 1967-68 with the total voted grants and charged appropriations:—

Voted—		Total grants/ appropriations	Actual expendi- ture (Rs. lakhs)	Saving— excess +	Percen- tage of the saving/ excess
Original	52,12.46	72,37.24	71,24.40	—1,12.84	2
Supplementary	20,24.78				
<i>Charged—</i>					
Original	<b>2,42.30</b>	<b>3,50.15</b>	<b>2,68.79</b>	<b>—81.36</b>	<b>23</b>
Supplementary	<b>1,07.85</b>				
<i>Total—</i>					
Original	54,54.76	75,87.39	73,93.19	—1,94.20	3
Supplementary	21,32.63				

The saving of Rs. 1,94.20 lakhs was the net result of savings of Rs. 3,62.64 lakhs in thirty nine grants and thirteen appropriations and excess of Rs. 1,68.44 lakhs in twelve grants and one appropriation.

12. *Supplementary grants/appropriations*—Supplementary provision of Rs. 21,32.63 lakhs was obtained under thirty one grants and thirteen appropriations. It would be seen from Appendix I that:—

- (i) In three grants supplementary provision of Rs. 26.99 lakhs obtained in February and March 1968 proved unnecessary, the expenditure did not come even upto the original grant.
- (ii) In three grants supplementary provision proved largely excessive, against supplementary provision of Rs. 73.34 lakhs, Rs. 21.19 lakhs remained unutilised.
- (iii) Supplementary provision proved substantially inadequate in one grant. In that case while the additional provision was Rs. 2.77 lakhs, the actual expenditure exceeded the total grant (including supplementary provision) by Rs. 47.27 lakhs.

13. *Excess over voted grants*—(a) Excess over the following twelve voted grants requires to be regularised under section 30 of the Government of Union Territories Act 1963:—

(In this table 'O' stands for original grant and 'S' for supplementary grant).

Serial no.	Particulars of grant	Total grant	Expenditure	Excess
		Rs.	Rs.	Rs.
1.	1—Land Revenue (Voted)—			
	O	53,57,000	64,17,700	64,36,891
	S	10,60,700		
			Excess occurred under "Staff for Land Reforms" (total provision Rs. 6.03 lakhs: expenditure Rs. 6.15 lakhs) and 'Consolidation of Holdings' (total provision Rs. 6.78 lakhs: expenditure Rs. 6.82 lakhs) and was mainly due to payment of dearness allowance to the staff at enhanced rates.	
2.	2—State Excise Duties (Voted)—			
	O	3,17,000	3,87,000	3,90,484
	S	70,000		
3.	3—Taxes on Vehicles (Voted)—			
	O	18,000	21,000	21,115
	S	3,000		
4.	5—Other Taxes and Duties (Voted)—			
	O	4,34,000	4,87,000	5,04,256
	S	53,000		
			Excess occurred under 'Direction' (total provision Rs.0.87 lakh: expenditure Rs. 0.92 lakh) and 'Superintendence' (total provision Rs. 4.00 lakhs: expenditure Rs. 4.12 lakhs) and was mainly due to unexpected heavy repairs to departmental vehicle and adjustment of some unforeseen but inevitable expenditure and book transfer bills.	
5.	6—Stamps (Voted)—			
	O	27,000	58,500	80,843
	S	31,500		
			Excess occurred under "Charges for the sale of Stamps" (provision Rs. 0.41 lakh: expenditure Rs. 0.59 lakh) and "Cost of Stamps supplied from Central Stamp Stores" (provision Rs. 0.17 lakh: expenditure Rs. 0.22 lakh) and was mainly due to more demand of stamps by the districts of merged area.	
6.	9—General Administration (Voted)—			
	O	1,18,06,000	1,27,02,000	1,29,75,069
	S	8,96,000		
			Excess occurred under "General Establishment" (provision Rs. 52.53 lakhs: expenditure Rs. 55.73 lakhs) and was mainly due to increase in the rates of dearness allowance.	



## 7. 15—Education (Voted)—

O	6,21,04,000	}	6,85,11,600	7,17,80,300	32,68,700
S	64,07,600				

Excess occurred under "Government Secondary Schools" (provision Rs. 2,73.72 lakhs: expenditure Rs. 2,93.63 lakhs) and "Government Primary Schools" (provision Rs. 2,86.91 lakhs: expenditure Rs. 2,99.37 lakhs) and was mainly due to payment of dearness allowance at enhanced rates, increase in prices of essential equipment supplied to newly up-graded schools and opening of 80 middle schools against the target of 40.

## 8. 26—Electricity Schemes (Voted)—

O	1,32,49,000	}	1,71,34,100	1,78,58,677	7,24,577
S	38,85,100				

Excess occurred under:—

- (i) 'Interest' (provision Rs. 15.50 lakhs: expenditure Rs. 19.55 lakhs) due to adjustment of some bills through book transfer for which necessary provision was not made;
- (ii) 'Establishment' (provision Rs. 74.36 lakhs: expenditure Rs. 76.80 lakhs) due to payment of dearness allowance at enhanced rates and settlement of arrear claims of staff transferred from Punjab State Electricity Board; and
- (iii) 'Maintenance' (provision Rs. 49.40 lakhs: expenditure Rs. 50.64 lakhs) due to purchase of more energy from Punjab and additional expenditure on repairs of lines and local distribution.

## 9. 28—Other Public Works (Voted)—

O	6,43,49,000	}	6,46,25,600	6,93,52,867	47,27,267
S	2,76,600				

Excess occurred mainly under "Suspense" (provision Rs. 4,40.06 lakhs: expenditure Rs. 4,87.67 lakhs) and was due to receipt of more stores than anticipated.

## 10. 38—Payment of Compensation to Land Holders (Voted)—

O	1,60,000	}	1,79,900	1,81,867	1,967
S	19,900				

## 11. 42—Capital Outlay on Electricity Schemes (Voted)—

O	4,54,71,000	}	12,29,04,000	12,84,36,289	55,32,289
S	7,74,33,000				

Excess occurred mainly under "Suspense" (provision Rs. 8,30.90 lakhs: expenditure Rs. 8,91.98 lakhs) and was mainly due to purchase of more material and stores (Rs. 65.57 lakhs).

12.	48—Capital Outlay on Schemes of Government Trading (Voted)—					
	O	2,13,30,000	}	8,94,17,200	9,16,46,419	22,29,219
	S	6,80,87,200				

Excess occurred mainly under "Purchases" (provision Rs. 6,73.57 lakhs: expenditure Rs. 7,25.64 lakhs) and "Purchase of equipment for plant protection schemes" (provision Rs. 4.82 lakhs: expenditure Rs. 18.71 lakhs). The excess under "Purchases" was due to advance payments made for foodgrains procured from other Governments/bodies to meet food shortage in the Pradesh. Reasons for excess under "Purchase of equipment for plant protection schemes" are awaited. Excess was partly off-set by saving under other group heads.

(b) *Excess over charged appropriation*—Excess over the following charged appropriation also requires regularisation:—

1.	43—Capital Outlay on Public Works (Communications) (Charged)—					
	O	..	}	85,700	1,10,133	24,433
	S	85,700				

Excess occurred mainly under "Major Works" and represented payment of decretal amount.

14. *Savings in grants/appropriations*—(a) It would be seen from Appendix II that in sixteen voted grants and three charged appropriations savings exceeded 10 per cent; in ten of those cases the savings ranged between 20 and 97 per cent.

(b) Some of the major schemes/items, the provision for which remained wholly or substantially unutilised and the reasons for the savings are given below:—

Serial no.	Number and name of grant and scheme	Provision	Saving	Percentage
(In lakhs of rupees)				
1.	16—Medical Medical College	18.53	10.89	59
		Mainly due to non-availability of teaching staff, non-purchase of equipment, etc.		
2.	18—Agriculture Agricultural Demonstrations and Propaganda including Public Exhibitions and Fairs	67.70	25.90	38
		Mainly due to receipt of less fertilizer from the Government of India.		
3.	26—Electricity Schemes Miscellaneous Expenditure (including survey)	26.89	11.67	43
		Mainly due to non-sanction of certain investigation schemes during the year and short working season due to heavy snowfall.		



4.	29—Capital Outlay on Public Works—Buildings Major Works	51.20	16.57	32	Mainly due to non-approval, by the Priority Board, of certain works for execution and non-execution of some works for want of administrative approval and expenditure sanction, etc.
5.	33—Stationery and Printing Government Presses	20.38	11.76	58	Mainly due to non-receipt of Government of India sanction for foreign exchange for purchase of machinery and non-receipt of debits for printing paper purchased through the Director General, Supplies and Disposals.
6.	41—Capital Outlay on Industrial and Economic Development Investment in the share of Mandi-Kulu Road Transport Corporation	9.60	9.60	100	Non-investment in the share capital was due to delay in the issue of sanction by Government.
7.	45—Capital Outlay on Road and Water Transport Schemes Water Transport Services	3.50	3.50	100	Due to non-finalisation of the scheme during the year.
8.	46—Capital Outlay on Forests Livestock, Stores and Tools and Plant	5.00	4.20	84	Due to non-receipt of stores indented for Rosin and Turpentine Factory, Bilaspur.

15. *Control over expenditure*—(a) The object of control over expenditure in this context is to secure as close an approximation as possible between the actual expenditure and the final grant/appropriation under each sub-head of grant/appropriation; this is done by:—

- (i) sanctioning re-appropriations from sub-heads of grants/appropriations where saving is anticipated to other sub-heads in the same grant/appropriation where there is need for additional funds,
- (ii) obtaining supplementary grants or appropriations, where necessary, and
- (iii) surrender of surplus funds under any sub-head as soon as saving can be foreseen.

(b) It will be seen from paragraph 13 above that excesses of Rs. 1,68.44 lakhs remained uncovered by supplementary provision or by advance from the Contingency Fund in twelve grants and one appropriation.

(c) Cases where additional funds provided in the course of the year by supplementary provision proved unnecessary, excessive or inadequate have been indicated in paragraph 12 above.

(d) *Surrender of savings*—Although the rules require that the unutilised amounts should be surrendered as soon as the possibility of savings is anticipated, all the surrenders (Rs. 3,65.36 lakhs) were made in the last month of the year.

In the case of thirteen grants, Rs. 1,39.61 lakhs were surrendered; in two of those cases, no amount eventually became available for surrender and in eleven cases the savings ultimately found to be available were less than the amounts surrendered.

(e) Important instances of defective control over expenditure under individual group heads within the grants/appropriations have been mentioned in the Appropriation Accounts.



## CHAPTER III

### Civil Departments

#### FOREST

16. *Non-enforcement of the terms of agreement*—In January 1964 one lot of trees was auctioned for Rs. 1.76 lakhs in Theog Forest Division. According to the agreement, felling of trees was to be completed before 31st March 1965 and the royalty was to be paid by the contractor on or before the dates shown below or before the date of export, whichever was earlier:—

- |                        |                                       |
|------------------------|---------------------------------------|
| (i) First instalment   | (Rs. 0.59 lakh)<br>1st November 1964. |
| (ii) Second instalment | (Rs. 1.17 lakhs)<br>1st February 1965 |

The contractor was also liable to pay Rs. 3,800 for damages caused to trees during felling operations.

The contractor paid Rs. 0.19 lakh only upto 1st November 1964 and Rs. 0.43 lakh during November 1965 to March 1966. No action was taken by the department to levy penalty or to cancel the contract and to forfeit the timber extracted as provided in the agreement. The department allowed export of timber proportionate to these payments received and detained 15,531 cubic feet of timber (value Rs. 1.04 lakhs) in May 1966, against Rs. 1.18 lakhs due from the contractor. In September 1967 it was decided to auction the confiscated timber but the contractor approached the Divisional Forest Officer for postponement of auction and deposited Rs. 0.20 lakh and for the balance payment he gave an assurance that he would pay Rs. 0.20 lakh when he was permitted to lift the balance timber and that the remaining amount would be paid in instalments of Rs. 5,000 per month. This was accepted but the assurance was not kept and Rs. 0.98 lakh (including Rs. 0.04 lakh on account of damages) besides interest of Rs. 0.13 lakh upto September 1967 remain unrealised.

In November 1967 the department stated that cancellation of agreement, forfeiture/re-sale of forest produce, etc., was under consideration and that the balance, if any, would be recovered by due process of law. Further action taken in the matter has not been intimated (March 1969).

17. *Outstanding recoveries*—In Theog Forest Division one lot of trees was auctioned for Rs. 40,100 and according to the terms of agreement, the contractor was to pay (i) Rs. 13,333 on 1st November 1962 or the date of

floating wood by river or the date of export by land, whichever was earlier, and (ii) Rs. 26,767 on 1st February 1963 or the date of export or the date of floating wood, whichever was earlier and to complete felling and removing of timber by March 1963. In September 1963 the department required the contractor to pay Rs. 10,219 on account of damages caused to other trees in the forest. In June 1964 timber was floated by the contractor without obtaining permission of the department and without payment of the second instalment and other dues. The wood launched by the contractor was impounded at Nangal depot in July 1964 and its value was assessed to be sufficient to cover all the recoverable dues. In September 1964 the contractor was permitted by the Conservator of Forests, Simla, to remove any quantity of timber on payment of proportionate value. The contractor paid Rs. 16,000 in October-November 1964 and removed proportionate timber. On 31st December 1964 the Depot Officer, Nangal, reported to the Divisional Forest Officer that most of the timber stored in the depot had been stolen. The left-over was auctioned in April 1967 for Rs. 650 only. The department stated in August 1968 that Rs. 16,160 were yet to be recovered from the contractor after adjusting all the amounts realised and that the case was being referred to the Collector for recovery as arrears of land revenue.

## INDUSTRIES

18. *Training-cum-production centres in Palampur project*—Three training-cum-production centres were set up in October 1963 in Palampur project area to make hooked rugs for export to U.S.A. It was envisaged that training of 2 years' duration would be imparted to 150 trainees in those centres (a stipend of Rs. 30 p.m. was paid to each trainee) and they would be shifted to the production side after one year. 126 trainees were actually recruited, trained and then shifted to production side. The products, however, found no market either in United States of America or within the country and the centres were, therefore, closed in September 1964. In all Rs. 1.27 lakhs were spent on these centres (including Rs. 0.15 lakh on establishment and Rs. 0.47 lakh on stipends). Raw material and tools and equipment worth Rs. 0.32 lakh were transferred to other centres and those valued Rs. 0.09 lakh are still (August 1968) awaiting disposal. The finished goods sold yielded Rs. 0.04 lakh.

The matter was reported to Government in October 1967; reply is awaited (March 1969).

## GENERAL

19. *Misappropriations and defalcations, etc.*—157 cases (amount: Rs. 15.00 lakhs) of misappropriations, defalcations, etc., were pending finalisation at the end of March 1968 as shown in Appendices III and IV. Of them, 49 (amount: Rs. 6.28 lakhs) were pending for more than five years.



The department of Buildings and Roads accounts for 63 per cent of the total number of pending cases.

## Chapter IV

### Works Expenditure

20. *Infructuous expenditure/uneconomical working of kühls*—Five *kühls* constructed to provide irrigation facilities did not irrigate any land or the area irrigated was far below the anticipated commanded area (resulting in unfruitful expenditure or uneconomical working of these *kühls*) as stated below:—

(i) *Ladruin kuhl*—Construction of *Ladruin kuhl*, intended to irrigate 898 acres, was undertaken in 1957 and completed in June 1962 at a cost of Rs. 2.44 lakhs. No irrigation was done during 1962 and 1963 as the *kuhl* had been damaged in the floods of 1960. The Executive Engineer reported to the Superintending Engineer in February 1963 that the *kuhl* was in a dilapidated condition and a retaining wall close to its head had collapsed. The damages were repaired at a cost of Rs. 0.11 lakh and the *kuhl* was finally commissioned in May 1964. It irrigated only 12 acres each year during 1964 to 1967 and yielded a total revenue of Rs. 391 in all. The expenditure on maintenance and repairs of the *kuhl* (excluding Rs. 0.11 lakh on special repairs) upto March 1967 was Rs. 0.13 lakh.

The Executive Engineer attributed the short-fall in irrigation to:—

- (a) The *kuhl* had been damaged at many places and at one place for a length of 3/4th of a mile. The weir wall had also been damaged and water was not flowing in the *kuhl* but was going waste.
- (b) Another private *kuhl* was also fed from the same source from which this *kuhl* took off. The affected villagers were interfering with the flow of water in the Government *kuhl*.

The matter was reported by Audit to Government in November 1967; their reply is awaited (February 1969).

(ii) *Upper Dhangoo kuhl*—For irrigating 844 acres of land, the *kuhl* was constructed in March 1959 at a cost of Rs. 2.09 lakhs. Rs. 38,800 were spent on its maintenance and repairs upto November 1967. The *kuhl* could not irrigate more than 95 acres of land during each crop year from 1964 to 1967.

In 1955 when construction of the *kuhl* was undertaken Government's intention to construct a *kuhl* from *Ratti khud* was not notified (required under the Himachal Pradesh Minor Canals Act 1955). A private mill-owner was getting water supply from that *khud* for running his mill. His supply was completely stopped because the head of the Government *kuhl* was



constructed with cement concrete and the debris excavated fell into the mill's *kuhl*. The mill-owner approached the department either to restore supply of water for running the mill or to pay compensation for extinction of his rights for use of water. As the department could not settle the dispute, in January 1961 the mill-owner approached the Land Acquisition Officer who awarded Rs. 9,900 as compensation. This was not accepted by the department. The mill-owner then obtained a fresh award in May 1966 for Rs. 25,700 (Rs. 9,200 as compensation for extinction of water rights, Rs. 15,000 for damages and for stoppage of water supply, and Rs. 1,500 for loss of earnings). The department filed an appeal in the High Court which was dismissed with costs in June 1967. Rs. 27,400 (including interest charges and legal expenses) were paid to the mill-owner during July to September 1967.

(iii) *Kaland kuhl*—Construction of *Kaland kuhl* (estimated cost Rs. 2.07 lakhs) intended to irrigate 1,000 acres of land was commenced in March 1957 without administrative approval and technical sanction. By 1963-64 Rs. 2.53 lakhs were spent thereon. The *kuhl* remained incomplete and was never commissioned. The Executive Engineer inspected the *kuhl* in February 1966 and reported to the Superintending Engineer in March 1966 that:—

- (a) a length of about 300 feet near the head was still to be constructed;
- (b) some intake work at the head was still to be constructed;
- (c) two falls were still to be constructed;
- (d) a portion—about 250 feet long near Kapahi village—had been totally eroded and required reconstruction;
- (e) heavy slips had occurred in a good number of reaches thereby filling and damaging the *kuhl* and debris and stones required removal.

Government stated in December 1968 that a revised estimate for the retaining wall, construction of falls, head-works, etc., not provided for in the original estimate was under preparation for completing the *kuhl*.

(iv) *Jai Devi kuhl*—For irrigating 400 acres of land in Karsog Division, the *Jai Devi kuhl* was completed in 1958 at a cost of Rs. 0.92 lakh. The Assistant Engineer, however, reported to the Executive Engineer in November 1959 that:—

- (a) there was shortage of water in the *Kansa khud* at the point where the *kuhl* took off; the maximum discharge of water during dry months when *kuhl* water was to be used being only 13 cusecs against the designed discharge of 34 cusecs;
- (b) for smooth flow of water the whole *kuhl* required lining.

The *kuhl* was not commissioned and it did not irrigate any land till 1960 when it was damaged by floods. No repairs were carried out as the people of the area represented that their lands had been rendered unsuitable (by floods) for irrigation by *kuhl*.

A committee of experts appointed in March 1966 to examine the utility of the *kuhl* or the possibility of joining it with Kansa *kuhl* recommended, for the following reasons, that the *kuhl* (Jai Devi) be abandoned:—

- (a) The gradient of the land proposed to be irrigated by the *kuhl* was such that if there was such irrigation there was danger of soil erosion.
- (b) It would be highly expensive to reconstruct it and join it with Kansa *kuhl*; the estimated expenditure on reconstruction being about Rs. 1 lakh.
- (c) There was inadequate supply of water for the *kuhl* as it was fed by the Kansa *khud* from which a number of other *kuhls* including Kansa *kuhl* also took off.
- (d) Between the heads of Jai Devi and Kansa *kuhls* there were a number of small *kuhls* constructed by private individuals for irrigating their own lands, and if Jai Devi *kuhl* was reconstructed to augment Kansa *kuhl* those people would not be able to irrigate their lands.

The expenditure of Rs. 0.92 lakh incurred on construction of the *kuhl* has thus proved infructuous. The matter was reported to the Chief Engineer in April 1967 and to Government in July 1967; their reply is awaited (February 1969).

(v) *Shoya Grech kuhl*—For providing irrigation to 100 acres of land, construction of *Shoya Grech kuhl* (estimated cost Rs. 39,100) was undertaken in February 1958 in Simla Division No. II. Rs. 29,800 were spent upto March 1962. The Executive Engineer inspected the *kuhl* in October 1962 and reported to the Chief Engineer in October/November 1962 that, due to the following reasons, it would not be advisable to spend any further amount on its improvement or construction:—

- (a) The villagers were not prepared to part with the source of water as it would result in closure of their *gharats*. In the alternative, huge compensation would have to be paid to them.
- (b) The *kuhl* had been filled up at places due to land-slides and was in a state of disrepair.
- (c) The discharge was reduced considerably during May and June.
- (d) In one reach the *kuhl* had a very steep gradient and in order to run the channel it would require lining throughout, which would entail expenditure.



The expenditure of Rs. 29,800 on construction of the *kuhl*, therefore, proved infructuous. The matter was reported by Audit to the Chief Engineer in July 1967 and to Government in April 1968; their reply is awaited (February 1969).

21. *Non-achievement of targets*—The Bharoli lift irrigation scheme, intended to irrigate 1,400 acres of land, was completed in March 1964 at a cost of Rs. 2.07 lakhs. Against the anticipated annual revenue of Rs. 19,900 the actual income was:—

Year	Income Rs.
1964-65	311
1965-66	1,713
1966-67	3,794
1967-68	1,883

The area irrigated upto March 1967 was only 3 to 15 per cent of the target as indicated below:—

Year	Actual area irrigated	Percentage of the target (1,400 acres)
1964-65	37 acres	3
1965-66	150 acres	11
1966-67	215 acres	15

The Executive Engineer reported to the Superintending Engineer in November 1967 that the shortfall was due to insufficient supply of electrical energy to run the pumps and inadequate staff for checking unauthorised use of irrigation water. The matter was reported by Audit to Government in October 1968; reply is awaited (February 1969).

22. *A retaining wall*—Construction of a retaining wall on Nahan-Dehra Dun road at Sarahan, 11 to 13 feet high, was completed in April 1964 at a cost of Rs. 12,800. During February to June 1965 the height of the wall was later raised to 24 to 32 feet at a cost of Rs. 12,770. The wall, however, was structurally strong enough for a height of 22 feet only. Therefore, a portion of the wall (expenditure Rs. 21,200) collapsed in July 1965. The damage to the wall was attributed by the Executive Engineer to:—

- (a) inadequate foundation width; and
- (b) accumulation of water due to rains and inadequate drainage which made the water pass through the wall.

To recover the loss, the department withheld Rs. 12,770 due to the contractor for certain other works. The contractor disputed it in arbitration and the arbitrator decided the case in his favour on the ground that he had carried out the work according to the specifications.

The Chief Engineer informed Audit in November 1968 that action to fix responsibility for the loss due to defective designing was being taken.

23. *Recoveries pending from a contractor*—In March 1961 a departmental truck given by Rampur Division to a contractor on hire met with an accident causing death to eight labourers employed by the contractor. Compensation of Rs. 14,400 under the Workmen's Compensation Act, was paid by the Department in March 1961 to the legal heirs of the deceased. The Executive Engineer referred the case to higher authorities in May 1967 (six years after the accident) for a decision whether the amount should be recovered from the contractor. Pending that decision, the outstanding dues of the contractor (Rs. 3,000) have been withheld. The truck which had cost Rs. 21,487 was damaged beyond repairs. On this account also there should be recovery from the contractor as per terms of the contract.



## CHAPTER V

### Stores and Stock Accounts

24. *Synopsis of important accounts*—A synopsis of the important stores and stock accounts for 1967-68 (other than those relating to Government commercial and quasi-commercial departmental undertakings) which were received upto March 1969 is given below:—

Serial no.	Stores	Opening balance	Receipts	Issues	Closing balance
			(In lakhs of rupees)		
1.	Printing and Stationery—				
	(i) Paper and binding material	2.56	4.82	4.64	2.74
	(ii) Miscellaneous stores and spare parts	3.24	1.69	0.54	4.39
	The closing stock was more than one year's requirements; the position was similar in 1965-66 and 1966-67 also.				
	(iii) Stationery	3.63	4.08	4.46	3.25
	(iv) Publication and Gazettes	0.35	0.28	0.17	0.46
2.	Public Works Department—				
	(i) Electricity Branch— Iron, steel, electrical equipment, poles, etc.	1,75.11	5,07.96	4,63.08	2,19.99
	(ii) Buildings and Roads Branch— Iron, cement, pipes, bricks, timber, etc.	1,40.44	2,85.87	3,14.75	1,11.56
	(iii) Irrigation Branch— Cement, iron, bricks and miscellaneous stores	0.05	0.12	..	0.17

25. *Non-completion of stock registers*—The rules require that the stock registers in the Public Works Divisions should be closed at the end of each year and reviewed by the Divisional Officers to see that stocks consist only of serviceable and necessary articles and that the stores are priced at the prevailing market rates. The registers have, however, not been closed in 27 Buildings and Roads divisions and 3 Electricity divisions, although Government had granted relaxation in June 1961 (about valuation of stores in those registers) in order to expedite clearance of arrears. Closing of 208 stock registers was in arrear from September 1957 to March 1968 in 30 divisions.

The arrears have continued despite the recommendations of the Public Accounts Committee in paragraph 42 of their First Report of 1967-68 that the stock registers should be brought up to date by the end of October 1967.

## PUBLIC WORKS DEPARTMENT

26. *Delay in investigation and fixing responsibility for shortages of stores*—Three cases of shortage of stores (value Rs. 1.88 lakhs) noticed in two Public Works Divisions are mentioned below:—

(i) A Sectional Officer in Banikhet Division was relieved on his transfer in April 1963 without handing over charge of stores. The charge handed over in July 1963 disclosed shortage of stores (value Rs. 47,286). The records were seized by the Police in June 1964; results of investigation were awaited (February 1969).

(ii) Stores (value Rs. 28,700) found short in Banikhet Division at the time of handing over charge by a Sectional Officer in July 1964 still remain unaccounted for.

The matter was reported to the department in June 1966; final reply is awaited (February 1969).

(iii) In Chenab Valley Division, Udaipur, physical verification of stores and tools and plant conducted during September 1964 and September 1965 showed shortages of Rs. 1,12,500 and surpluses of Rs. 28,500 respectively. The shortages and surpluses of Rs. 34,200 and Rs. 5,700 respectively were located and adjusted upto August 1968. The remaining shortages and surpluses have not been investigated and located (February 1969).

## FOREST DEPARTMENT

27. *Shortages of stores*—Shortage of timber worth Rs. 16,270 was noticed in Rohru Range at the time of taking over charge of stores by the Range Officer in March 1966.

Government informed Audit in October 1968 that the enquiry so far made had shown that consumption of timber had not been correctly accounted for upto 1963-64 and that a further enquiry was being made to determine the exact shortage.

## PUBLIC WORKS DEPARTMENT

28. *Coal purchased unnecessarily*—In July 1962 the Executive Engineer, Nahan Division, placed a requisition for 1,000 tonnes of coal for manufacture of 50 lakh bricks departmentally. No land was either purchased or taken on lease for kiln. 1,015 tonnes of coal (cost Rs. 87,900) were received during December 1963 to March 1964 from a supplier. A proposal was made in January 1964 to set up a departmental kiln for utilising the coal but it was not approved.



476 tonnes of coal were consumed departmentally or by transfer to other divisions. The balance of 539 tonnes of coal (cost Rs. 46,700), still remain undisposed of (January 1969). In April 1968 the Superintending Engineer approved disposal of only 100 tonnes at the reserve price of Rs. 50 per tonne. It could not, however, be disposed of as no bidder turned up on the dates fixed for auction.

Disposal of that coal even at the proposed reserve price would have resulted in loss of Rs. 19,800. Government informed Audit in January 1969 that a proposal for setting up a kiln at Nahan was being considered and, if it materialised, the coal would be utilised for manufacturing bricks.

### INDUSTRIES DEPARTMENT

29. *Unsold stocks—Patties, gudmas and blankets* worth Rs. 56,800 manufactured by trainees during 1963 to July 1968 were lying unsold in the Woollen and Spinning Centre, Keylong. A proposal to sell the goods at reduced rates was stated to be under consideration of the department (August 1967).

(ii) 502 kilograms of woollen yarn valued at Rs. 9,300 were purchased for the Weaving Centre, Keylong in March 1964. Of that, only 64 kilograms valued at Rs. 1,200 were utilised in the centre during November 1966 to August 1968.

30. *Idle machinery, equipment, etc.*—In the following cases, machinery, equipment, etc., remained un-utilised for long :—

### TRANSPORT DEPARTMENT

(i) Four semi-trailers were acquired from a firm through the Director General, Supplies and Disposals, in September 1965 at a cost of Rs. 47,600 (of which Rs. 45,220, representing 95 per cent was paid on production of proof of despatch) on the specific condition that these would be capable of operation in conjunction with Leyland Comet tractors purchased for Rs. 0.88 lakh from another firm. The tractor-trailer combinations, when put into service in November 1965, did not prove road-worthy due to serious defects in brakes and rims of all the four trailers. The defects are yet to be removed (January 1969).

At a joint inspection meeting of the representatives of the firm, the department and the Director General, Supplies and Disposals in March 1967 it was agreed that the firm would carry out modifications/repairs to all the trailers by 28th June 1967, failing which the department was authorised to get them repaired at the cost of the firm. The firm did not fulfil the obligation. In November 1967 the Law Department



opined that the statement made in that inspection report in March 1967 was not a binding contract and that recovery of repair charges could not be enforced. Cancellation of the contract was, however, advised.

The department recommended to the Director General, Supplies and Disposals, in March 1968 and again in September 1968 that the contract should be cancelled and supply of standard make trailers arranged at the risk and cost of the firm.

(ii) Four trucks (original cost Rs. 1,25,500 and depreciated cost Rs. 99,600) remained in the Regional Workshop Nahan since February-June 1965 (three trucks) and April 1966 (one truck) for repairs (estimated cost Rs. 40,000). The heavy repairs were necessitated due to removal of parts from those vehicles for being fitted into other vehicles of the region. No record of the parts salvaged and fitted into the new vehicles was kept. The trucks were parked in the open and were therefore liable to damage due to the vagaries of weather.

(iii) A tyre retreading plant purchased in October 1958 for Rs. 25,200 for the Central Workshop, Taradevi, started functioning only in June 1966 when the boiler required for its working was commissioned.

Another retreading plant purchased in September 1965 for Rs. 46,700 was installed in June 1966. It developed some defects in July 1966 and has been lying un-utilised since then. The supplier, who was asked in September 1966 to remove the defects, did not remove all the defects. The Director General, Supplies and Disposals, asked the department in January 1968 to get the installation done departmentally at the cost of the supplier. The cost of removing the defects was estimated at Rs. 25,100. In March 1968 the supplier (in the meeting between him and the department) had agreed to remove the defects within 10 weeks. Government informed Audit in February 1969 that the machine was commissioned in October 1968 after most of the defects were removed by the supplier.

Against the retreading capacity of 1,455 tyres a year of the plant purchased in 1958, only 394 tyres were retreaded and 300 tubes and 800 tyres vulcanised during June 1966 to March 1968. Reasons for not utilising the maximum capacity of the plant are yet to be investigated by the department.

#### AGRICULTURE DEPARTMENT

(iv) Out of twenty two tractors procured in 1962-63 (cost Rs. 1,86,100) for a project in Mandi, ten have not so far been put to use (since receipt) for want of repairs. Similarly, out of forty two tractors received in February 1966 for sale to farmers, twenty (value Rs. 1.68 lakhs excluding customs duty and transportation charges) are lying in stock.



(v) (a) *Insecticides*—Of 2,950 kilograms of *thurme* purchased in February 1965, 753 kilograms were issued in 1966-67 and 33 kilograms in 1967-68. The remaining 2,164 kilograms (value Rs. 20,000) were lying unused for more than three years. It is not known whether the potency of the insecticides is still intact.

(b) *Power-operated knap sack sprayers*—200 power sprayers (value Rs. 1.37 lakhs) purchased in 1966-67 were lying in stock (August 1968) since purchase.

(vi) For distribution among progressive farmers on taccavi loan basis 40 Yanmar power tillers were received in March 1967. Five of them have been retained by the department itself, four have been distributed, one sold to another department and thirty are lying undistributed (February 1969).

Non-disposal of the tillers was attributed by Government to their high cost, due to devaluation of the rupee and non-finalisation of the terms and conditions of loan and subsidy to be granted to the farmers for purchase of the tillers.

#### FOREST DEPARTMENT

(vii) In July 1965 an air compressor was purchased for Rs. 26,500 (including Rs. 1,000 on transportation, etc.) for Kinnaur Forest Division. It could not be put to use as the road construction had been completed in 1964-65 before the compressor reached the site of work in July 1965. The Divisional Forest Officer informed the Chief Conservator of Forests in March 1967 that the machine was lying idle and it might be transferred to some other division/circle. According to the report made by Assistant Conservator of Forests in August 1967, the machine had been lying in open burried under blasted stones and its various parts including tyres had got damaged. The inspection note, on the basis of which the final payment was to be made to the supplier, was returned verified in March 1966 without testing the working of the machine and checking receipt of accessories.

#### MEDICAL DEPARTMENT

(viii) An X-Ray plant purchased for the Civil Hospital, Keylong, in June 1961 for Rs. 0.30 lakh remained at Kulu till October 1963 when it was transported to Keylong. The plant has not been commissioned so far (February 1969) as the generator supplying electricity to the town was not powerful enough to bear the load required for the plant.

#### TECHNICAL EDUCATION

(ix) A steam boiler purchased in March 1965 by the Government

Polytechnic, Sundernagar, for Rs. 52,700 has not been installed so far (February 1969). Its other accessories costing Rs. 24,900 were purchased during December 1965 to March 1967.

The department stated in August 1968 that the boiler could not be installed for want of a building which was yet to be constructed by the Public Works Department.

Government informed Audit in November 1968 that the boiler was being utilised at present for demonstration purposes at the Polytechnic.

#### FINANCE DEPARTMENT

(x) In order to participate in the national sample survey programme, in March 1966 tabulation equipment were purchased for Rs. 1.48 lakhs for the Economic and Statistical Organisation. In March 1967 the equipment was installed in a Government of India building provided by the Labour Bureau on the condition that the machines, when idle, would be used by them. The equipment were not utilised by the Economic and Statistical Organisation since purchase. They were commissioned in April 1967 for use by the Labour Bureau. Rs. 6,400 were paid by the Organisation to the supplier of the machines towards maintenance charges upto June 1968.

Government informed Audit in December 1968 that approval of Government of India asked for in May 1968 (the original scheme having been sent to the Government of India in December 1964) for implementation of the scheme and appointment of staff required for handling the machines had been received and arrangements were under way for participation in the national sample survey programme from July 1969.



## CHAPTER VI

### Government Commercial and Trading Activities

#### Section-A

##### (General)

31. This chapter deals with the results of audit of:—
- (i) Statutory Corporations,
  - (ii) Government Companies, and
  - (iii) Government Commercial/Quasi-Commercial Departmental Undertakings.

#### Section—B

##### (Statutory Corporations)

32. There are two statutory corporations in Himachal Pradesh, namely Himachal Pradesh Financial Corporation and Mandi-Kulu Road Transport Corporation. Government investment in the two corporations stood at Rs. 35.55 lakhs as on the 31st March 1968. The financial results of Mandi-Kulu Road Transport Corporation are not available as the accounts for the year 1967-68 have not been finalised so far (February 1969). A summary of the financial results of Himachal Pradesh Financial Corporation is given in Appendix V.

#### Section—C

##### (Government Companies)

33. As on 31st March 1968 there were two fully owned Government companies in the State (viz., Himachal Pradesh Mineral and Industrial Development Corporation and Himachal Pradesh State Small Industries Corporation) having a total paid up capital of Rs. 9.26 lakhs.

The working results of the two companies are given in Appendix VI.

#### Section—D

##### (Government Commercial/Quasi-Commercial Departmental Undertakings)

34. There are eight Government commercial undertakings, as detailed

below:—

- (i) Ayurvedic Pharmacy, Jogindernagar.
- (ii) Ayurvedic Pharmacy, Majra.
- (iii) Himachal Pradesh Government Press, Simla.
- (iv) Himachal Government Transport.
- (v) Seed Scheme.
- (vi) Rosin and Turpentine Factory, Nahan.
- (vii) Rosin and Turpentine Factory, Bilaspur.
- (viii) Textile Expert, Ghamba.

The financial results of all the eight undertakings are not available as the *proforma* accounts have not been finalised by the departments so far (February 1969).



## CHAPTER VII

### Outstanding Audit Objections and Inspection Reports

35. *Outstanding Audit Objections*—Irregularities and defects noticed in Audit are reported to the departmental authorities. Periodical reports of outstanding audit objections are also forwarded to the heads of departments for taking necessary steps to expedite their settlement. The financial rules of Government require the departmental officers to attend to the audit objections promptly; the Public Accounts Committee have also been repeatedly stressing the need for quick disposal of the objections. The number and amounts of outstanding objections (excluding certain types of objections relating to works expenditure, viz., want of sanctioned estimates and excess over sanctioned estimates) compared to those included in the previous two Audit Reports are given below:—

	Objections shown outstanding in the Audit Report		
	1967	1968	1969
Number of objections outstanding	9,456	21,969	29,824
Amount (in lakhs of rupees)	3,85.88	7,00.92	16,14.75

Increase of about 130 per cent in the amount of outstanding objections in this Audit Report over that of last year is mainly due to inclusion of objections pertaining to hilly areas merged with Himachal Pradesh consequent on re-organisation of Punjab in November 1966.

Year-wise analysis of audit objections issued up to 31st March 1968 which were not settled upto 30th November 1968 is given below:—

Year of issue	Number of objections	Amount (In lakhs of rupees)
1962-63 and earlier years	2,193	82.77
1963-64	826	13.44
1964-65	1,581	46.17
1965-66	3,512	1,04.41
1966-67	7,520	3,31.95
1967-68	14,192	10,36.01
Total	29,824	16,14.75

4,600 objections (amount: Rs. 1,42.38 lakhs) are over three years old. The departments and broad classes of outstanding objections are given in Appendix VII.

*Detailed Contingent Bills*—The objections (amount: Rs. 0.59 lakh) for non-submission of detailed contingent bills represent expenditure incurred from advances drawn by departmental officers on abstract contingent bills for which detailed bills, duly countersigned by the controlling authority, have not been furnished; of that Rs. 0.54 lakh had been drawn as such advances upto 1966-67. The detailed bills (containing full particulars of the expenditure incurred) with vouchers and receipts of payees are required to be submitted to audit within a month from the date of receipt of such bills by the controlling officer. Inordinate delay in furnishing the detailed bills to Audit results in the expenditure remaining unaudited and irregularities remaining undetected for long.

*Non-submission of vouchers and/or payees' stamped receipts*—10,467 objections (amount: Rs. 10,11.45 lakhs) are outstanding for non-submission of vouchers and/or payees' receipts. In the absence thereof the expenditure could not be checked in audit. Delay in submission of these documents to Audit may result in defalcations, unauthorised expenditure, etc., remaining undetected for long.

36. *Outstanding Inspection Reports*—Financial irregularities and defects in accounts noticed during local audit and inspections are included in inspection reports which are sent to the departmental officers. The points mentioned therein are required to be settled expeditiously so that irregularities may not persist or recur. 2,432 inspection reports containing 11,886 paragraphs issued upto March 1968 (some of which date back to 1949-50) remained undisposed of at the end of November 1968.

The number of outstanding inspection reports in the present Audit Report and that shown in the previous two reports are as follows:—

	Number of inspection reports shown outstanding in the Audit Report		
	1967	1968	1969
Number of inspection reports outstanding	1,642	2,222	2,432
Number of paragraphs in these reports	8,117	11,490	11,886

The departments with comparatively heavy inspection reports are



shown below:—

Department	Number of reports	Outstanding paragraphs in the reports	Year of issue of the earliest outstanding reports
Education	350	1,167	1950-51
Public Works—			
(i) Buildings and Roads	315	1,953	1950-51
(ii) Electricity	130	1,097	1955-56
Agriculture	240	1,061	1951-52
Industries	222	759	1951-52
Development	194	1,169	1957-58
Forest	162	937	1949-50
Medical	113	545	1951-52

Although Government have prescribed a time limit of four weeks for submission of the first replies to inspection reports, the first replies to 91 inspection reports issued upto March 1968 were awaited at the end of November 1968; of that, the first replies to 16 reports had not been furnished for two years and over and to 43 reports for over one year. The particulars of these inspection reports were reported monthly to Government and the heads of departments also; some of the departments where there has been delay in sending the first replies to the inspection reports are shown below:—

Department	Number of inspection reports to which the first replies were awaited for			
	6 months	1 year	2 years	Total
Education	1	12	..	13
Agriculture	5	6	1	12
Development	1	7	2	10
Revenue	8	2	..	10
Public Works—				
(i) Buildings and Roads	1	2	1	4
(ii) Electricity	7	1	11	19

The important types of irregularities noticed during local audit and inspection in 1967-68 are mentioned in Appendix VIII.

*V. Subramanian*

SIMLA:  
The

(V. SUBRAMANIAN)  
*Accountant General, Himachal Pradesh and Chandigarh.*

**- 2 JUN 1969**

Countersigned.

*S. Ranganathan*

NEW DELHI:  
The

(S. RANGANATHAN)  
*Comptroller and Auditor General of India.*

**- 4 JUN 1969**



## APPENDIX I

(Reference: paragraph 12 Page 11)

Cases in which supplementary grants proved entirely unnecessary/  
excessive/inadequate

Serial No.	Number and name of grant	Original grant	Supple- mentary grant	(Rupees lakhs)		Excess+ Savings-	Percentage of saving/ excess
				Final grant	Expen- diture		
<i>I—Cases in which supplementary grants proved entirely unnecessary</i>							
<i>Social and Developmental Services</i>							
1.	18—Agriculture	2,15.23	19.00	2,34.23	1,95.12	—39.11	17
<i>Capital—Miscellaneous</i>							
2.	41—Capital Outlay on Industrial and Economic Development	25.01	3.99	29.00	20.57	—8.43	29
3.	49—Loans and Advances by the State/Union Territory Governments	77.02	4.00	81.02	75.17	—5.85	7
<i>II—Cases in which supplementary grants proved to be substantially excessive</i>							
<i>Transport and Communications</i>							
1.	30—Road and Water Transport Schemes	2,42.32	11.24	2,53.56	2,44.50	—9.06	4
<i>Capital—Miscellaneous</i>							
2.	40—Capital Outlay on Schemes of Agricultural Improvement and Research	20.00	59.23	79.23	68.90	—10.33	13
<i>Inter-State Settlement</i>							
3.	Inter-State Settlement	..	2.87	2.87	1.07	—1.80	63
<i>III—Cases in which supplementary grants proved to be inadequate</i>							
<i>Public Works</i>							
1.	28—Other Public Works	6,43.49	2.77	6,46.26	6,93.53	+47.27	7

## APPENDIX II

(Reference: paragraph 14 page 14)

Serial no.	Number and name of grant or appropriation	(Rupees lakhs)			Saving	Percentage of saving
		Original/Supplementary	Total grant/ <i>appropriation</i>	Expenditure		
<i>I—Cases where the saving was 20 per cent or more of the total grant/appropriation.</i>						
<i>Debt Services</i>						
1.	Interest on Debt and Other Obligations (Charged)	2,25.42	2,25.42	1,53.08	72.34	32
<i>Other Services</i>						
2.	10—Administration of Justice (Charged)	0.49	3.32	0.09	3.23	97
		2.83				
3.	31—Pensions and Other Retirement Benefits	70.95	70.95	27.46	43.49	61
4.	33—Stationery and Printing	30.01	30.01	14.32	15.69	52
<i>Multi-purpose River Schemes—Irrigation and Electricity Schemes</i>						
5.	25—Irrigation, Navigation, Embankment and Drainage Works (Non-Commercial)	15.24	15.24	10.70	4.54	30
<i>Capital—Miscellaneous</i>						
6.	29—Capital Outlay on Public Works—Buildings	51.20	51.20	34.63	16.57	32
7.	40—Capital Outlay on Schemes of Agricultural Improvement and Research (Charged)	—	0.93	0.30	0.63	68
		0.93				
8.	41—Capital Outlay on Industrial and Economic Development	25.01	29.00	20.57	8.43	29
		3.99				
9.	44—Capital Outlay on Public Works	1,20.20	1,20.20	88.42	31.78	26
10.	45—Capital Outlay on Road and Water Transport Schemes	27.00	27.00	21.52	5.48	20
<i>II—Cases where the savings were more than 10 per cent but not exceeding 20 per cent of the total grant</i>						
<i>Other Services</i>						
11.	10—Administration of Justice	17.61	17.61	15.76	1.85	11
<i>Social and Developmental Services</i>						
		2,15.23				
12.	18—Agriculture	19.00	2,34.23	1,95.12	39.11	17
13.	20—Co-operation	34.42	34.42	30.21	4.21	12
14.	21—Industries	66.85	66.85	59.21	7.64	11
15.	22—Community Development Projects, National Extension Service and Local Development Works	1,34.87	1,34.87	1,17.27	17.60	13
16.	23—Labour and Employment	29.67	29.67	23.97	5.70	19
17.	24—Miscellaneous Social and Developmental Organisations	27.43	27.43	22.22	5.21	19
<i>Capital—Miscellaneous</i>						
18.	40—Capital Outlay on Schemes of Agricultural Improvement and Research	20.00	79.23	68.90	10.33	13
		59.23				
19.	46—Capital Outlay on Forests	19.00	19.00	16.22	2.78	15



## APPENDIX III

(Reference: paragraph 19 page 18)

Cases of misappropriations, defalcations, etc., in which departmental action and criminal prosecution have been completed but the cases were pending on 31st March 1968 for recovery/write off

Serial no.	Department	Cases pertaining to					
		1962-63 and earlier years		1963-64 to 1967-68		Total	
		No.	Amount Rs.	No.	Amount Rs.	No.	Amount Rs.
1.	Buildings and Roads	1	29,900	2	2,100	3	32,000
2.	Electricity	1	5,900	—	—	1	5,900
3.	Forest	1	12,200	1	2,500	2	14,700
4.	Agriculture	2	7,800	—	—	2	7,800
5.	Revenue	2	3,800	—	—	2	3,800
6.	Education	2	1,600	—	—	2	1,600
	Total	9	61,200	3	4,600	12	65,800

**APPENDIX IV**

*(Reference: paragraph 19 page 18)*

Misappropriations, defalcations, etc., which were under departmental investigation or criminal investigation on 31st March 1968

Serial no.	Department	Departmental investigation						Criminal investigation					Total	
		Year of occurrence not known		Cases pertaining to				Cases pertaining to						
		No.	Amount	1962-63 and earlier years		1963-64 to 1967-68		1962-63 and earlier years		1963-64 to 1967-68		No.		Amount
				No.	Amount	No.	Amount	No.	Amount	No.	Amount			
	Rs.		Rs.		Rs.		Rs.		Rs.		Rs.		Rs.	
1.	Buildings and Roads	14	1,85,300	25	4,60,100	54	5,01,700	—	—	3	17,200	96	11,64,300	
2.	Irrigation and Water Supply	—	—	3	25,900	4	41,900	—	—	—	—	7	67,800	
3.	Electricity	—	—	2	8,600	2	29,700	—	—	1	2,400	5	40,700	
4.	Industries	—	—	1	32,000	—	—	—	—	—	—	1	32,000	
5.	Transport	—	—	—	—	5	1,100	2	2,600	5	22,700	12	26,400	
6.	Forest	—	—	1	3,800	1	9,400	1	12,900	3	6,200	6	32,300	
7.	Community Development Project	—	—	3	15,800	1	900	—	—	—	—	4	16,700	
8.	Police	—	—	—	—	—	—	—	—	4	16,000	4	16,000	
9.	Public Health	—	—	—	—	—	—	—	—	2	14,400	2	14,400	
10.	Medical	—	—	—	—	2	13,000	—	—	—	—	2	13,000	
11.	Education	—	—	—	—	1	1,200	—	—	3	4,600	4	5,800	
12.	Administration of Justice	—	—	1	2,900	—	—	—	—	—	—	1	2,900	
13.	Agriculture	—	—	1	1,900	—	—	—	—	—	—	1	1,900	
	<b>Total</b>	<b>14</b>	<b>1,85,300</b>	<b>37</b>	<b>5,51,000</b>	<b>70</b>	<b>5,98,900</b>	<b>3</b>	<b>15,500</b>	<b>21</b>	<b>83,500</b>	<b>145</b>	<b>14,34,200</b>	



## APPENDIX V

(Reference: paragraph 32 page 31)

Summarised financial results of the Himachal Pradesh Financial Corporation  
for the year 1967-68

Serial no.		
1.	Date of incorporation	1st April 1967
2.	Total capital invested	(Rupees in lakhs) 15.93
3.	Profit (+)	+0.81
	Loss (-)	
4.	Total interest charged to P & L Account	0.10
5.	Interest on long term loans	0.91
6.	Total return on capital invested	5.71
7.	Percentage of total return on capital invested	

*Note*—'Capital invested' represents paid up capital plus long term loans plus free reserves (All figures at the close of the year).

## APPENDIX VI

(Reference: paragraph 33 page 31)

Summarised financial results of the Government companies for the year 1967-68

Serial no.	Himachal Pradesh State Small Industries Corporation Ltd., Simla	Himachal Pradesh Mineral and Industrial Development Corporation Ltd., Simla
1. Date of incorporation	20th October 1966	25th November 1966
	(Rupees in lakhs)	
2. Total capital invested	2.66	6.18
3. Profit (+)	-0.22	-0.18
Loss (-)		
4. Total interest charged to P & L Account	..	..
5. Interest on long term loans	..	..
6. Total return on capital invested	..	..
7. Percentage of total return on capital invested	..	..
8. Capital employed	2.66	6.18
9. Total return on capital employed	..	..
10. Percentage of total return on capital employed	..	..

Note—1.—‘Capital invested’ represents paid up capital plus long term loans plus free reserves (All figures at the close of the year).

2.—‘Capital employed’ represents net fixed assets (excluding capital work in progress) plus or minus working capital (All figures at the close of the year).



**APPENDIX VII**

*(Reference : paragraph 35 page 33)*

Audit Objections issued upto 31st March 1968 but not settled upto end of November 1968  
*Amount in lakhs of rupees*

Serial no.	Department	Non-submission of payees' stamped receipts and/or vouchers		Non-submission of detailed contingent bills		Objection book advances		Outstanding advances of pay and travelling allowance		Want of sanctions		Others		Total	
		Objec-tions	Amount	Objec-tions	Amount	Objec-tions	Amount	Objec-tions	Amount	Objec-tions	Amount	Objec-tions	Amount	Objec-tions	Amount
1.	Agriculture	930	5,45.49	..	..	791	1.79	243	0.73	51	0.52	1,180	40.96	3,195	5,89.49
2.	Forest	2,493	66.80	..	..	829	2.03	847	1.20	1,729	67.17	2,165	92.21	8,063	2,29.41
3.	Transport	1,609	1,31.74	..	..	190	0.32	19	0.11	718	50.73	3	0.02	2,539	1,82.92
4.	Planning and Development	660	74.32	..	..	531	1.26	29	0.07	122	2.21	746	28.03	2,088	1,05.94
5.	Revenue	139	19.74	..	..	231	0.72	58	0.16	30	0.62	41	0.36	499	21.60
6.	Medical	491	15.07	..	..	465	1.39	14	0.37	354	4.21	98	0.56	1,422	21.60
7.	Education	339	9.98	3	0.12	896	2.20	64	0.17	70	1.63	196	0.88	1,568	14.98
8.	Industries	337	9.05	..	..	604	1.19	65	0.75	45	0.26	37	0.49	1,088	11.74
9.	Animal Hus-bandry	316	6.05	5	0.24	389	0.63	45	0.12	52	0.87	76	0.77	883	8.68
10.	Public Works—														
	(i) Buildings and Roads	1,857	47.18	..	..	831	2.86	15	0.03	210	2.92	522	2,11.34	3,435	2,64.33
	(ii) Electricity	305	56.38	..	..	598	1.00	7	0.14	9	0.05	37	53.92	956	1,11.49
11.	Others	991	29.65	24	0.23	2,066	5.39	239	0.88	361	8.22	407	8.20	4,088	52.57
	Total	10,467	10,11.45	32	0.59	8,421	20.78	1,645	4.73	3,751	1,39.41	5,508	4,37.79	29,824	16,14.75

## APPENDIX VIII

(Reference: paragraph 36 page 36)

Important types of irregularities noticed during local audit and inspections conducted during 1967-68

	Number of offices in which the irregularity was noticed
<i>I— Civil Offices—</i>	
(i) Non-observance of rules for posting and maintenance of cash book and physical verification of cash	25
(ii) Non-observance of rules for reconciliation of withdrawals from and remittances into treasury	24
(iii) Non-realisation of security deposits from officials handling cash, stores, etc.	24
(iv) Improper maintenance of general provident fund accounts of Class IV employees	9
<i>II—Public Works Offices—</i>	
(i) Losses and shortages of stores	24
(ii) Non-accountal of stores	21
(iii) Fictitious adjustment of stores	12





4080.17  
4044.38

35.79

158.75  
4044.38  
4203.13