GOVERNMENT
OF
MADHYA PRADESH

Report

of the

Comptroller and Auditor General of India

FOR THE YEAR 1970-71

ERRATA

Report of the Comptroller and Auditor General of India for the Year 1970-71—
Government of Madhya Pradesh

Page	Para	Column, line, *etc.*	For	Read
(*iii*)	Prefatory Remarks	17	relection	reflection
		18	finanial	financial
5	5(a)	Heading—column (5) line 3.	Amount	Amount of
14	17(a)	line 1	(*a*) Voted grant.—	(*a*) Voted grants.—
15	17(a)	Table—item (*iii*) line 4.	Advances	Advances'
16	17(b)	Heading—column 2	Grant/ Appropriation	Number and name of appropriation
		column 3	Total grant/ appropriation	Total appropriation
16	18(c)	Last line	(Rs.11.40 lakhs)	(Rs.11.04 lakhs)
17	18(c)	Comments—item (iv) line 2	finanial	financial
		Comments—item (vi) (b)	(Rs.11.19 lakhs)	(Rs.11.29 lakhs)
24	24(ii)(a)	line 6	encahsed	encashed
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PREFATORY REMARKS

This Report has been prepared both in Hindi and English for submission to the Governor under Article 151 of the Constitution. It mainly relates to matters arising from the Appropriation Accounts for 1970-71 together with other points arising from audit of the financial transactions of the Government of Madhya Pradesh. It also includes—

(*i*) certain points of interest arising from the Finance Accounts for the year 1970-71, and

(*ii*) matters relating to certain statutory and autonomous bodies, 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 1970-71 as well as those which had come to notice in the earlier years but could not be dealt with in the previous Reports; matters relating to the period subsequent to 1970-71 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 relection on the finanial administration by the departments/authorities concerned.

CHAPTER I

GENERAL

REVENUE RECEIPTS AND EXPENDITURE ON REVENUE ACCOUNT

1. (*a*) *Budget and actuals.*—The actuals of revenue receipts of State Government for 1970-71 as compared with the (*a*) budget estimates and (*b*) budget estimates plus additional taxation during the year along with the corresponding figures for 1968-69 and 1969-70 are shown below :—

Year	Budget	Budget plus additional taxation levied	Actuals	Variation between columns (4) and (3)	
				Amount of increase	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
		(*In crores of rupees*)			
1968-69	1,74.28	1,75.08	1,79.15	4.07	2
1969-70	1,93.07	1,94.71	2,14.84	20.13	10
1970-71	2,20.43	2,22.63	2,28.15	5.52	2

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

Year	Budget	Budget plus supplementary	Actuals	Variation between columns (4) and (3)	
				Amount of decrease	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
		(*In crores of rupees*)			
1968-69	1,79.95	1,83.52	1,70.13	13.39	7
1969-70	2,15.78	2,16.88	1,91.49	25.39	12
1970-71	2,12.39	2,16.98	2,04.06	12.92	6

The year ended with revenue surplus of Rs. 24.09 crores against surplus of Rs. 8.04 crores anticipated in the budget.

2. *Revenue receipts.*—During 1970-71 revenue receipts (Rs. 2,28.15 crores) showed increase of Rs. 13.31 crores (6 per cent) over that in 1969-70 (Rs. 2,14.84

crores). The increase is analysed below:—

	Receipts 1969-70	Receipts 1970-71	Increase + Decrease —
	(*In crores of rupees*)		
(*i*) Revenue raised by the State Government—			
Tax revenue—			
(*a*) Taxes, duties and other principal heads of revenue	79.92	86.58	+6.66
Non-tax revenue—			
(*b*) Receipts under administrative, social and developmental services, irrigation, public works, forest, *etc.*	43.32	43.31	—0.01
(*c*) Interest	14.88	14.24	—0.64
(*ii*) Receipts from Union Government—			
(*a*) State's share of net proceeds of Union taxes	46.65	56.31	+9.66
(*b*) Grants-in-aid—			
(*i*) Grants under Article 275 of the Constitution.	2.33	2.32	—0.06
(*ii*) Other grants-in-aid	27.69	25.39	—2.30
Total	2,14.84	2,28.15	+13.31

Sales tax (Rs. 40.97 crores) is the largest item under "Tax revenue", and formed 47 per cent of the total tax collected. Receipt from forest (Rs. 24.40 crores) is the biggest source under "Non-tax revenue", being 42 per cent of the receipts under this group.

Increase of Rs. 6.01 crores in the revenue raised by the State Government during 1970-71 occurred mainly under—

Head of account	Increase (*In crores of rupees*)	Reasons for increase
X—State Excise Duties	1.49	Mainly due to more receipts under 'Country Spirits' and increase in licence fee from foreign liquors.
XII—Sales Tax	3.33	Mainly due to normal growth of trade and commerce and collection of arrears.
XIII—Other Taxes and Duties	1.42	Mainly due to normal growth and increase in the rate of tax from 7 per cent to 10 per cent on "urban property."

The above increases were partly counter-balanced by less receipts under

the following:—

Head of account	Decrease (*In crores of rupees*)	Reasons for decrease
LI—Forest	1.46	Less receipts mainly due to stoppage of direct extraction of timber by the purchasers/consumers with effect from Ist September 1970 consequent on the introduction of scheme of nationalisation of trade in timber. The delayed implementation of the scheme in 21 forest divisions resulted in collection of less revenue during the year.

The receipts from Union Government during 1970-71 (Rs. 84.02 crores) were 37 per cent of the total receipts of the year. The increase in receipts from Government of India during 1970-71 was mainly due to receipt of the share of unadjusted balance of advance income-tax for 1968-69 (Rs. 4.47 crores) and larger share under "Union Excise Duties" based on recommendations of the Fifth Finance Commission (Rs. 5.36 crores).

3. *Arrears of revenue.*—According to the information furnished by some of the departments, arrears in collection of revenue on 31st March 1971 were Rs. 19.71 crores as shown below:—

Head of revenue	Arrears (*In lakhs of rupees*)	Remarks
Sales Tax	5,45.21	Arrears relate to 1961-62 onwards. Rupees 56.42 lakhs are reported to be irrecoverable and recovery of Rs. 53.63 lakhs doubtful. The department stated in November 1971 that "every year an additional demand of Rs. 4 to 5 crores is raised after assessment, and it cannot be expected that every dealer would pay the extra demand in time .....considering the increase in the revenues of the department, the arrears outstanding cannot in any case be alarming."
Forest	5,87.70	Arrears relate to 1911-12 onwards, out of which Rs. 34.52 lakhs are irrecoverable.
Land Revenue	4,10.74	Arrears relate to 1960-61 onwards and include Rs. 10.73 lakhs reported to be irrecoverable and doubtful.
State Excise Duties	3,71.64	Arrears relate to 1916-17 onwards. These include Rs. 3.16 lakhs reported to be irrecoverable and Rs. 3.47 lakhs doubtful.

Head of revenue	Arrears (*In lakhs of rupees*)	Remarks
Taxes on vehicles, goods and passengers.	37.62	Arrears relate to 1961-62 onwards.
Administration of justice	18.17	Arrears relate to 1953-54 onwards. Rupees 1.80 lakhs are reported to be irrecoverable and Rs. 0.10 lakh doubtful.

4. *Expenditure on revenue account.*—Expenditure on revenue account during 1970-71 (Rs. 2,04.06 crores) showed increase of 6.56 per cent as compared with 1969-70 (Rs. 1,91.49 crores). The increase is analysed below:—

	Expenditure 1969-70	Expenditure 1970-71	Increase + Decrease —
	(*In crores of rupees*)		
(*i*) Collection of Taxes, Duties and other Principal Revenues	7.08	7.28	+0.20
(*ii*) Debt Services	27.53	28.85	+1.32
	Mainly due to increased interest payment on borrowings.		
(*iii*) Administrative Services	25.99	27.15	+1.16
(*iv*) Social and Developmental Services—			
Education	46.84	49.47	+2.63
	Mainly due to filling of vacant posts and full year's effect of enhancement of the rates of dearness allowance of employees.		
Community Development Projects, National Extension Service and Local Development Works	3.26	5.04	+1.78
	Mainly due to payment of more grants-in-aid for approved works constructed with local participation.		
Other Social and Developmental Services	45.96	49.92	+3.96
Total—Social and Developmental Services	96.06	1,04.43	+8.37
(*v*) Multipurpose River Schemes, Irrigation and Electricity Schemes (including Capital Outlay within the Revenue Account).	2.08	2.40	+0.32
(*vi*) Public Works (including Roads) and Schemes of Miscellaneous Public Improvements—			
Public Works	13.19	13.22	+0.03
(*vii*) Miscellaneous—			
Miscellaneous	3.90	5.32	+1.42
	Mainly due to larger expenditure under "State lotteries" (Rs. 0.69 crore), rehabilitation of new families of migrants from the erstwhile East Pakistan (Rs. 0.52 crore) and payment of grants-in-aid to panchayats (Rs. 0.21 crore).		

	Expenditure 1969-70	Expenditure 1970-71	Increase + Decrease —
	(*In crores of rupees*)		
Other Miscellaneous Heads	15.08	14.67	—0.41
Total—Miscellaneous	18.98	19.99	+1.01
(*viii*) Other Heads	0.58	0.74	+0.16
Total	1,91.49	2,04.06	+12.57

EXPENDITURE OUTSIDE THE REVENUE ACCOUNT

5. (*a*) Expenditure outside the revenue account includes, besides capital expenditure, amount disbursed by Government as loans and advances.

Expenditure on capital account during the three years ending 1970-71 as compared with the (a) budget estimates and (b) budget estimates plus supplementary grants is shown below (loans/advances are dealt with in paragraph 6) :—

Year	Budget	Budget plus supplementary	Actuals	Variation between columns (4) and (3) Amount Increase + Decrease—	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
			(*In crores of rupees*)		
1968-69	21.04	22.84	23.90	+1.06	5
1969-70	27.40	31.55	27.50	—4.05	13
1970-71	34.69	38.90	31.26	—7.64	20

(*b*) An analysis of the expenditure outside the revenue account during and to end of 1970-71 is given below:—

		Expenditure during 1970-71	Progressive expenditure up to 1970-71
		(*In crores of rupees*)	
(1)	Compensation to land holders, *etc.*, on the abolition of zamindari system	..	14.09
(2)	Social and Developmental Services—		
	(*i*) Improvement of Public Health	1.13	10.09
	(*ii*) Agricultural improvement and research	—0.11*	18.43
	(*iii*) Industrial and Economic Development	4.43	44.14
(3)	Multipurpose River Schemes, Irrigation and Electricity Schemes—		
	(*i*) Multipurpose River Schemes	7.40	89.36
	(*ii*) Irrigation Works (Commercial and Non-commercial)	10.71	97.54
(4)	Public Works (including roads) and Schemes of Miscellaneous Public Improvements.	7.34	1,04.67
(5)	Schemes of Government Trading	0.43	5.89
(6)	Forests	0.07	0.74
(7)	Miscellaneous	—0.14*	4.66
(8)	Net outgo under "Loans and Advances by the State Government"	10.60	2,15.83
	Total	41.86	6,05.44

*Minus figures are due to adjustment of more receipts than expenditure during the year.

The sources from which capital expenditure outside the revenue account was met during and to end of 1970-71 are given below:—

		During 1970-71	To end of 1970-71
		(*In crores of rupees*)	
I.	Net additions to—		
	(*i*) Market Loans	5.62	58.68
	(*ii*) Loans from Government of India	1.62	3,98.59
	(*iii*) Loans from autonomous bodies	2.20	19.14
	(*iv*) Unfunded Debt	12.15	50.64
II	Contingency Fund	—0.11	1.77
III	Sinking Funds and Reserve Funds	2.90	24.34
IV	Miscellaneous	0.62	42.66
V	Remittances	2.31	—7.19
VI	Deduct—		
	(*i*) increase in cash balances	2.54	3.42
	(*ii*) increase in investments	—12.08	—36.58
VII	Revenue surplus	24.09	49.97
	Total	41.86	6,05.44

6. *Loans and advances by State Government.*—(*a*) The actuals of disbursements of loans and advances by State Government for 1970-71 as compared with the (*i*) budget estimates and (*ii*) budget estimates plus supplementary grants along with the corresponding figures for 1968-69 and 1969-70 are shown below :—

Year	Budget	Budget plus supplementary	Actuals	Variation between columns (4) and (3) Amount of decrease	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
		(*In crores of rupees*)			
1968-69	24.90	26.08	19.41	6.67	26
1969-70	24.30	24.80	17.62	7.18	29
1970-71	22.62	25.21	19.50	5.71	23

(*b*) The budget and actuals of recoveries of loans and advances for the three years ending 1970-71 are given below :—

Year	Budget	Actuals	Variations Amount of decrease	Percentage
	(*In crores of rupees*)			
1968-69	23.18	17.54	5.64	24
1969-70	18.45	12.26	6.19	34
1970-71	14.70	8.90	5.80	39

(*c*) The balance of loans outstanding on 31st March 1971 (Rs. 2,15.83 crores) was more by Rs. 10.60 crores than that outstanding at the beginning of the year. The increase was mainly due to larger disbursement of loans to Madhya Pradesh Electricity Board (Rs. 5.03 crores), to State co-operative banks for distribution of *taccavi* (Rs. 1.91 crores), to municipalities for water supply schemes (Rs. 0.89 crore), to cultivators (Rs. 0.70 crore) and to Housing Board, State Textile Corporation, some sugar mills, *etc.*, under "Miscellaneous Loans and Advances" (Rs. 1.83 crores).

The balance of loans to Madhya Pradesh Electricity Board outstanding on 31st March 1971 was Rs. 1,48.72 crores. This does not include capital expenditure incurred by Government on Gandhi Sagar Power Station taken over by the Board on 1st April 1961, as the amount of loan has not been determined by Government. The Board has, however, taken provisional figure of Rs. 9,43.02 lakhs as loan on this account in its annual accounts.

Further details of outstanding loans and advances are given in statements nos. 5 and 18 of Finance Accounts 1970-71.

(*d*) *Recoveries in arrears.*—The detailed accounts of loans and advances paid to municipal corporations, municipalities, *janpad sabhas, etc.*, are maintained by Audit Office. At the end of March 1971, recovery of Rs. 97.35 lakhs (principal: Rs. 36.91 lakhs and interest: Rs. 60.44 lakhs) was overdue. Complete information about arrears in recovery of other loans and advances the detailed accounts of which are maintained by departmental officers has not been furnished to Audit. According to information received (December 1971), recovery of Rs. 99.23 lakhs (including Rs. 7.79 lakhs interest) was overdue for more than three years the details of which are given in statement no. 5 of Finance Accounts 1970-71.

DEBT POSITION OF GOVERNMENT

7. The debt and other obligations of Government at the end of March 1971 compared with the corresponding amounts at the end of each of the two preceding years are given below:—

	Total debt at the end of 1968-69	1969-70	1970-71
	(*In crores of rupees*)		
Public debt	4,58.73	4,67.41	4,76.80
Other debt and obligations	63.11	75.75	90.98
Total	5,21.84	5,43.16	5,67.78

8. *Public debt.*—(*a*) An analysis of the public debt outstanding at the end of 1970-71 compared with the corresponding amounts at the end of the preceding two years is given below:—

	At the end of 1968-69	1969-70	1970-71
	(*In crores of rupees*)		
Long term borrowings—			
Loans raised by Government in open market	49.47	53.50	59.07
Loans from Government of India	3,94.08	3,96.97	3,98.59
Loans from autonomous bodies	15.18	16.94	19.14
Total	4,58.73	4,67.41	4,76.80

The increase in liability of Government on account of public debt (Rs. 9.39 crores) during 1970-71 is analysed below:—

	Loans raised during 1970-71	Loans discharged during 1970-71	Net Increase during 1970-71
	(*In crores of rupees*)		
(1) Loans raised in the open market	7.83*	2.26	5.57
(2) Loans from the Government of India	48.11	46.49	1.62
(3) Loans from autonomous bodies	3.38	1.18	2.20

(*b*) *Open market loans.*—During the year Government raised a loan (5¾ per cent Madhya Pradesh State Development Loan 1982) of Rs. 7 crores from the open market at par. The loan bears 5¾ per cent interest and is redeemable at par in 1982. The total subscription received was Rs. 7.78 crores including Rs. 1.36 crores received by conversion of expired loans.

During the year 4¼ per cent Madhya Pradesh State Development loan, 1970 fell due for repayment. Rupees 2.17 crores were repaid during the year leaving a balance of Rs. 0.04 crore at the end of the year.

(*c*) *Loans from Government of India.*—Loans received from Government of India and outstanding on 31st March 1971 (Rs. 3,98.59 crores) formed 84 per cent of the total public debt of the State. There was a net addition of Rs. 1.62 crores in 1970-71 in the loans received from Government of India.

(*d*) *Ways and means advance from the Reserve Bank of India.*—Under an agreement with the Reserve Bank of India, Government of Madhya Pradesh has to maintain with the Bank a minimum balance of Rs. 40 lakhs on each day. If the daily cash balance of Government with the Bank falls short of this minimum, the deficiency is made good by taking ways and means advances (ordinary and special) from the Bank according to limits fixed by it from time to time or by selling treasury bills. The Bank charges interest on these advances at one per cent below the Bank rate in force. During 1970-71 Government obtained Rs. 2.77 crores as ordinary and special ways and means advances. The entire amount was repaid during the year. Government paid Rs. 0.43 lakh as interest on these advances during 1970-71.

9. *Other debt and obligations.*—In addition to the public debt, unfunded debt (comprising mainly general provident fund balances of Government servants) and balances at the credit of earmarked and other funds as also certain deposits which have not been invested but are merged in the general cash balance of Government constitute liability of Government. The amount of such liability at the end of 1970-71 was Rs. 90.98 crores against Rs. 75.75 crores at the beginning of the year.

*Includes Rs. 0.05 crore relating to loans raised in previous years transferred to this head from the deposit head on issue of scrips by Reserve Bank of India.

	Total debt outstanding at the end of 1969-70	1970-71
	(*In crores of rupees*)	
Interest bearing—		
(*i*) Unfunded debt—mainly provident fund balances	38.49	50.64
(*ii*) Deposits of State Electricity Board and security deposits from consumers—State Electricity Schemes.	7.22	7.22
Non-interest bearing—		
(*i*) Civil deposits	12.30	14.19
(*ii*) Deposits of local funds	1.03	1.01
(*iii*) Earmarked funds	16.71	17.92
Total	75.75	90.98

10. *Arrangements for amortisation.*—The following arrangements have been made for amortisation of various loans:—

(1) Open Market loans—

(*i*) *Sinking funds.*—An annual contribution at such rates as Government may decide from time to time is made from revenue to the funds for liquidation of the loans.

(*ii*) *Depreciation funds.*—A sum equal to 1½ per cent of the total nominal value of the loan raised is set apart from revenue every year to form a depreciation fund for purchasing securities for cancellation.

The balances in these funds at the commencement and close of 1970-71 are given below:—

	Balance on 1st April 1970	Addition during the year	Withdrawal during the year	Balance on 31st March 1971
		(*In lakhs of rupees*)		
Sinking funds	12,77.13	2,67.05	9[illegible]46	14,45.72
Depreciation funds	3,68.77	76.69	36.50	4,08.96
Total	16,45.90	3,43.74	1,34.96	18,54.68

Out of these funds Rs. 5,39.94 lakhs were invested in securities of Government of India and other State Governments and Rs. 90.52 lakhs were invested in State Government's own securities.

(2) Loans from Government of India—

Government has made amortisation arrangements for repayment of the

following loans taken from Government of India:—

	Additions to sinking funds during 1970-71	Balance in the sinking funds on 31st March 1971
	(*In lakhs of rupees*)	
(*i*) Industrial Housing Loans	0.22	1.90
(*ii*) Loan to Madhya Pradesh Government allocated out of Government of India's consolidated borrowings, *viz.*, 4¼ per cent Loan, 1973.	38.62	2,46.92

Out of the balances in these funds, Rs. 1,57.29 lakhs were invested in the securities of (other) Governments.

Besides, Rs. 3.32 lakhs were met from revenue for discharge of the consolidated debt taken over by the former Government of Central Provinces and Berar on the introduction of provincial autonomy from 1st April 1937.

Government has not considered it necessary to make arrangements for amortisation of remaining loans (balance on 31st March 1971: Rs. 3,93.09 crores) received from Government of India.

(3) *Loans from autonomous bodies.*—In the case of loans taken from autonomous bodies *viz.*, National Agricultural Credit (long term operations) Fund of the Reserve Bank, National Co-operative Development Corporation and Life Insurance Corporation (balance on 31st March 1971: Rs. 19.14 crores), Government has not deemed it necessary to make amortisation arrangements.

11. *Service of debt and other obligations.*—The table below shows the net burden on revenue of interest charges on public debt and other obligations in 1970-71 as compared with that in preceding two years:—

	1968-69	1969-70	1970-71
	(*In crores of rupees*)		
(1) Interest paid on public debt and other obligations	22.63	24.54	25.46
(2) Less—			
(*i*) Interest received on loans and advances by Government	9.05	10.99	10.44
(*ii*) Interest realised on investment of cash balances	0.14	0.37	0.93
(*iii*) Interest transferred to the accounts of multipurpose river schemes and treated as capital expenditure	2.72	2.83	2 74
(*iv*) Recovery from Government of Maharastra as share of interest paid on the loans taken prior to re-organisation of States	0.01	..	..

	1968-69	1969-70	1970-71
		(*In crores of rupees*)	
(3) Net burden of interest charges on revenue	10.71	10.35	11.35
(4) Percentage of gross interest to total revenue receipts	12.63	11.43	11.16
(5) Percentage of net interest to total revenue receipts	5.98	4.82	4.97

In addition there were certain other receipts and adjustments (Rs. 12.88 lakhs) such as interest portion of equated payments on account of commuted value of pensions, interest on arrears of revenue, *etc.* If these are also taken into account; the net burden of interest on revenue during 1970-71 would be Rs. 11.22 crores (4.91 per cent of the total revenue receipts).

Government also received Rs. 1,06.22 lakhs as dividend/interest on its investments in statutory corporations, companies, *etc.*

INVESTMENTS OF GOVERNMENT

12. In 1970-71 Government invested Rs. 4.25 crores in statutory corporations (Rs. 0.69 crore), Government companies (Rs. 0.35 crore) and co-operative institutions (Rs. 3.21 crores).

The total net investment of Government in the share capital and debentures of different concerns at the end of 1968-69, 1969-70 and 1970-71 was Rs. 32.65 crores, Rs. 37.23 crores and Rs. 41.38* crores respectively. The dividend and interest received therefrom was Rs. 0.46 crore (1.4 per cent), Rs. 0.34 crore (0.9 per cent) and Rs. 1.06 crores (2.6 per cent) respectively.

Details of investments are given in statement no. 14 of Finance Accounts 1970-71.

Pro forma accounts of grain supply scheme (since 1966-67), purchase and sale of *tendu* leaves (since inception in 1965-66), nationalised text books scheme (since 1960-61) and milk supply scheme, Bhopal (since 1958-59) have not been rendered to Audit (December 1971).

Certain points of interest about the working of statutory corporations, Government companies, departmental undertakings and co-operative institutions are given in chapter VIII.

GUARANTEES GIVEN BY GOVERNMENT

13. (*a*) Government has given guarantees to third parties on behalf of statutory corporations, joint stock companies, co-operative institutions, *etc.*,

* Includes an investment of Rs. 6 lakhs in the Madhya Pradesh State Co-operatve Bank. The figure of investment shown in the final accounts of the Bank for the year ending 30th june 1971 is, however, Rs. 1,11.60 lakhs. The discrepancy in the two sets of accounts is being reconciled with Government.

for repayment of loans and payment of interest thereon, payment of minimum annual dividend, repayment of cash credit/overdraft, *etc.* The maximum amount of guarantees given by Government at the end of 1970-71 was Rs. 3,18.26 crores while sums guaranteed outstanding on 31st March 1971 was Rs. 78.55 crores as shown below :—

	Maximum amount guaranteed	Sums guaranteed outstanding on 31st March 1971
	(*In crores of rupees*)	
Statutory corporations and boards	54.88	20.39
Joint-stock companies	2.91	1.73
Co-operative banks and societies	2,59.01	55.86
Municipal committees and panchayats	1.46	0.57
Total	3,18.26	78.55

In addition Government has given guarantees with unlimited liability on behalf of the Madhya Pradesh State Road Transport Corporation and Madhya Pradesh Electricity Board for payment of cost of stores purchased by them through the Director General, Supplies and Disposals, New Delhi, and for payment of freight and other dues to Railway Board.

The guarantees given are in the nature of contingent liabilities of Government. Further details of guarantees are given in statement no. 6 of Finance Accounts 1970-71.

Rupees 20 lakhs were appropriated for the first time during the year from the Consolidated Fund of the State to constitute a Guarantee Reserve Fund intended to meet liabilities arising as a result of guarantees, being invoked. Further accretion to the fund is to be made from revenue during the coming three years only (1971-72 to 1973-74) at the rate of Rs. 10.00 lakhs per annum, without fixing any percentage with reference to fresh guarantees. During 1970-71, Rs. 4.89 lakhs were invested out of this Fund and interest of Rs. 0.02 lakh earned thereon was credited to the Fund.

(*b*) *Payment in fulfilment of guarantees.*—During 1970-71 Government paid Rs. 2.67 lakhs to Life Insurance Corporation of India and State Bank of Indore in fulfilment of guarantees given for repayment of loans by one municipal committee and one mill. The payments in these and other three cases to end of 1970-71 were Rs. 34.60 lakhs. Except Rs. 2.75 lakhs repaid by Swadeshi Cotton and Flour Mills Limited, Indore, the amount is yet to be recovered from the parties (December 1971).

14. *Grants to local bodies and others.*—During 1970-71 Government paid Rs. 12.78 crores as grants to non-Government bodies and institutions for various purposes. The amount paid is analysed below by broad purposes:—

Purpose	Grants paid (*In lakhs of rupees*)
Education	5,17.82
Agriculture	2,48.45
Community Development	2,41.67
Co-operation	1,14.16
Animal Husbandry	29.17
Tribal Welfare	25.23
Industries	20.29
Social Welfare	3.52
Medical and Public Health	3.41
Miscellaneous	74.20

Certain points of interest about grants are given in Chapter VI.

CHAPTER II

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

15. *Summary.*—(*a*) The total of voted grants and *charged appropriations,* actual expenditure and saving during 1970-71 were as follows:—

		Total grants/ appropriations	Actual expenditure	Saving Amount	Saving Percentage
			(*In crores of rupees*)		
Voted—					
Original	2,92.95	3,04.09	2,72.17	31.92	10
Supplementary	11.14				
Charged—					
Original	*91.33*	*91.58*	*82.45*	*9.13*	*10*
Supplementary	*0.25*				
Total—					
Original	3,84.28	3,95.67	3,54.62	41.05	10
Supplementary	11.39				

Expenditure shown above does not include Rs. 0.23 crore spent out of advances from the Contingency Fund sanctioned in March 1971 which were not recouped to the Fund till the close of the year.

The total saving of Rs. 41.05 crores was the result of savings of Rs. 43.91 crores in eightyseven grants/appropriations partly set off by excess of Rs. 2.86 crores in five grants/appropriations.

16. *Supplementary grants/appropriations.*—During 1970-71, Rs. 11.39 crores (Rs. 6.67 crores in October 1970, Rs. 0.07 crore in January 1971 and Rs. 4.65 crores in March 1971) were obtained in fortyeight grants and twenty appropriations.

The details given in Appendix I bring out the following points:—

(*i*) in seven grants supplementary provision (exceeding Rs. 5.00 lakhs in each case) of Rs. 1,31.38 lakhs proved unnecessary as the expenditure (Rs. 40,30.12 lakhs) did not even come upto the original provision (Rs. 47,81.80 lakhs).

(*ii*) in ten cases supplementary provision (exceeding Rs. 5.00 lakhs in each case) of Rs. 7,70.17 lakhs proved excessive to the extent of Rs. 4,75.85 lakhs; and

(*iii*) in one case supplementary provision of Rs. 3.35 lakhs proved inadequate as the expenditure exceeded the total provision by Rs. 1,67.49 lakhs.

17. *Excesses over grants and appropriations.*—(a) Voted grant.—Details of three grants where expenditure exceeded the budget provision by Rs. 2,85.92 lakhs

are given below; these excesses require regularisation under Article 205 of the Constitution:—

Excess over voted grants

S.No.	Number and name of grant		Total grant	Actual expenditure	Excess Amount	Excess Percentage
			Rs.	Rs.	Rs.	
(*i*)	20—Irrigation Works—					
	Original	6,86,71,000	6,87,08,500	8,04,87,633	1,17,79,133	17
	Supplementary	37,500				
			Excess occurred mainly under (*i*) 'Suspense' (expenditure: Rs. 3,35.93 lakhs, provision: Rs. 2,67.00 lakhs), (*ii*) Irrigation Works—Maintenance and Repairs-Non-Plan (expenditure : Rs. 1,42.18 lakhs, provision : Rs. 1,05.00 lakhs), and (*iii*) A-Establishment-IV-Executive-Plan-(expenditure: Rs. 1,59.99 lakhs, provision : Rs. 1,35.22 lakhs).				
			Reasons for the excess are awaited.			
(*ii*)	21—Public Works—					
	Original	24,22,14,000	24,25,49,200	25,92,98,325	1,67,49,125	7
	Supplementary	3,35,200				
			Excess occurred mainly under (*i*) 'Suspense' Non-Plan—(expenditure : Rs. 9,65.00 lakhs, provision Rs. 7,50.00 lakhs), due to less provision of funds than demanded, and adjustment of old outstanding liabilities and (*ii*) 'Repairs' (expenditure: Rs. 9,46.78 lakhs, provision: Rs. 8,91.00 lakhs) due to extraordinary rains resulting in much damage to roads, bridges and culverts requiring extensive repairs, increase in the cost of materials, labour and work-charged staff and provision of funds less than demanded. The excess was partly set-off by savings in other group-heads.				
(*iii*)	44—Capital Outlay on Housing Schemes—					
	Original	16,34,000	16,34,000	16,97,370	63,370	4
	Supplementary	..				
			Excess occurred mainly under 'A-2-suspense' (expenditure : Rs. 1.52 lakhs, provision Rs. 0.55 lakh) and was due to un-anticipated adjustments made under 'Miscellaneous Public Works Advances in a Housing division at fag end of the year and inevitable payments made by another Housing division for the purchases made by it.				

(*b*) *Charged appropriations.*—Excess of Rs. 0.19 lakh over the budget provision occurred in the following two *charged* appropriations, these excesses also require regularisation.

S. No. Grant/Appropriation		Total grant/ appropriation	Expenditure	Excess Amount	Excess Percentage
		Rs	Rs.	Rs.	
(*i*) 17—*Medical and Public Health*—					
Original	*6,000*	*10,700*	*16,224*	*5,524*	*52*
Supplementary	*4,700*				
		Excess occurred under 'G-Miscellaneous-G-2—payment of decretal charges—Non Plan' (expenditure : Rs. 0.08 lakh, provision : Rs. 0.03 lakh). Reasons for excess are awaited.			
(*ii*) 24—*Education*—					
Original	*10,000*	*10,000*	*23,305*	*13,305*	*133*
Supplementary	..				
		Excess occurred under 'F-General—F-1- (1)-Directorate of Public Instructions-Non-Plan' (expenditure: Rs. 0.23 lakh, provision : Rs. 0.19 lakh). Excess was due to non inclusion of provision in third supplementary budget estimate; reasons for the same are awaited.			

18. *Savings in grants/appropriations.*—(*a*) Rupees 43.91 crores remained unutilised in fifty-one grants (Rs. 34.78 crores) and thirty-four appropriations (Rs. 9.13 crores). This was 12 per cent of the total provision (Rs. 3,58.72 crores) under these grants/appropriations.

(*b*) In twenty-four grants and six appropriations, savings were more than ten per cent of the total provision. Details of those grants and approrpriations are given in Appendix II.

(*c*) Details of grants/appropriations where savings were more than Rs. 1.00 crore are given below:—

S.No.	Grant/Appropriation	Total grant/ appropriation	Expenditure	Saving Amount	Saving Percentage
		Rs.	Rs.	Rs.	
(1)	17—Medical and Public Health	24,25,96,300	21,66,63,270	2,59,33,030	11
		Saving was mainly due to—			
		(*i*) non-receipt of materials through the Director General, Supplies and Disposals before the close of financial year 1970-71 and booking of less amount under Miscellaneous Public Works Advances (Rs. 30.00 lakhs),			
		(*ii*) posts remaining vacant (Rs. 70.72 lakhs),			
		(*iii*) less purchase of medicines (Rs. 9.64 lakhs), and non-purchase of equipment (Rs. 11.40 lakhs.).			

S. No.	Grant/Appropriation	Total grant/ appropriation	Expenditure	Saving Amount	Saving Percentage
		Rs.	Rs.	Rs.	
		(*iv*) non-supply of vehicles by manufacturing companies before the close of the finanial year (Rs. 9.47 lakhs),			
		(*v*) less number of loop-applications and vasectomy operations (Rs. 9.00 lakhs),			
		(*vi*) less expenditure on—			
		(*a*) malaria control programme (Rs. 13.44 lakhs),			
		(*b*) leprosy clinics (Rs. 11.19 lakhs),			
		(*c*) small pox eradication programme (Rs. 18.50 lakhs),			
		(*vii*) non-accounting of book-debit for want of proper verification (Rs. 22.80 lakhs), and			
		(*viii*) less expenditure on various miscellaneous items (Rs. 53.01 lakhs).			
(2)	30—Tribal and Harijan Welfare	12,35,98,500	11,33,09,763	1,02,88,737	8
		Saving was mainly due to—			
		(*i*) less allotment by Government of India for expenditure on tribal development block programme (Rs. 60.52 lakhs),			
		(*ii*) less payment for scholarships (Rs. 23.63 lakhs), and			
		(*iii*) less expenditure by Government on hostels and *ashrams* (Rs. 18.44 lakhs).			
(3)	36—Capital expenditure pertaining to Forest Department.	11,57,10,300	8,40,70,652	3,16,39,648	28
		Saving was mainly under "124-Capital Outlay on schemes of Government Trading" and was chiefly due to—			
		(*i*) (*a*) delay in appointment of staff,			
		(*b*) delay in starting the felling, cutting and haulage operations of timber,			
		(*c*) delay in starting of construction of buildings,			
		(*d*) non-availability of vehicles for transportation of timber and other machinery, equipments *etc.*, and			
		(*e*) non-receipt of tenders for sawing operations (Rs. 1,76.03 lakhs); and			
		(*ii*) collection of less quantity of *tendu* leaves during the season ending 1970 Rs. 76.15 lakhs).			
		Reasons for the remaining saving are awaited.			

S. No.	Grant/Appropriation	Total grant/ appropriation	Expenditure	Saving Amount	Saving Percentage
		Rs.	Rs.	Rs.	
(4)	38—Capital expenditure pertaining to Agriculture Department	14,49,84,100	7,07,72,204	7,42,11,896	51

Saving was mainly due to—

(*i*) less requirement consequent upon less debentures floated by the Madhya Pradesh State Co-operative Land Development Bank for raising funds for expenditure on schemes to be implemented with the assistance of Agricultural Refinance Corporation (Rs. 24.99 lakhs) under '96--Capital Outlay on Industrial and Economic Development--B. Investment in Co-operative Societies-Plan'. During1969-70 also there was a saving of Rs. 11.75 lakhs (65 per cent) due to simlar reason.

(*ii*) post-budget decision (October 1970) of Government to implement cotton extension scheme through the agency of co-operative societies by granting them loans (Rs. 16.79 lakhs). During 1969-70 also there was a substantial saving of Rs. 60.68 lakhs (88 per cent of the provision).

(*iii*) (*a*) restriction imposed that seeds produced at Government farms only should be purchased (Rs. 1,89.01 lakhs) and non-adjustment of cost of seeds supplied by those farms (Rs. 5.06 lakhs),

(*b*) less purchase of pesticides for plant protection (Rs. 14.38 lakhs),

(*c*) (*i*) non-receipt of debits from the Pay and Accounts Officer, Ministry of Food and Agriculture, New Delhi, for cost of pool fertilisers already purchased by Government,

(*ii*) less-purchase of pool fertilisers from Government of India; and

(*iii*) less payment of commission to Apex Co-operative Marketing Federation etc., due to non-receipt of commission bills (Rs. 4,77.76 lakhs). During 1969-70 also there was saving of Rs. 1,39.16 lakhs due to similar reasons.

(*d*) non-receipt of bills for payment of commission to Apex Co-operative Marketing Federation (Rs. 15.57 lakhs) under "124-Capital Outlay on schemes of Government Trading-I—Scheme for the purchase and distribution of seeds, manures and implements-Non-Plan."

S. No.	Grant/Appropriation	Total grant/ appropriation	Expenditure	Saving Amount	Saving Percentage
		Rs.	Rs.	Rs.	
(5)	43—Capital Outlay on Public Works.	9,34,06,600	7,34,64,194	1,99,42,406	21
		Saving occurred mainly under 'A-Original Works-Buildings-Non-Plan' (Rs. 2.35 crores) and was mainly due to— (*i*) non-receipt of administrative approval, (*ii*) non-completion of preliminaries, (*iii*) delay in receipt of details of composite items, (*iv*) slow progress of works by contractors, (*v*) non-selection of site and change of site already selected, and (*vi*) shortage of steel and other construction material.			
(6)	47—Capital Expenditure pertaining to Food Department.	6,46,72,100	3,61,41,809	2,85,30,291	44
		Saving occurred mainly under 'A-2-Cost of purchase of grain-Non-Plan' and was mainly due to— less purchase of foodgrains under price support scheme and less emergency purchases for feeding scarcity areas due to good crop conditions (Rs. 2,80.00 lakhs). In 1968-69 and 1969-70 also there were substantial savings of Rs. 29,96.73 lakhs(85 per cent of the provision) and Rs. 94.02 lakhs(16 per cent of the provision) under this group-head.			
(7)	*Public Debt*	*60,79,45,000*	*52,69,98,659*	*8,09,46,341*	*13*
		Saving was mainly due to less repayment of temporary loans to the Reserve Bank of India as less ways and means advances to meet shortfalls were taken during 1970-71 (Rs. 7,23.00 lakhs). In 1968-69 and 1969-70 also there were savings of Rs. 81,79.78 lakhs (50 per cent of the provision) and Rs. 73,87.87 lakhs (59 per cent of the provision) under this appropriation.			
(8)	53—Loans and Advances pertaining to Agriculture Department.	13,34,48,000	8,77,62,025	4,56,85,975	32
		The savings occurred mainly due to— (*i*) late receipt of sanction and consequential delay in implementation of the scheme of development of dry land agriculture (Rs. 12.20 lakhs),			

(*ii*) (*a*) less demand of loans due to increased credit facilities made available by the banks in co-operative and commercial sectors (Rs. 42.00 lakhs), and

(*b*) less demand for cotton seeds (Rs. 48.63 lakhs), pesticides and plant protection equipment etc., (Rs. 21.00 lakhs), improved seeds (Rs. 14.96 lakhs) and oil seeds (Rs. 5.00 lakhs) since the major portion of *taccavi* for these schemes was being distributed by co-operatve agencies.

(*iii*) (*a*) non-receipt/less receipt of debits than anticipated for fertilisers supplied by Government of India (Rs. 1,20.42 lakhs),

(*b*) less purchase of pool fertilizers by the Apex Co-operative Bank (Rs. 95.00 lakhs), and

(*c*) non-payment of loans to many banks because of their being defaulters (Rs. 30.00 lakhs), under group-head 'A-9-Loans to Co-operative Institutions and Banks-Non-Plan'.

(*iv*) (*a*) less demand from cultivators for tractor assistance for ploughing their fields (Rs. 9.94 lakhs), and

(*b*) non-adjustment of *taccavi* cases due to non-completion of contour bunding works (Rs. 57.58 lakhs), and

(*v*) decision of Government to entrust implementation of scheme of loans to co-operative agencies for lift and flow irrigation (Rs. 8.25 lakhs).

In 1967-68, 1968-69 and 1969-70 also there were savings of Rs. 3,59.79 lakhs (21 per cent of the provision), Rs. 7,06.21 lakhs (51 per cent of the provision) and Rs. 6,61.35 lakhs (46 per cent of the provision).

19. *Surrender of savings.*—Rules require that unutilised amounts should be surrendered as soon as the possibility of saving is envisaged. However, out of Rs. 37.72 crores surrendered during the year, Rs. 28.08 crores were surrendered only in March 1971.

In eleven grants/appropriations, more than Rs. 10.00 lakhs in each case remained unsurrendered (total savings unsurrendered: Rs. 5,88.68 lakhs). Details of these instances are given in Appendix III.

In two grants (Grant nos. 9 and 27) surrender of savings was in excess of the amounts available by more than Rs. 10.00 lakhs in each case; against the available saving of Rs. 1,12.29 lakhs, Rs. 1,38.47 lakhs were surrendered.

In one grant (Grant no. 21), no amount was available for surrender; Rs. 46.78 lakhs were, however, surrendered in March 1971.

Important instances of defective control over expenditure under individual group-heads have been mentioned in Appropriation Accounts.

CHAPTER III

CIVIL DEPARTMENTS

General Administration Department

20. *Famine relief works.*—Following the reports of large scale misuse of Government money on famine relief works, the State Vigilance Commission arranged in March-April 1967 on-the-spot inspection of 82 roads and 37 tanks in Damoh district. The Commission recommended action against some gazetted officers in its report (January 1968) submitted to Government.

Government also entrusted to the Director of Treasuries and Accounts a special audit of the famine relief expenditure incurred during 1965-67 in the same district. He conducted the audit from June 1967 to February 1968 and submitted his report to Government in March 1968. Out of expenditure of Rs. 3.37 crores covered by this special audit, Rs. 1.77 crores were found objectionable on account of fictitious expenditure(Rs. 1.44 crores), use of motor trucks instead of manual labour (Rs. 0.10 crore), double payments or payments for no work (Rs. 0.07 crore), non-recovery of royalty for road material collected on task work basis (Rs. 0.07 crore), excess expenditure by not adopting standard specification (Rs. 0.06 crore), suspected fraud (Rs. 0.02 crore) and other reasons (Rs. 0.01 crore).

Government appointed in May 1968 a one man commission of enquiry to enquire into the expenditure on famine relief works started during 1964-65 to 1967-68 in the whole State (total expenditure on famine relief works during these years was about Rs. 44 crores). The report of the commission was submitted to Government in two parts—one in April 1969 and the other in June 1969 and indicated serious irregularities.

Reply of the Government received in December 1971 is summarised below:—

(*i*) In pursuance of the recommendations of the State Vigilance Commission, proceedings were instituted in courts in twenty cases out of which five had since been decided (in two cases the officers were acquitted and in three cases found guilty). In addition, departmental enquiry has been completed in three cases and the final action to be taken is under consideration of Government, while departmental enquiry is in progress in eleven cases.

(*ii*) Information about action taken on the report of the Director of Treasuries and Accounts is being collected.

(*iii*) A sub-committee of six officers appointed by Government is examining the report of the one-man-commission.

Agriculture Department

21. *A workshop.*—A building was constructed at a cost of Rs. 0.29 lakh in 1966-67 at Rampura (Mandsaur district) for establishing a departmental workshop for repairs of mechanised boats, used for fishing in the Gandhi Sagar reservoir, and other departmental vehicles. Instruments, tools etc., worth Rs. 0.19 lakh were also purchased in 1966-67 and 1967-68 for the workshop which has, however, not been started so far as no technical staff has been appointed to execute the jobs (September 1971).

22. *Refrigeration plant*—Anticipating adequate supply of milk, a refrigeration plant of chilling capacity of 10,000 litres of milk per day was installed at Badnawar in December 1968 at a cost of Rs. 2.05 lakhs in addition to a bulk cooling unit (cost: Rs. 6,450) of 700 litres capacity installed in February 1967. The new refrigeration plant has not been used so far (January 1972) as sufficient milk is not available in the adjoining areas. Between December 1968 and August 1971 milk collected did not exceed 350 litres per diem. The department has been spending Rs. 500 per month on pay and allowances of staff and on minimum charges of electricity.

Government stated (November 1971) that "at present..... conditions are improving and a daily collection of 1,200 litres has been reached.. .....The main plant would be put into operation after the milk procurement crosses 3,000 litres per day and sufficient water is available from the well..... for meeting the requirement of the chilling plant".

Public Health Department

23. *Closure of Lymph Depot, Indore.*—With the introduction of smallpox eradication programme in 1963 and free supply of freeze dried vaccine from Government of India, manufacture of liquid smallpox vaccine earlier undertaken by the State Government at Manpur (Indore) was stopped in 1963-64. It was, however, only in November 1967 that the Director of Health Services directed the Civil Surgeon, Indore, to handover the vaccine depot building and the principal equipments to the Dean, Mahatma Gandhi Memorial Medical College, Indore, who had been entrusted with the receipt and distribution of freeze dried vaccine from Government Medical Stores, Bombay, to various hospitals/units in the State. For this work he also fixed the staff requirements as one upper division clerk and two packers. Fortythree employees of the lymph depot were transferred or retired gradually (3 in 1963-64; 5 in 1964-65; 17 in 1965-66; 6 in 1966-67; 2 in 1967-68; 2 in 1968-69 and 8 in 1969-70). Rupees 1.69 lakhs were spent on pay and allowances of the staff during six years from 1964-65 to 1969-70 as against Rs.0.36 lakh which would have been spent on one upper division clerk and two packers required for the depot after lymph production stopped in 1963-64.

Education Department

24. *Public contributions for up-grading of schools.*—In September 1962 Government upgraded 130 middle schools as higher secondary schools on the condition that the people of the locality in each case would contribute Rs.10,000 for a boys' school and Rs.5,000 for a girls' school; the amount was to be utilised for construction of additional accommodation and purchase of additional equipment and furniture for the school. The accounts of the contribution and expenditure incurred therefrom were required to be maintained by the school and were to be examined and certified by the respective Divisional Superintendents of Education.

Scrutiny of accounts of the Divisional Superintendent of Education, Raipur, in October 1969 showed that, contrary to the orders of Government, contributions were deposited with the Divisional Superintendent of Education, Raipur, instead of with the institution. The following further points about accountal and utilisation of funds were noticed :—

(*i*) No account of receipt and expenditure of contributions of Rs.0.75 lakh received from eight donors during August 1962 to August 1967 was available with the Divisional Superintendent nor were the Principals of the institutions able to furnish the details of expenditure incurred from such contributions.

(*ii*) In the following cases Rs.0.29 lakh received by the Divisional Superintendent appear to have not been accounted for :—

(*a*) Rupees 10,000 received in September 1962 for a school at Kopra were kept in call deposit (reasons therefor are not on record) by the Divisional Superintendent with the State Bank of India in September 1962; the amount was withdrawn in August 1966 and has not since been accounted for. The person who encahsed the deposit receipt stated that the amount was handed over to the accountant who had denied its receipt. The Divisional Superintendent reported in June 1971 that the case had been handed over to the police.

(*b*) Cheque for Rs.10,000 received for a school at Bhakhara in August 1967 was endorsed for collection to a firm which reported that the amount was paid to the Divisional Superintendent after collection on 12th September 1967; but the amount was not accounted for.

(*c*) Out of Rs. 10,000 received for a school at Sasha in May 1967, Rs.1,015 were spent in June 1967 and the remaining sum was not accounted for.

(*iii*) Two cheques for Rs.10,000 each received in August 1962 from donors were not encashed in time and became time-barred. There was no proof that contributions were re-collected from the donors or the works for which the contributions were intended had been completed.

25. *Employment of staff.*—During local audit of the records of Divisional Superintendent of Education, Indore, conducted in July-August 1970 it was observed that the posts of four peons sanctioned for two gazetted posts of Medical Inspectress and Medical Inspector of his division continued to be entertained upto 31st May 1970 though the incumbents of the two posts had retired in August 1951 and August 1961 respectively and these two posts had remained vacant thereafter. Expenditure on pay and allowances of these peons is Rs.0.57 lakh.

The matter was reported to Government in November 1970; reply is awaited (Decmber 1972).

Jails Department

26. *Utilisation of land.*—About 38 acres of land at Durg were acquired at a cost of Rs. 0.40 lakh from Bhilai Steel Project in September 1965 for construction of a district jail. However, actual possession of 28.06 acres of land (having properly laid out and bunded fields with flow irrigation facilities) had been with the Veterinary department since 1961, (with the consent of Bhilai Steel Project) green fodder for the cattle breeding and poultry farm at Durg was being cultivated thereon. This portion of the land was taken over from the Veterinary department in February 1967 before receipt of administrative approval and technical sanction for the work. Administrative approval was obtained in August 1968 but funds for taking up the work were provided only in the budget for 1971-72.

Thus the land, on which green fodder worth about Rs. 0.20 lakh annually were being raised, could not be used for that purpose since February 1967. The Veterinary department spent Rs. 0.55 lakh on purchase of fodder from the market during February 1967 to March 1971.

Tribal and Harijan Welfare Department

27. *Delay in taking action in cases of suspected misappropriation.*—During local audit of the accounts of the office of the Regional Deputy Director, Tribal Welfare, Bilaspur, it was noticed that in the following two cases of suspected misappropriation of Rs. 1.21 lakhs, necessary action to fix responsibility has been delayed:—

(*a*) A Block Development Officer was alleged to have misappropriated Rs. 0.44 lakh between December 1962 and December 1965 by fraudulently obtaining the signatures and thumb impressions of several grantees. The records were seized by the police in January 1969. The Deputy Director was appointed as enquiry officer for the purpose in March 1969; there has been no further progress.

(*b*) Rupees 0.77 lakh advanced in April-May 1962 and intended for expenditure on eighteen departmental works entrusted to two circle organisers were alleged to have been misappropriated by them by falsifying accounts, *etc.* The alleged misappropriation came to notice during enquiry conducted by the Deputy Director in April 1967. Charge-sheets issued against the officials by the Director of Tribal Welfare in 1968 have not been replied so far (January 1972), as the records required by them could not be made available by the department.

28. *Suspected fraudulent drawal of scholarship bills.*—Under the State scholarship scheme, scholarships are awarded every year to students belonging to scheduled tribes and other backward classes studying in Government or in recognised non-Government institutions. The scholarships are tenable for ten months every year from 1st June to 31st March and are paid in four instalments. The District Officers of the Tribal Welfare department are the awarding authorities.

During local audit of the accounts of the District Organiser, Tribal Welfare, Bilaspur, in July and August 1971, it was noticed that six scholarship bills for Rs. 22,590 were drawn in January 1970 from the Sakti sub-treasury by the Principals of two non-Government higher secondary schools located at Rampur and at Beharchuwa on the (alleged) countersignature of the District Organiser. There were no entries of the amounts in the relevant records (*viz.* check register, bill register, *etc.*) in the office of the District Organiser, who disowned signature on the bills and added that proposals for award of scholarships from these schools had not been received by him and the schools did not exist.

A further scrutiny of scholarship bills for these two schools from July 1962 to March 1971 and other relevant records disclosed the following:—

(*i*) The two schools at Rampur and Beharchuwa were opened in July 1962 by a local body and a private body respectively. The schools were not recognised by the Board of Secondary Education and were accordingly closed in 1965. During this period Rs. 25,807 were drawn on scholarship bills, prepared by the heads of the two schools and countersigned by the District Organiser. No supporting records for these payments such as registers of applications and sanctions, check registers, acquittances of students, *etc.*, were available in the office of the District Organiser.

(*ii*) Even after the schools were closed, scholarship bills for Rs. 2.85 lakhs and Rs. 1.43 lakhs were drawn by the heads of the two schools (February 1966 to March 1971) on the countersignature of the District Organiser. Of the Rs. 4.28 lakhs drawn, scholarship bills for Rs. 0.39 lakh of Beharchuwa school (February 1966 to April 1967) were recorded in the register of scholarship bills and some acquittances for a few payments were also available (with duplicate copies of scholarship bills) in the office of the District Organiser. The head of that school had been previously the head master of a middle school in the Tribal Welfare department and resigned from that post in August 1964 in view of certain complaints and charges of misappropriation against him.

There were the following failures by the District Organiser in observance of rules and prescribed procedure :

(*a*) He did not collect the treasury voucher slips attached to vouchers; fortnightly verification of drawals was not made with reference to treasury voucher slips. The figures of monthly expenditure were not reconciled by him with that of treasury payment registers (required under financial rules).

(*b*) The monthly expenditure returns submitted to the Director of Tribal welfare, used to be sent without indicating voucher numbers and without including expenditure on scholarships.

Industries Department

EPAI

29. *Common facility centres.*—In order to demonstrate the use of improved tools and equipment to rural artisans and to train them in their use, sheds were constructed at 31 places and common facility centres were opened in 19 villages. In paragraphs 34 and 35 of the Report for the year 1969-70, working of three such centres in Raipur district was reviewed.

A review of 14 other such centres was undertaken subsequently. These centres were constructed in small towns between July 1964 and July 1970 at a cost of Rs. 5.34 lakhs. In addition, machines and equipment costing Rs. 1.22 lakhs were also purchased for those centres. Many of these machines are power-operated and some of them are costly also (for example, heavy duty drill, welding transformers, lathe *etc.*). Of these 14 centres, one (at Indergarh) has been given on rent to the M. P. State Co-operative Federation while another has been given on rent to M. P. Tribal Co-operative Development Corporation. The other twelve constructed at a cost of Rs. 4.69 lakhs, have not started to function.

Technical assistants were posted in 4 centres. Rupees 0.47 lakh were spent on their pay and allowances till March 1971 though the centres did not start functioning. Machines and equipment worth Rs. 0.24 lakh are lying unused/ undisposed of (December 1971) in four centres.

Since the machines in the use of which rural artisans are being trained are costly, whether the artisans, after training, would be able to own and use such machines needs examination.

30. *Purchase of transparent slides.*—For tourist publicity and sale to the local and foreign toursits, the Director of Tourism purchased in March 1969, 400 sets of transparent slides for two tourist spots (Mandu and Sanchi) for Rs. 0.14 lakh and further 950 sets for three other tourist spots (Khajuraho, Kanha-Kisli and Bheraghat) in March 1970 for Rs. 0.28 lakh. Out of 1,350 sets purchased for Rs. 0.42 lakh, only thirty three sets have been sold so far (December 1971).

No assessment of demand for the slides by foreign and local tourists appeared to have been made nor was decision about agency for sale taken before effecting the purchases. Following other points were noticed:—

(*a*) The case of purchase of slides was initiated by the Director in March 1969 after obtaining quotations from three firms of Bombay by personal contact; Government sanction for the purchase from the lowest firm (with whom the slides were already available even in January 1969) was obtained and collection of sets and payment therefor was effected in the same month. The purchases in next year were also made in March 1970 on another proposal made by the Director in the same month for purchase of 950 sets from the same firm (without inviting tenders) after which other necessary formalities were completed before the end of the financial year. Full facilities to the artists of the successful firm for taking photographs of tourists' spots were arranged before placing the orders on both the occasions.

(*b*) Out of 400 sets purchased in March 1969, 180 sets were sent for sale to State Government Emporia, *etc.*, and they were to remit the sale proceeds as and when the sets were sold. No intimation of sale of these sets had been received by the Directorate till November 1970.

The Director stated (December 1970) that "to improve the sale of transparencies it is proposed to attract selling agents who would sell the sets near the entrance of the respective monuments".

Government stated (May 1971) that "in a scheme of this type it may not be proper to expect direct cost benefit, as it is purely promotional nature of work which involved tangible expenditure but results derived therefrom were intangible".

31. *Central godown, Indore.*—The central godown at Indore was established in November 1955 for stocking articles to be sold through the State Arts and Crafts emporia. Fresh purchases for the godown were stopped from July 1965. It had been handling goods worth about Rs. 9 lakhs annually. It was pointed out in paragraph 71 of Audit Report 1965 that stock ledgers in the godown were incomplete.

From April 1967 the entire staff of the godown consisting of one assistant superintendent, one store-keeper, three salesmen and two lower division clerks have been put on re-construction of stock ledgers and party-wise accounts and settlements of old outstanding. The work is still in progress (January 1972). The following cases of unadjusted amounts, suspected defalcations and losses totalling Rs.3.60 lakhs have been noticed by the re-construction staff :—

		Rupees in lakhs	Remarks
(*i*)	Goods not returned by, or sale proceeds thereof not received from, stockists, departmental officers, printers, repairers, *etc.*	0.28	
(*ii*)	Advances paid to suppliers and to departmental officers not adjusted.	0.30	No security deposit was obtained from the departmental officers.
(*iii*)	Outstandings on account of cost of goods issued to officers during 1956-57 to 1961-62 for participation in *melas*/exhibitions,	1.57	
(*iv*)	Outsandings against authorised agents, stockists to whom goods were issued for sale on commission basis.	0.47	
(*v*)	Cash received but not entered in the cash book.	0.64	
(*vi*)	Amount shown in cash book as remitted to treasury but not appearing in treasury records or pass book.	0.04	
(*vii*)	Double debit of bills by cashier in 14 cases	0.17	
(*viii*)	Other cases of losses/non-accountal	0.13	

Toys, purses, cane and bamboo articles, *etc.*, worth Rs.0.45 lakh purchased between May 1956 and June 1965 are still lying in the Central godown (December 1971). They are proposed to be disposed of by auction.

32. *Semi-urban industrial estate.*—Twentysix places were selected by the Industries department in the neighbourhood of certain towns for locating semi-urban industrial estates, taking into account their potentiality to provide work and market to the units in these estates. These estates were established during 1962-70 at a cost of Rs. 47.38 lakhs for letting out the sheds for industrial purposes.

A review of the scheme in 14 towns, where 68 sheds were constructed between June 1964 and September 1969 (cost : Rs. 25.79 lakhs), disclosed that (*i*) 31 sheds are lying vacant (16 sheds constructed in 1964 and 1965, 4 in 1966 and 11 in 1967) for want of demand, water-supply *etc.*, and (*ii*) 7 sheds are not used for industrial purposes (January 1972).

Selection of sites for the industrial estates where the sheds are not in demand has not fulfilled the objectives of development of small-scale industries and creation of additional employment. Besides, there has been loss of revenue of Rs. 0.30 lakh per annum to Government (on account of rent of vacant sheds).

33. *Construction of industrial estates etc.*,—During 1962-71 the Commerce and Industries department entrusted construction of industrial estates *etc.*, to the Madhya Pradesh *Laghu Udyog Nigam* (a Government company) on actual cost basis. The estimated cost of the (120) works is Rs. 1,57.94 lakhs. Amounts spent up to the end of March 1971 was Rs. 1,44.97 lakhs. A review disclosed the following :—

(*i*) Asbestos cement sheets and galvanised cast iron sheets issued to works by three depots were excessive (114 per cent to 225 per cent).

(*ii*) Materials like road metal, morrum, boulders *etc.*, worth Rs. 0.33 lakh (in 1966-68 : Rs. 0.18 lakh; in 1968-69: Rs. 0.15 lakh) collected through contractors remained unused at the site after completion of the works and payments of final bills. Neither was there any proper record of such material nor physical verification undertaken thereafter.

(*iii*) Extra expenditure of Rs. 0.58 lakh due to irregularities in item rate tenders—

In 79 works item rate tenders were invited by the *Nigam* without preparation of detailed estimates. In the following works the quantities actually executed varied widely from the estimated quantities mentioned in the tender notice:—

Construction of roads at Industrial Estate, Durg (estimated cost : Rs. 3.45 lakhs) was awarded in 1965 to a contractor adjudged to be the lowest on the basis of estimated quantities of work specified in the tender notice. Quantities of certain items actually executed, however, differed by 30 to 70 per cent from the estimated quantities and with reference to actual quantities another tenderer would have been lower by Rs. 0.24 lakh. Similarly for construction of sewage line in industrial area (Polo ground), Indore, (estimated cost : Rs. 0.86 lakh) a tender other than the one accepted would have been cheaper by Rs. 0.16 lakh.

(*iv*) Tenders for "construction of metal roads, water-bound mecadam road, surface drains and culverts at Industrial Estate, Raipur", were received in December 1965. Though the tender of contractor 'A' was lower than that of contractor 'B' the former was rejected in favour of the latter on the following grounds :—

(*a*) The contractor 'A' had not quoted any rate for lime mortar. (This item of work was, however, not actually executed at all).

(*b*) He had not deposited earnest money. (He had, however, requested that earnest money already deposited by him with the *Nigam* for another tender which had been rejected might be taken as for this tender, this was permissible).

In preparing the comparative statement the following were done:—

(1) One item (¾" thick cement plaster) was excluded under the orders of the Executive Engineer. (But the tender of contractor 'A' still remained the lowest by about Rs. 7,000.)

(2) No rate had been offered by contractor 'A' for another item (filling foundation in lime mortar) specified as an alternative item in the tender notice. But while preparing comparative statement, the highest rate (Rs. 150 per hundred cft.) received for this item was assumed to have been offered by contractor 'A'. This item was actually executed as cement mortar and not lime mortar.

(3) The cost of the item 'thick cement plaster with cement as well as lime' was worked out though it could be executed with either and not both.

On the basis of actual quantities executed, the tender of 'A' would have been cheaper by Rs. 0.18 lakh.

(*v*) Unfruitful outlay of Rs. 0.89 lakh in one work and extra expenditure of Rs. 3.55 lakhs in two other works on laying pipe lines and sewer lines—(a) Laying of 10 inch diameter pipe line (estimated cost: Rs. 0.80 lakh), meant for providing water supply to the Industrial Estate in fort area, Indore, was completed by the *Nigam* in July 1965 at a cost of Rs. 0.89 lakh without prior consultation with the Municipal Corporation about water connection. On being approached by the Public Health Engineer, Indore, the Municipal Corporation, Indore, intimated (April 1965) its inability to provide water connection as the head-works were meant entirely for water supply to Indore city and also that there was acute shortage of water. Consequently, construction of overhead tank (estimated cost: Rs. 1.16 lakhs) has not been taken up so far (January 1972). The pipe line thus remains unused. There is also no possibility of the line being used in future as, according to the Joint Director of Industries (March 1967), most of the industries for whose benefit the line was laid, have made their own arrangements for supply of water. The work done by the contractor could not also be tested as no water is available; his security deposit was refunded in November 1967.

(b) On the basis of estimates and designs prepared by the *Nigam*, construction of sewage line along with a septic tank for the Industrial Estate at Fort area, Indore, (estimated cost: Rs. 1.20 lakhs) was entrusted to it in November 1965.

According to the design, the sewage line was to be from the south to the north taking advantage of the natural slope and reach a maximum depth of seven to eight feet. The sewage was to be disposed of in a septic tank. Advantage of the natural slope was, however, not taken and the sewage line was actually laid from north with a depth of 16 feet, terminating at south at a depth of 33 feet. Laying the sewage line in this manner resulted in extra expenditure of Rs. 1.25 lakhs over the tendered cost for the line.

The problem of sewage disposal from a depth of 33 feet is being met by construction of a sump well and a pump well for lifting the sullage from the deep man hole and pumping it to the existing sewer of the Public Health department. This work is estimated to cost Rs. 2.13 lakhs; Rs. 2.03 lakhs were spent on the work up to March 1971.

In all Rs. 4.28 lakhs are likely to be spent on the work against the original estimate of Rs. 1.20 lakhs thus resulting in extra expenditure of Rs. 3.08 lakhs. Besides, recurring expenditure will also have to be incurred for running and maintenance of the sewage pumping station.

It was stated by the Superintending Engineer of the *Nigam* (in April 1967) that the deviations from the original design were made as the Director of Industries wanted that the sewage of a private colony should also pass through this sewage line. The *Nigam*, however, did not examine the technical and financial implications of the change; nor did it prepare revised estimates and designs. The Public Health Engineering department was also not consulted before undertaking this work.

(c) Construction of water supply scheme at Bhopal was entrusted to the *Nigam* in February 1966 at an estimated cost of Rs. 15.63 lakhs. The estimated cost was paid as advances to the *Nigam* between January 1966 and February 1968. The amounts advanced included Rs. 7 lakhs paid in September 1966 for the sub-work "providing, laying and jointing 15" diameter C. I. pipes, etc." However, pipes costing Rs. 4.50 lakhs required for this work had been procured by the Director of Industries. No action to obtain refund of the amount advanced to the *Nigam* for purchase of pipes was taken and the amount is still (November 1971) lying with the *Nigam*.

Though execution of the scheme was entrusted to the *Nigam* in order that it might be completed early (delay was apprehended if the work was to be done

through the department), the work has not been completed as yet (November 1971); due to delay in completion of the scheme, additional expenditure of Rs. 0.47 lakh had to be incurred in making interim water supply arrangement by constructing a well and providing 3 inch diameter pipe.

(*vi*) Item rate tenders for five works requiring "filling foundation" were invited in 1964 and 1965 for execution in (*i*) "cement concrete 1:3:6" as well as (*ii*) 'lime concrete 1:2 in *kankar* lime'. Though the rates for "filling foundation with lime concrete" were much lower than the rates for "filling foundation with cement concrete" and met the requirements (the item was actually provided in the estimate), the works were executed by the contractors in cement mortar resulting in extra expenditure of Rs. 0.61 lakh.

GENERAL

34. *Cases of misappropriation of Government money.*—The following table shows the position of cases (other than 54 cases—amount Rs. 5.82 lakhs which are *sub-judice*) of alleged misappropriation of Government money reported to Audit up to 31st March 1971 but which remained unfinalised at the end of September 1971.

	Number of cases	Amount (*In lakhs of rupees*)
Cases (reported upto March 1970) outstanding at the end of September 1970	417*	34.77
Cases reported during 1970-71	55	5.48
Cases disposed of till September 1971	33	0.70
Cases outstanding at the end of September 1971	439	39.55

According to rules, cases of misappropriation should be dealt with expeditiously and finalised within six months of their detection and cases in which departmental enquiries have been ordered are to be finalised within a year. Nevertheless, there had been considerable delay as shown below :—

Period	Number of cases	Amount (*In lakhs of rupees*)
(*i*) Over five years	217	16.25
(*ii*) Over three years but less than five years	79	4.86
(*iii*) Over one year but less than three years	88	12.96

*Increase over the previous year's figures is due to inclusion this year of cases of Public Works, Irrigation and Public Health Engineering departments.

The reasons for which the cases were outstanding are stated below:—

	Number	Amount (*In lakhs of rupees*)
(*i*) Awaiting investigation	209	27.13
(*ii*) Awaiting recovery/information about recovery	140	5.17
(*iii*) Awaiting orders for write off	47	4.45
(*iv*) Awaiting action against officials	43	2.80

Department-wise analysis of the outstanding cases is given in Appendix IV.

In the cases closed between October 1970 and September 1971, Rs. 0.23 lakh were recovered in 13 cases, while in 10 other cases, losses of Rs.0.17 lakh were written off.

35. *Writes-off of losses, waiver of recoveries and remission of revenue.*—In 280 cases, losses due to shortages, theft, irrecoverable revenue, remission of revenue and abandonment of claims to revenue *etc.*, amounting to Rs. 7.54 lakhs were written off/waived during 1970-71 by competent authorities.

Department-wise details are given in Appendix V.

CHAPTER IV

WORKS EXPENDITURE

Irrigation Department

36. Madhya Pradesh is the least irrigated State in India. As against the all-India average of 25 per cent, only 6 per cent of the cropped area in the State is irrigated, although Madhya Pradesh accounts for 12 per cent of the cropped area in India. Minor irrigation accounts for about half of the irrigated area in the State. Results of review of 12 minor irrigation works are given in paragraphs 37 to 46. The total outlay of Rs. 15.44 lakhs on seven of them is largely unfruitful on account of certain defects. The other five works are still (November 1971) incomplete, although they were started between 1959-60 and 1965-66 (outlay: Rs. 8.38 lakhs).

37. *Poladonger tank.*—Construction of this tank (Mandsaur district), a minor irrigation work (original estimate : Rs. 3.78 lakhs; revised estimate: Rs. 5 lakhs; actual expenditure : Rs. 5.58 lakhs; irrigation potential: 782 acres), was taken up in March 1953 and was completed by December 1956.

The maximum irrigation done upto 1969-70 (information about later years awaited) was 363 acres only (1969-70). The shortfall in irrigation was mainly due to :—

(*i*) heavy seepage in the tank,

(*ii*) inadequate provision for canals which need extension.

Seepage was noticed in 1956 itself, soon after construction. For stopping the seepage special repairs (expenditure : Rs. 0.57 lakh) were undertaken from time to time, but this was of no avail. To utilise the water coming out as a result of seepage a weir is proposed to be constructed and administrative approval for Rs.0.86 lakh was accorded by Government in April 1971.

38. *Saklone tank.*—Saklone tank in Vidisha district intended to irrigate 650 acres, was completed in March 1968 at a cost of Rs. 4.70 lakhs. Leakage in the main bund and scouring of spill channel were noticed in December 1969. According to the Executive Engineer, Irrigation division, Vidisha, removal of these defects requires detailed investigation. No irrigation was done in 1968-69 and 1969-70; 145 acres were irrigated in 1970-71.

39. *Khabra tank.*—Khabra tank in Rewa district designed to irrigate 345 acres, was constructed in February 1964 (cost: Rs. 2.53 lakhs). The tank was breached in August 1967; the breach has not been repaired so far (November 1971). The area irrigated till August 1967 was below 18 acres owing to low rainfall and poor demand for water.

40. *Regulators in Irrigation division, Rewa.*—With a view to irrigating 770 acres of land, three regulators in *nallas* (together with channels) at Jhalla (450 acres), Majhgawan (240 acres) and Kundi (80 acres) were constructed in 1964-65 at a cost of Rs. 1.37 lakhs. No irrigation has been done so far. This was due to lack of post-monsoon flow in the *nallas*. According to the Executive Engineer, there was no scope for development of irrigation in the areas served by Jhalla and Kundi regulators (expenditure: Rs. 0.62 lakh) as the *nallas* were almost local and there was very little catchment in the upstream portion. He stated that the Majhgawan regulator including canals might be utilised under the proposed Dhoba Dam to be constructed in the upstream side of the same *nalla*.

41. *Chachora tank.*—Chachora tank (in Irrigation division, Guna) constructed before 1950 was being used for *nistar* (*i. e.* drinking) purposes and some meagre cultivation (4 acres *Kharif*) was also being done along the periphery of the tank. Renovation of the tank to provide irrigation to 72 acres by raising the bund by three feet and the weir by one foot and providing sluice arrangement was taken up in January 1963 and completed in February 1964 at a cost of Rs. 0.32 lakh. Slips occurred in the dam in consecutive years in August 1968, August 1969 and August 1970 almost in the same portion necessitating emergency repairs costing Rs. 0.37 lakh. The Executive Engineer attributed the slip of August 1970 to settlement of earth in downstream of the bund.

The expenditure of Rs. 0.69 lakh on renovation and repairs has proved largly nugatory as no additional area has been brought under irrigation. The storage capacity of the tank after renovation was estimated as 7.26 m.cft. to 7.77 m.cft., which is sufficient not only to irrigate 72 acres of land but would also leave adequate water for *nistar* purposes.

42. *Jhalone tank.*—The tank (Damoh district) did not provide any irrigation. As such its renovation and improvement (irrigation potential : 270 acres) was administratively approved in October 1963 for Rs.1.69 lakhs. The work was started in December 1963. After spending Rs. 2.15 lakhs, the work was stopped in April 1966 as it exceeded the approved cost. Revised administrative approval and technical sanction for Rs.3.56 lakhs (irrigation potential : 239 acres) sought in June 1969 are still to be accorded (November 1971).

It was reported by the Executive Engineer, Irrigation division, Damoh, in June 1966 and July 1970 that the dam was not according to the designed section and that heavy seepage occurred on the down-side along the entire length of the dam mainly through foundations. The defects have not been repaired (September 1971) and the work also has not been resumed so far (September 1971).

The cost of the work per acre (on the basis of the revised estimate of Rs. 3.56 lakhs) would be Rs.1,490 which is almost double the original estimates

and about 50 per cent more than the standard prescribed by the department in July 1968 (Rs.1,000 per acre). Water was stored in the tank in 1967-68. During 1968-69, 1969-70 and 1970-71 irrigation to the extent of 43 acres, 190 acres and 110 acres was done.

43. *Bisakhedi tank.*—The tank (in Indore district) did not provide any irrigation. Therefore its renovation, (administratively approved for Rs.1.87 lakhs) intended to irrigate 280 acres, was taken up in December 1963. The work was to be completed before March 1966. Though most of the headworks and canal were completed by October 1966, excavation of approach to the waste-weir, turfing, *etc.*, could not be completed due to non-availability of land. During August/September 1968 some damage to earthwork of the headworks was noticed and therefore the tank was emptied. Further execution of work was postponed. During inspection of the work in February 1969, the Executive Engineer observed that the bund was damaged in some places due to insufficient pitching. Further, as the bund was in the direction of wind and as the soil was black cotton, there was damage due to wave wash also. Pitching which was essential for protecting the bund from these damages was not provided in the original estimate. A revised estimate for Rs. 2.70 lakhs (including Rs.83,500 for repairing the damages to the bund and providing pitching) prepared in April 1969 has not, so far, been sanctioned. The work, resumed in May 1969, still remains incomplete (November 1971). Rupees. 2.38 lakhs have been spent on the work; actual cost is expected to go up to Rs.2.92 lakhs. The tank provided no irrigation in 1967-68 and 1968-69 and irrigation to only 87 acres during 1969-70.

44. *Jhura diversion scheme.*—Jhura diversion scheme (Satna district) intended to irrigate 600 acres was administratively approved in March 1963 for Rs. 1.35 lakhs and was to be completed in 1966. The work commenced in March 1963 was stopped in September 1964 after spending Rs. 0.80 lakh when the headworks were almost completed. Due to non-finalisation of alignment of canals, work on the canals was suspended from 1964 to March 1968. The work is not yet complete (December 1971), Rs. 2.26 lakhs were spent till June 1971.

45. *Ganeshpura tank.*—Construction of Ganeshpura tank in Bamori block was administratively approved in December 1965 and technically sanctioned in November 1966. The work was entrusted to a contractor in 1965-66 and was stopped in September 1968 due to various defects such as (*i*) defective selection of site for dam, (*ii*) adoption of lower specification to reduce cost, (*iii*) provision of bye-wash in the left bank instead of the right bank and (*iv*) wrong provision of sluice at the right and even beyond bye-wash. Amount spent so far is Rs.0.91 lakh. The work remains suspended.

46. *Bamraha nalla scheme.*—The work of Bamraha *nalla* scheme (estimated cost: Rs. 11.54 lakhs and intended to irrigate 2,060 acres) was taken up in

December 1959 in anticipation of administrative approval and technical sanction. It was stopped in August 1961 and has not yet been resumed. Rupees 0.68 lakh have been spent on this work.

Revised administrative approval (revised estimated cost: Rs. 24.75 lakhs and revised irrigation potential: 1,540 acres) was accorded only in October 1971.

47. *Lift Irrigation schemes.*—Seven lift irrigation schemes working with diesel pumps (Intkhedi, Kararia and Papnas in Sehore district, and Palakmati, Chamansol, Barna and Kaliasote in Raisen district), constructed at a cost of Rs. 10.64 lakhs (Irrigation potential: 5,530 acres), have been working in Irrigation division, Bhopal, since 1956. Some particulars about the working of the schemes for the four years 1967-68 to 1970-71 are given below:—

Year	Area irrigated	Operational cost	Cost of maintenance of channels	Total	Revenue assessed
	(*In acres*)	(*In lakhs of rupees*)			
1967-68	1,885	0.99	0.18	1.17	0.33
1968-69	1,950	1.23	0.22	1.45	0.35
1969-70	1,840	1.19	0.23	1.42	0.36
1970-71	3,010	1.43	0.23	1.66	0.52

Frequent breakdowns and difficulty in procurement of spares were experienced from time to time. In 1961, the Chief Engineer wanted that the diesel pumps be replaced by electric pumps. Due to delay in submitting estimates, on account of transfer of records from one circle to another, *etc.*, the replacement in the three schemes in Sehore district was administratively approved only in September 1968. The replacement work is partially completed at Intkhedi and Kararia and is in progress at Papnas (expenditure to end of December 1971: Rs. 0.46 lakh). For the four schemes in Risen district, the Executive Engineer stated (December 1971) that electricity was available only at a place 12 to 18 miles away and MadhyaPradesh Electricity Board framed proposals only in 1971 for extension of line to a nearer point.

48. *Two drilling rigs.*—Two rigs were purchased by the Irrigation department in January 1968 for Rs.8.38 lakhs for drilling of tube-wells. Each of the rigs is capable of drilling a well (27 inches diameter 300 feet deep) in four to five weeks. However, only two wells were drilled with these two rigs between February 1968 and April 1969. They have remained unused thereafter as the scheme of drilling tube-wells has not been finalised so far.

Public Works (Buildings and Roads) Department

49. *District hospital building, Sagar.*—The old district hospital at Sagar had 74 beds. Construction of a new and bigger building for the hospital was approved in September 1964 and construction of the ground floor thereof was completed in April 1967. Electrification thereof commenced in October 1966 and was completed in April 1971. Construction of other portions of the new hospital was taken up much later as shown below:—

Portion of the building	When administrative approval was accorded	When work commenced/ When expected to be completed	Estimate (*Rupees in lakhs*)
First floor of the main building consisting of operation theatre, surgical beds.	April 1969	December 1969 / June 1972	8.45
Staff quarters, kitchen block and other ancillary buildings such as *post-mortem* room	October 1967	September 1970 / June 1972	4.77

In June 1968 the Public Health department did not agree to occupy the ground floor till the staff quarters were ready.

Except the children and maternity ward the district hospital started functioning in the new building with 78 beds in the ground floor from May 1971 (The staff quarters were not ready till then). Had the new building been electrified and used from April 1967 itself, indoor facilities for more patients would have been available from then itself instead of from May 1971 (as actually happened). During the four years the ground floor remanied vacant; Rs. 0.21 lakh were spent on repairs to damages, watch and ward staff *etc.*

50. *Distillery building at Seoni.*—The distillery building at Seoni is given on rent to private parties. The lease deeds provide that the lessees should pay rent as may be prescribed by the Public Works department. (According to rules rent of Government buildings leased to private parties should be either the standard rent or the prevailing market rent for similar accommodation, whichever is more). The standard rent of the building since October 1957 (provisionally fixed) was Rs. 1,304 per month; against that Rs. 1,039 were being recovered as monthly rent from October 1957 to March 1967 from the lessees. In January 1968, Government ordered final fixation of rent and recovery at the revised rates from October 1957. Consequent on additions and alterations to the building

from time to time, its rent was finally fixed in September 1971 as follows :—

From	To	Rent (*Rupees per month*)
October 1957	March 1962	1,404
April 1962	March 1970	1,440
April 1970	March 1971	1,985
April 1971 Onwards		2,213

Government intimated (December 1972) that out of Rs.0.65 lakh due to be recovered as arrears of rent from October 1957 to March 1972, Rs. 0.24 lakh had been recovered and action was being taken for recovery of the remaining amount from a leasee whose lease had expired in March 1969.

GENERAL

51. *Delay in settlement of claims.*—A division rendering services or making supplies to another division is to forward its claims monthly to the responding division; the claim is to be settled by the latter division within ten days by issue of cheques/bank drafts. This system of cash settlement was introduced in Public Works (Buildings and Roads) divisions from February 1968, in Irrigation divisions from July 1968 and in Public Health divisions from October 1968 with a view to ensuring prompt settlement.

Claims aggregating Rs. 313 lakhs raised upto March 1971 by 162 divisions of Public Works (Buildings and Roads), Irrigation and Public Health Engineering divisions have remained unsettled (September 1971).

According to the information received from 76 divisions the outstandings were as follows:—

		(*In lakhs of rupees*)
1969-70		26.24
1970-71		84.17
	Total	110.41

Reasons for delay in settlement of these inter-divisional claimes given by the divisions are as follows:—

(*i*) delay in forwarding claims to responding divisions,

(*ii*) non-verification of claims lying un-attended in sub-divisions/divisions,

(*iii*) non-acceptance of claims by responding divisions for want of vouchers and details or claims not pertaining to responding divisions,

(*iv*) rejection of claims by responding divisions for want of provision, services not properly rendered, differences in quantity of materials received, non-receipt of material, *etc.*

Government stated (October 1971) that a special drive is being organised to bring the balances upto 1969-70 to nil; results of the drive is awaited (December 1972).

CHAPTER V

STORES AND STOCK ACCOUNTS

Education Department

52. *Production/availability of records.*—During local audit (June and July 1969) of the accounts of the Director of Public Instructions important accounts records like quotations, comparative statements, purchase proceedings, purchase orders, suppliers' bills *etc.*, for purchases of black boards, buckets and *dongas* costing Rs. 2.64 lakhs and pass book, remittance and cheque books for an account with the Central Co-operative Bank, Bhopal, were not produced. Despite advance intimation these accounts were not produced even during subsequent local audit in July-August 1970. Nor were these produced during local audit in April 1972.

Rupees 2,26,909 were drawn from treasury on 30th March 1968 by the Director for purchase of buckets and black boards (the powers of drawals from treasury and disbursement had already been delegated to the subordinate officers). Bank drafts obtained on the same day in favour of the suppliers were handed over to them on 30th July 1968.

Rupees 37,500 were paid on 30th March 1968 to a firm on account of cost of *dongas*. According to stock register, the *dongas* were received in June 1968. Entry of their receipt in the stock register was made on in view of a letter addressed by the then Director to the Divisional Superintendents of Education on 28th May 1968. The letter stated that *dongas* have been purchased by the Directorate and the Divisional Superintendents could collect them from the Directorate.

A bank account was opened in the Central Co-operative Bank, Bhopal, in the name of the Director on 8th March 1968 for remitting the receipts on account of the 'Examination Fund of Middle School Examination'. The balances of the amalgamated funds of the closed basic training institutions were also credited to this account. The pass book, remittance and cheque books containing details of this bank account were not produced to Audit (July 1970). The bank account is still held in the name of the former Director who relinquished charge of her office on 5th September 1968. Two cheques for Rs. 12,925 and Rs. 10,845 shown as drawn on 3rd and 4th September 1968 were encashed in November 1968.

GENERAL

53. *Synopsis of important stores accounts.*—A synopsis of important stores and stock accounts for 1970-71 (excluding those relating to Government Commercial departments/undertakings) is given in Appendix VI.

54. *Non-receipt of accounts.*—According to Government instructions, annual consolidated accounts of stores and stock are to be furnished to Audit by July every year. Delay in receipt of stores and stock accounts has been commented upon in successive Reports, and the Public Accounts Committee (1960-61) in its report also took serious notice of such delay and observed (Nineteenth Report-April 1971) that non-completion of stores accounts deprived the department of being aware of the latest position of outstanding stock and recommended that the deparment should take effective action to furnish annual consolidated accounts on the prescribed date to the Accountant General. Delay in submission of accounts still persists and the accounts of the following departments for the years shown against each have not been received (January 1972).

(1)	Agriculture (including Grow More Food)	(1968-69, 1969-70 and 1970-71)
(2)	Excise	(1969-70 and 1970-71)
(3)	Food	(1967-68, 1968-69, 1969-70 and 1970-71)
(4)	Forest	(1969-70 and 1970-71)
(5)	Jails	(1969-70 and 1970-71)
(6)	Medical	(1970-71)
(7)	Public Health	(1970-71)
(8)	Stationery and Printing	(1969-70 and 1970-71)
(9)	Stamps	(1970-71 awaited from Superintendent of Stamps and eight treasuries till January 1972).

55. *Stock registers and stock verification.*—(*a*) The register of stock in each public works division is required to be closed at the end of each year and reviewed by the Divisional Officers to ensure that the stock consists only of serviceable articles and the prices of stores are within the prevailing market rates. Information received from 101 of the 170 divisions indicated that the registers of stock were not closed and reviewed for the year ending March 1971 in 54 divisions (Irrigation : 24, Buildings and Roads : 13, Tawa Project : 6, Major Project : 5, Public Health : 3, Chambal : 2 and Housing : 1).

In nine divisions stock registers were not closed and reviewed even for earlier periods; in the case of Buildings and Roads division, Dhar it related to a period as old as March 1964.

(*b*) According to the information furnished (October 1971) by 101 out of 170 divisions during 1970-71, the stores were not verified at all in 6 divisions and only partially verified in 13 divisions. Shortages totalling Rs. 0.37 lakh (9 divisions) and excess of Rs. 0.04 lakh (5 divisions) have not yet (October 1971) been regularised.

CHAPTER VI

FINANCIAL ASSISTANCE TO LOCAL BODIES, STATUTORY BOARDS, CO-OPERATIVE INSTITUTIONS AND OTHERS

56. During 1970-71, Rs. 12.78 crores were paid as grants to local bodies, educational institutions *etc.*, as shown below :—

	(*In lakhs of rupees*)
Co-operative societies	1,11.53
Municipalities, Janpad Sabhas, *etc.*	1,46.90
Voluntary agencies, *etc.*	4,75.54
Educational institutions (including universities)	5,44.00

The table below shows the broad purposes for which the grants were given:—

	Purpose of the grants	Amount (*In lakhs of rupees*)
Education:	Primary	68.33
	Secondary	1,99.93
	Collegiate education (non-technical)	63.27
	University	82.35
	Technical	63.07
	Others	40.87
		5,17.82
Agriculture:	University	53.83
	Others	1,94.62
Community Development Project:	Local Development Works	2,13.38
	Others	28.29
Co-operation:	Co-operative Societies	1,11.53
	Janpad Sabhas	2.63
Animal Husbandry:	University	1.00
	Others	28.17
Tribal Welfare:	Educational purposes	14.83
	Others	10.40
Industries:	Khadi and Village Industries Board	6.30
	Handloom	6.20
	Others	7.79
Social Welfare:		3.52
Medical :		0.71
Public Health :		2.70
Miscellaneous:	Urban improvement	42.02
	Miscellaneous assignments to local bodies	30.61
	Others	1.62

Section I—Financial Assistance to Local Bodies

57. *Results of audit by Examiner, Local Fund Accounts.*—The expenditure from grants paid by State Government to local bodies (*viz.* municipal corporations, municipal councils, *janpad sabhas*, universities, *etc.*) is audited by the Examiner, Local Fund Accounts, an officer of State Government.

The arrears in audit of the accounts of the local bodies as reported by the Examiner, Local Fund Accounts, are shown below:—

	Number of accounts which remained to be audited at the end of March 1970	Number of accounts to be audited during the year 1970-71
	(Arrears)	(Current)
Number of accounts to be audited during 1970-71	530	609
Number of accounts audited during 1970-71	236	318
Number of accounts audit of which has not been completed	294	291

The arrears in completion of audit of the accounts are due to inadequacy of staff, increase in quantum of audit work, special audit of some units and increase in number of units.

According to the information furnished by the Examiner, the following are some of the important points noticed by him during 1970-71:—

(*i*) *Non-utilisation of grants.*—Mention has been made in successive Audit Reports of non-utilisation of grants. The Public Accounts Committee in its Twelfth Report (March 1968) had urged closer control over utilisation of grants. The amount of the unutilised grants, however, continues to be heavy; out of the grants paid up to March 1970, Rs. 1,12.90 lakhs remained unutilised by September 1971 as shown below:—

Year of payment of grants	Amount of grants remaining unutilised received from				
	Education Department	Local Self Government Department	Public Health Department	Other Departments	Total
	(*In lakhs of rupees*)				
Up to 1965-66	52.19	12.87	2.97	9.00	77.03
1966-67	3.63	0.06	1.10	0.22	5.01
1967-68	9.19	1.59	1.57	4.40	16.75
1968-69	5.73	0.93	0.02	0.07	6.75
1969-70	5.43	0.12	0.82	0.99	7.36
Total	76.17	15.57	6.48	14.68	1,12.90

The unspent balances with each of nineteen local bodies exceeded Rs. one lakh; year-wise break up of those cases is given below:—

Year of payment of grants	Number of local bodies	Amount (*In lakhs of rupees*)
Up to 1965-66	14	45.01
1967-68	4	8.60
1969-70	1	3.66
Total	19	57.27

(*ii*) *Embezzlement and defalcation of municipal funds.*—(*a*) Rs. 0.63 lakh were alleged to have been defalcated by the dealing assistant of a municipal council out of the water tax receipt between 1965 and 1970.

(*b*) Seventyeight cases of alleged defalcations/embezzlements totalling Rs. 0.73 lakh occasioned due mainly to non-observance of financial rules and inadequate supervision were reported in 1970-71.

(*iii*) *Arrears in collection of taxes.*—Up to 1970-71 realisation of outstanding taxes (Rs. 21.82 lakhs) has fallen due in 34 local bodies.

(*iv*) *Arrears of audit fees.*—Recovery of Rs. 2.05 lakhs (being the cost of audit) from local bodies is in arrears up to 1970-71 as shown below:—

		Amount (*In lakhs of rupees*)
(*i*)	Municipal corporations	0.68
(*ii*)	Universities	0.63
(*iii*)	Municipal councils	0.36
(*iv*)	*Mandi* committees	0.13
(*v*)	Educational institutions	0.12
(*vi*)	Trust and other funds	0.11
(*vii*)	*Mandal panchayats*	0.02
	Total	2.05

Reasons for arrears are awaited.

Public Health Engineering Department

58. *Water supply scheme.*—Narioli (Sagar district) water supply scheme administratively approved in November 1963 for Rs. 0.40 lakh (revised to Rs. 0.56 lakh in July 1967) was completed in May 1965 at a cost of Rs. 0.56 lakh. According to the agreement with the *gram panchayat*, Narioli, 25 per cent of the cost of the scheme was to be borne by it and the scheme was to be handed over to the *panchayat* for maintenance immediately on completion. However, the *gram panchayat* paid Rs. 0.08 lakh (Rs. 0.02 lakh in cash and Rs. 0.06 lakh in the shape of cost of well donated) only as against Rs. 0.14 lakh payable. The pump-house was also maintained at Government cost upto 30th June 1967. Water is not being supplied since then as the *panchayat* was reluctant to deposit the remaining contribution (Rs. 0.06 lakh) and cost of its maintenance up to June 1967 (Rs. 0.04 lakh).

Panchayat and Social Welfare Department

59. *Construction of stadia.*—In paragraph 130 of Audit Report 1965 mention was made of delay in construction of stadia for which Rs. 8.80 lakhs were paid as grants during 1956-63, payment of grants in excess of the matching contribution in one case and excess payment of grant in another case. The Public Accounts Committee in its Eleventh Report (March 1967) recommended that the department should take all possible steps to ensure early completion of the stadia and strict observance of rules in future. The points noticed by Audit in May 1971 mentioned below, however, indicate that the position has not improved.

(*a*) Rupees 13.81 lakhs were paid as grants up to 1969-70 to municipal corporations, municipal committees and stadium committees (which were required to meet 50 per cent of the cost by public contribution) for construction of stadia in 14 towns. Only two stadia at Raipur and Damoh (grant paid Rs. one lakh) were reported to have been completed so far (November 1971). The year in which construction of the remaining 12 stadia was taken up is shown below:—

Year	Number of stadia
1956-57	1
1957-58	1
1960-61	3
1961-62	2
1962-63	2
1965-66	1
1966-67	1
1967-68	1

According to the Social Welfare department (July 1970), the stadium at Betul for which the first instalment (Rs. 0.30 lakh) and the second instalment (Rs. 0.15 lakh) of the grant were paid in 1961-62 and 1969-70 respectively has cracked and crumbled.

Grants are required to be utilised within one year from the date of sanction of grant. However, out of Rs. 2.71 lakhs paid as grants for construction of six stadia between 1957-58 and 1968-69, Rs. 0.45 lakh remained unspent (November 1971).

Advance of Rs. one lakh was sanctioned from the Contingency Fund in January 1971 for payment of grant to Municipal Committee, Ratlam, subject to the condition that only so much as could be spent before 31st March 1971 should be paid. The entire amount was paid on 30th March 1971; the expenditure incurred till 28th March 1971 was only Rs. 0.20 lakh.

(*b*) *Deficiencies in departmental control.*—(*i*) Reports prescribed for submission by the stadium committee, *etc.*, showing the details of work completed and amount spent are not received by the Director, Social Welfare. Reports of work done are awaited from thirteen committees for Rs. 30.40 lakhs (Government grant: Rs. 10.80 lakhs and public contribution: Rs. 19.60 lakhs) spent on construction.

(*ii*) The accounts of only seven stadia out of fourteen have been checked by the departmental auditors till December 1971.

(*iii*) The Assistant Secretary, Sports Council, who is required to inspect all the stadia inspected only nine stadia till December 1971.

Section II—Financial Assistance to Statutory Boards, Other Non-Government Bodies and Individuals

Education Department

60. *Excess payment of grant.*—Government paid Rs. 8.55 lakhs as maintenance grant to the management body of P. M. B. Gujarati College, Indore, during 1958-59 to 1967-68. On receipt of complaints by Government about financial irregularities in the institution, a detailed investigation into the entire records of income and expenditure for the above period was undertaken by the Director of Treasuries and Accounts in December 1967. The final report submitted by the Director in February 1969 brought out, *inter alia*, the following points:—

1. (*i*) The institution had four faculties—Science, Commerce, Arts and Law. For claiming grant from Government the management body submitted during 1959-60 to 1966-67 financial statements of science and commerce faculties excluding the income and expenditure of the other two faculties which had net income of Rs. 1.17 lakhs (Arts: Rs. 0.36 lakh and Law: 0.81 lakh) during 1960-61 —1966-67.

(*ii*) In the income and expenditure statements of various faculties, income received from tuition fees and science fees only was accounted for while all other miscellaneous fees (*viz.*, examination fees, games fees, library fees, medical examination fees, N. C. C. and fees on account of magazine, social gathering, and amenities to students in general) were taken to a separate account to which income earned by the college on account of fines, forfeitures, sale of forms and forwarding fees realised from students was credited. During 1958-59 to 1967-68 income received from such miscellaneous fees, *etc.*, was Rs. 12.98 lakhs. After deducting Rs. 5.82 lakhs claimed to have been spent by the management on activities for which such miscellaneous fees were collected, the net income of Rs. 7.16 lakhs was not exhibited in the income and expenditure statements of various years. It was also noted that counterfoils of all receipts for miscellaneous fees collected during the period were not produced to departmental check and it was computed by departmental check, on the basis of the number of students each year and the rates of fees, that there was short credit of about Rs. 1.62 lakhs in the amounts shown as actually collected.

(*iii*) Rupees 0.73 lakh received as donations and solely allocable to the college income (out of the total donations received during ten years) was also not exhibited in the income and expenditure statements.

2. To credit the fees and other income of various faculties, a separate fund was established by the management in 1963-64, with a credit of Rs. 1.09 lakhs by

diversion of miscellaneous fees, forms forwarding fees *etc.*, the credit balance of the fund at the end of 1967-68 was Rs. 6.04 lakhs. There was no indication how and where the balances of the fund were kept by the management from 1963-64 to 1968-69.

Computing the income and expenditure statement every year with reference to the total income received and total expenditure incurred, it was found that at the end of each year, some unspent balance was kept with the management and as such the Director of Treasuries and Accounts observed that no maintenance grant was payable for any of the years from 1958-59 to 1967-68.

On an assurance of the management that for purpose of grant all four faculties will be treated as one unit and receipt from fees collected for students' activities would go to form a separate fund, Government sanctioned *ad hoc* maintenance grants of Rs. 2.05 lakhs (December 1969 and March 1970). Government also decided in December 1970 to get the accounts of the institution departmentally re-checked. The re-check has not commenced so far (October 1971).

Government stated in December 1971 that the items which should be taken into account for working out the income of the college and thereby calculating the deficit for arriving at the grant-in-aid payable is under consideration.

Co-operation Department

61. *Loan to a society.*—For establishing a cold storage unit for preservation of potatoes, vegetables, fruits and other perishable goods etc., Rs. 4.80 lakhs were paid as loan in March 1967 to *Kisan Sahakari Sheet Graha Maryadit*, Katra Bazar (Sagar district). The entire loan was drawn and paid in lump, though as per rules it was to be paid in three instalments. Mortgage deed which was to be executed within 60 days of completion of the building was executed only in (January 1972) though the building was completed in April 1968. The society is incurring losses since its inception (accumulated loss upto June 1971 : Rs. 1.09 lakhs). It has defaulted in payment of instalments of principal and interest due on 31st March 1970 and 31st March 1971 (Rs. 1.38 lakhs).

The matter was reported to Government in April 1971; Government intimated (February 1972) that defaults in repayment of loan and interest were due to the losses sustained by the society.

CHAPTER VII

REVENUE RECEIPTS

Sales Tax

62. *Results of test audit in general.*—The test check of assessment cases and other records conducted during 1970-71 revealed under assessment of tax to the extent of Rs. 7.02 lakhs in 1,060 cases as shown below:—

(*i*) Mistakes in calculation and application of wrong rates of tax (Rs. 2.70 lakhs in 564 cases),

(*ii*) Failure to follow correctly the provisions of the Sales Tax Act and Rules while working out the gross taxable turnover (Rs. 1.25 lakhs in 123 cases), and

(*iii*) Other errors and omissions (Rs. 3.07 lakhs in 373 cases).

State Sales Tax Act

63. *Incorrect application of rate of tax.*— Zinc sheets and ingots were taxable at one per cent till 31st August 1967 and at two per cent thereafter. In three assessment cases of a dealer for the period April 1963 to March 1966, sales of "zinc dross" amounting to Rs. 25,58,418 were taxed at one per cent. As zinc dross (scum thrown off from metals in melting) is neither zinc sheet nor ingot its sales should have been taxed at five per cent upto 31st March 1964 and at six per cent thereafter, under "residual items" and not at one per cent. This resulted in under-assessment of Rs. 1,20,355. The Commissioner of Sales Tax, to whom the matter was reported, stated (March 1971) that zinc dross being substantially zinc was taxable at one per cent only. Audit, however, is of the view that on the plain meaning of the Entry, *viz.*, "zinc sheets and ingots", 'zinc dross' would stand excluded from it.

64. *Irregular rectification of assessment order.*—The gross turnover of an unregistered dealer (a forest contractor), in a "best judgement" assessment for the period September 1959 to June 1963 was determined as Rs. 5,00,000 and he was assessed to tax of Rs. 12,000. An appeal filed by the assessee against the assessment order was also rejected (July 1966). However, on the assessee's subsequent representation that the value of two forest coupes had been incorrectly included in the turnover, the case was taken up under Section 45 (1) of M. P. General Sales Tax Act, 1958. Although this section allows rectification only of those mistakes which are apparent from the record, the sales tax officer, proceeded to re-compute the turnover and also admitted fresh declarations which entitled the assessee to a concessional rate of tax, resulting in irregular grant of relief of Rs. 10,600 to the assessee.

The Commissioner of Sales Tax intimated (February 1972) that an additional demand of Rs. 10,600 had since been raised after revising the assessment. Report regarding recovery is awaited.

65. *Incorrect levy of concessional rate of tax.*—Under the Madhya Pradesh General Sales Tax Act, 1958 a dealer, who purchases any taxable goods without paying any tax and consumes them in the manufacture of other goods for sale in the State or for sale in the course of inter-State trade or commerce, is liable to tax at a concessional rate (one per cent prior to 1st September 1967). The concession is, however, available only if the goods purchased are specified as raw materials in the certificate of registration. It was noticed in an assessment case for the period October 1965 to November 1966, that although oil-seeds were not specified as raw materials in the registration certificate of the dealer during this period, the purchases of oil-seeds worth Rs. 5,60,188 were taxed at the concessional rate of one per cent instead of at the full rate of two per cent upto 30th June 1966 and three per cent thereafter. This resulted in short-levy of tax of Rs. 7,469.

Commissioner, Sales Tax reported (January 1972) that Rs. 5,670 were recovered and the assessee had filed an appeal for the balance (Rs. 1,799).

66. *Outstanding revenue.*—The number of cases in which recovery of revenue is in arrears and the amount involved therein is given below:—

As on	Number of cases	Amount
		(*In lakhs of rupees*)
31st March 1969	47,486	3,71.52
31st March 1970	52,763	4,67.97
31st March 1971	66,174	5,45.21

The position of recovery is as under:—

Particulars	Number of cases	Amount
		(*In lakhs of rupees*)
I. Collection stayed by Appellate authorities, High Court/Supreme Court and departmental authorities	10,372	97.45
II. In the process of recovery with revenue authorities	48,734	3,37.71
III. Arrears in the nature of bad or doubtful debts—		
(*a*) Irrecoverable	3,499	56.42
(*b*) Dues against dealers presently untraceable	3,569	53.63

67. *Assessments in arrears.*—Position of assessment cases in arrears as at the and of eaeh of the last three years as intimated by Commissioner of Sales Tax

is as under:—

As on	Number of cases
31st March 1969	77,259
31st March 1970	86,712
31st March 1971	91,883

Year-wise analysis of 91,883 cases which were pending on 31st March 1971 is given below:—

Year	Number of cases
1950-51 to 1966-67	11,239
1967-68	7,626
1968-69	18,873
1969-70	33,981*
1970-71	20,164

68. *Appeals under the Sales Tax Act.*—Position of the appeal cases outstanding at the close of eaeh of the last three years, as intimated by Commissioner of Sales Tax, is as uuder:—

As on	Number of cases
31st March 1969	15,651
31st March 1970	16,038
31st March 1971	15,038

Year-wise analysis of the cases, which were pending on 31st March 1971, is given below:—

Year	Number of cases
1960-61 to 1966-67	826
1967-68	1,135
1968-69	2,587
1969-70	3,481
1970-71	7,099

69. *Offences under Sales Tax Acts.*—As reported by the Commissioner of Sales Tax, 1,257 cases out of 4,793 cases of offences under Sales Tax Acts

*Increase over the figures shown in para 99 of the Audit Report for the year 1969-70 is due to institution of fresh cases pertaining to the year 1969-70 in the year 1970-71.

were disposed of during 1970-71, as under :—

Number of cases	How disposed of
1,203	Offences compounded. Of these, composition fee of Rs.2,559 was realised in 32 cases and the rest were filed.
54	Prosecution proceedings finalised. None of these cases resulted in conviction.

Year-wise analysis of pending cases is given below:—

Year	Number of cases
1955-56 to 1965-66	484
1966-67	136
1967-68	272
1968-69	266
1969-70	368
1970-71	2,010
Total	3,536

State Excise Duties

70. *Loss of revenue.*—The departmental rules provide that a successful bidder for the licence to run intoxicating drugs shops has to furnish the prescribed security at the time of auction sale or within a reasonable period not exceeding ten days and also to deposit an instalment of licence fee in advance. In case of default in payment, the licence for running the shop is re-auctioned at the risk of the defaulting purchaser and any short-fall between the original bid and the bid obtained at re-auction is recoverable from him.

(a) A *Ganja* shop was auctioned in January 1968 for Rs. 44,100 for the year 1968-69 but the bidder neither paid any advance of licence fee nor furnished any security and the shop was, therefore, re-auctioned in March 1968 for Rs. 13,100 and the resultant loss of Rs. 31,000 was recoverable from the original successful bidder. District Excise Officer reported (January 1971) that the recovery proceedings were started in April 1968, but no recovery could be effected so far as the defaulter did not have any movable or immovable property.

The matter was reported to Government in May 1970; reply is awaited (January 1972).

(b) (i) In one district, licences for liquor, *Ganja* and *Bhang* shops for 1969-70 were auctioned in February 1969. The highest bid was Rs. 3,47,500. This bidder was allowed to bid at the auction, although he did not produce a solvency certificate as required under the rules, nor did he deposit earnest money of Rs. 5,000

immediately after the conclusion of the auction as required by a circular dated 3rd January 1969 of the Excise Commissioner.

On the highest bidder's failure to deposit 1/10th of the licence fee within ten days from the date of auction as per the conditions of sale the department, instead of accepting the next lowest bid of Rs. 3,39,500, re-auctioned the shops in March 1969. The re-auction fetched only Rs. 2,96,000 as the highest bid. According to rules the shortfall of Rs. 51,500 (3,47,500 —2,96,000) was recoverable from the highest bidder of the first auction but no recovery could be effected as the defaulter was reported to be owning no property. Government accepted the loss (January 1972).

(*b*) (ii) In another similar case licence for eight *Ganja* and *Bhang* shops for 1969-70 was auctioned (January 1969) for Rs. 0.93 lakh, the bidder was allowed to bid at the auction, although he did not produce a solvency certificate as required under the rules; subsequently on his failure to pay the deposit amount within the prescribed time according to the rules, the shops were re-auctioned on 21st March 1969 for Rs. 0.62 lakh. Against the shortfall of Rs. 0.31 lakh the only amount available for adjustment is the earnest money of Rs. 1,100. The defaulting contractor is reported to be owning no property.

(*c*) For 1968-69 a *Ganja* shop in Raigarh district was auctioned for Rs. 0.41 lakh in January 1968 to a contractor who was black listed in 1967 and, under the rules, was debarred from taking part in the auction. On his failure to furnish the required security within the stipulated time (ten days), the shop was re-auctioned on 12th April 1968 for Rs. 0.29 lakh.

(d) Two liquor shops initially auctioned (January 1969) for Rs. 20,000 and Rs. 16,200 respectively for the year 1969-70 were re-auctioned (February 1969) for Rs. 12,000 and Rs. 11,100. However, in the records original bids were incorrectly recorded as Rs. 12,000 and Rs. 11,100 instead of Rs. 20,000 and Rs. 16,200 respectively with the result that the short-fall of Rs. 13,100 which was payable by the original licencees, was not claimed from them.

When this fact was pointed out, the District Excise Officer informed (January 1971) that the recovery proceedings against the contractors had been instituted.

Government to whom the matter was reported in May 1970 stated (November 1971) that the action for recovery was under process.

Forest Department

71. *Acceptance of forged challans.*—According to rules, before a forest contractor is allowed to commence work in the contract area he has to pay the full amount of the consideration or the prescribed instalment into the treasury; a copy of the receipted challan is forwarded by the Treasury Officer the same day to the concerned Forest Officer and a consolidated receipt for all the forest remittances credited during the month is obtained by the Forest Officer from the Treasury on

the first of the ensuing month. In nine cases of three forest divisions work orders were issued on the basis of copies of challans produced by contractors showing payment of Rs. 1.82 lakhs during January 1969 to December 1969 into the treasury. The department noticed in February 1970 that the challans produced by contractors were not genuine. The fraud was rendered possible due to:—

(*i*) issue of work orders on the basis of copies of challans produced by contractors without confirming the position from the challans sent direct by the treasuries; and

(*ii*) non-reconciliation of the departmental figures of receipts with the treasury figures.

The amount has since been recovered from the contractors in full with interest and the matter is reported to be under police investigation. Further developments are awaited (January 1972).

Education Department

72. *Non-recovery of tuition fees.*—During local audit of the accounts of the College of Educational Psychology, Jabalpur (June 1968) it was noticed that no tuition fees were recovered from students of the college. The Principal of the college stated (March 1971) that fees were not recovered as stipends of Rs. 40 per month admissible to the students were discontinued by Government and there was implicit assumption that discontinuance of stipends would mean exemption of tuition fees. There are, however, no orders of Government exempting students from payment of tuition fees. The rate of tuition fees levied for M. A. classes of the University of Jabalpur and its other affiliated Colleges is Rs. 126 per annum. Based on the number of students enrolled from 1962-63, (when this college was formed) to 1970-71, there has been loss of Rs. 0.48 lakh due to non-recovery of tuition fees from the students.

The matter was reported to the Government in May 1971; replies are awaited (January 1972).

Public Health Department

73. *Non-realisation of fees for dental service.*—The rates of fees to be recorded for various types of dental services rendered at the Dental College, Indore, were prescribed by the Public Health Department in January 1966. It was, however, noticed that no recovery of fees could be made between January 1966 and February 1967 for the reason that the orders were received in the College only in February 1967. Further, no fees were charged by the college upto July 1969 for routine services to patients with income of less than Rs.6,000 per annum, though no such exemption was provided in the orders. This resulted in loss of revenue of Rs.0.29 .lakh.

Government stated (December 1971) that the matter was under consideration.

CHAPTER VIII

COMMERCIAL ACTIVITIES, INVESTMENTS AND GUARANTEES

Section A—General

74. This chapter deals with the results of audit of—

(*i*) Statutory Corporations/Boards,

(*ii*) Government Companies,

(*iii*) Departmentally managed Government Commercial and Quasi-Commercial undertakings, and

(*iv*) Investments and guarantees by the State Government.

Section B—Statutory Corporations/Boards

75. There were four statutory Corporations/Boards in the State on 31st March 1971:—

(*i*) The Madhya Pradesh Financial Corporation,

(*ii*) The Madhya Pradesh State Road Transport Corporation,

(*iii*) The Madhya Pradesh State Warehousing Corporation, and

(*iv*) The Madhya Pradesh Electricity Board.

A synoptic statement showing the financial results of these bodies for the latest year upto which accounts have been received and audited is given in Appendix VII.

Madhya Pradesh Electricity Board

76. (*a*) *Introduction.*—Madhya Pradesh Electricity Board was incorporated on 1st April 1957. The accounts of the Board for the year 1970-71 with audit certificate was forwarded (September 1971) to Government for presentation to the legislature in terms of Section 69 (4) and (5) of the Electricity (Supply) Act, 1948.

(*b*) *Generation and sale of energy.*—The table below indicates the particulars of installed capacity of the Board for generation of power, power generated and purchased,power available for sale, power sold, loss in transmission and distribution, average cost of power sold, average revenue earned *etc.* for the last three years:—

	Kilowatt hours in millions		
	1968-69	1969-70	1970-71
(*i*) Installed capacity of generating plant	56,98.082	58,78.398	62,09.745
(*ii*) Maximum effective firm capacity	46,42.800	47,65.440	53,65,300
(*iii*) Power generated	19,82.673	22,12.607	28,05.998

	Kilowatt hours in millions		
	1968-69	1969-70	1970-71
(*iv*) Power purchased	8.000	9.037	12.798
(*v*) Power available for sale	19,90.673	22,21.644	28,18.796
(*vi*) Power sold	15,85.765	17,79.795	22,63.509
(*vii*) Power used for generating station auxiliaries.	1,81.925	1,82.287	2,22.101
(*viii*) Power supplied free to officers, staff *etc.*	..	0.039	0.133
(*ix*) Loss in transmission and distribution	2,22.983	2,59.562	3,33.186
(*x*) Percentage of power generated to installed capacity.	34.8	37.6	45.2
(*xi*) Percentage of power generated to effective/firm capacity.	42.7	46.4	52.3
(*xii*) Percentage of loss in transmission and distribution to available power.	11.2	11.7	11.8
(*xiii*) Average cost of energy sold (in paise)	7.98	8.13	8.48
(*xiv*) Average revenue per KWH sold(in paise)	13.54	14.18	14.36

It will be seen from the above that although the percentage of power generated to installed capacity is progressively increasing, the actual utilisation of capacity is low, *viz.*, 45.2 per cent.

(*c*) *Working results.*—The working results of the Board for the last three years ending 1970-71 are indicated below :—

	1968-69	1969-70	1970-71
	(*In lakhs of rupees*)		
(*i*) Gross Revenue	21,30.72	24,24.36	31,92.11
(*ii*) (*a*) Operating Expenditure	8,97.85	9,82.39	15,69.07
(*b*) Depreciation	3,67.87	4,65.90	5,31.11
(*c*) Interest on bonds, L.I.C. and Commercial loans.	10.02	25.90	51.74
(*d*) Contribution to Bond Redemption Fund	..	9.19	46.29
(*e*) General Reserve	55.05	71.02	81.38
(*f*) Interest on Government loan	8,03.03	8,36.15	8,78.72
(*iii*) Net Loss (—)/Surplus(+) for the year	(—)3.10	(+)35.81	(+)33.80
(*iv*) Arrear of interest on Government loans as at 31st March shown as contingent liability in the accounts.	5,63.06	5,27.25	4,93.45

(*d*) *Billing of high tension consumers.*—A test check of the records of high tension consumers in four circles (Jabalpur, Raipur, Bilaspur and Bhopal) of the Board for 1969-70 in March-October 1970 disclosed the following:—

(1) *Operation of tariff provisions.*—(*a*) Surcharge is required to be levied in case power factor is below 85 per cent. If it drops below 70 per cent the supply to the consumer is liable to be discontinued unless steps are taken by him to improve the power factor.

In 69 cases power factor measuring instruments were not installed. The pemises of 53 consumers in three circles(Jabalpur, Bhopal and Raipur)out of 63 consumers without power factor measuring instruments were not being checked by installing portable Bivector/Trivector meters at an interval of six months as required under Board's order issued in May 1968. The Secretary of the Board stated in November 1971 that Trivector/Bivector meters had since been installed in 23 cases, power factor meters installed in 6 cases and power connection in 3 cases were disconnected.

In Jabalpur circle two licencees were not billed for low power factor in respect ot which the amount of under billing was Rs. 1.66 lakhs.

(*b*) Fuel cost adjustments of the *tariff* rates have been made on provisional basis, pending determination of actual cost. In Raipur circle such adjustments are pending from 1959 to March 1967; in Jabalpur circle they are pending from March 1962. In respect of southern grid *tariff* adjustments have been finalised up to December 1964 but provisional cost from January 1965 onwards has not been re-adjusted on the basis of final rates for 1964 resulting in under-billing of Rs. 3.66 lakhs.

(*c*) According to orders issued by the Board in March 1968 hire charges at 1¼ per cent of the cost of transformers and equipment installed at consumers' premises are required to be recovered. Under-recovery of Rs. 0.66 lakh towards hire charges of transformers given to one licencee was noticed. In Jabalpur circle in cases of 6 consumers out of 13, copies of agreements for equipment given on hire entered into with the consumers were not available.

(*d*) The high tension consumers are permitted to utilise the power towards light and fan installations inside the factory up to 5 per cent from June 1965 to January 1968 and upto 10 per cent thereafter, of the total power consumed, provided the units so utilised are metered separately. In 21 cases of Jabalpur and Bhopal Circles, separate meters for recording consumption of power for light and fan were not installed. In 9 cases of Bhopal circle 10 per cent allowance in this regard was being allowed as a matter of course without being metered.

(2) *Under billing.*—Under-charge of Rs. 5.90 lakhs on account of the following was noticed:—

		(*In lakhs of rupees*)
(*a*)	Unauthorised rebate in fuel cost (Jabalpur circle) during June 1967 to May 1969.	3.76
(*b*)	Non-billing of domestic/residential consumption at light and fan rate or on the basis of average consumption in case of defective meters during April 1967 to September 1970.	1.34
(*c*)	Under/defective billing (incorrect calculation of maximum demand, wrong billing of contract demand, non-recovery of surcharge for low power factor, *etc.*, non-implementation of revised agreements during November 1967 to September 1970).	0.80

(3) *Outstanding dues.*—The total outstanding dues on 31st March 1970 were Rs. 3,25.29 lakhs (including Rs. 1.05 lakhs due from disconnected consumers of Jabalpur circle) of which Rs. 1,04.71 lakhs were outstanding for more than one year. Besides, Rs. 43.84 lakhs were outstanding from two licensees of Jabalpur circle against whom recovery proceedings were stated to have been initiated by the Board under Dues Recovery Act, 1961.

The matter was reported to Government in October-November 1970; reply is awaited (January 1972).

77. *Incorrect estimate of quantities.*—In response to item rate tenders invited in July 1963 for construction of civil works (comprising three groups *viz.*, I—Excavation, cement concrete *etc.*, II—Fabrication of steel structure and III—Erection of structural steel), for Satpura Thermal Power Station, Sarni, ten tenders were received; out ot which two tenders were only for groups II and III and one for group I and remaining seven were for all the three groups. According to group-wise comparison, the rates of contractor 'A' were lowest in group I (value: Rs. 1,51.03 lakhs) while contractor 'C' was second lowest (value: Rs. 1,61.36 lakhs). The contractor 'B' (who did not quote for group I) was lowest in groups II and III (value : Rs. 47.21 lakhs). As contractor 'A' had quoted with the condition that they would not accept the work in parts and declined to agree to the same even after negotiations, their tender was accepted for all the three groups, as it was found to be the lowest (total value: Rs. 2,08.50 lakhs) after making a comparison with the combined rates of contractor 'B' for groups II and III and of contractor 'C' for group I (total value : Rs. 2,08.57 lakhs).

On completion of the work it was observed by Audit that the quantities of work actually executed had increased by more than 50 per cent over the estimated quantities and the cost of work in respect of items of the agreement alone worked out to Rs. 3,17.61 lakhs. A comparison of the rates of contractor 'A' with the combined rates of contractors 'B' and 'C' on the basis of actual quantities executed revealed that the Board incurred excess expenditure of Rs. 8.38 lakhs by award-

ing the contract to contractor 'A'. This was apparently due to preparation of incorrect estimates of quantities in all the groups on the basis of which the work was put to tender and contract awarded.

The matter was reported to Board and Government in May 1971; reply is awaited (January 1972).

78. *Purchase of furnace oil.*—An order for supply of furnace oil to the Satpura Power Station at Rs. 238.66 per tonne (*plus* Central Sales Tax) ex-Bombay* was placed on the Indian Oil Corporation in November 1967.

Due to non-availability of tankers the Indian Oil Corporation supplied furnace oil ex-Itarsi** depot between November 1967 and November 1968 and charged sales tax in their bills at 7.53 per cent in accordance with Madhya Pradesh General Sales Tax Act which was paid by the Board.

The furnace oil being an item used for the generation of power attracts State sales tax at concessional rate of 2 per cent provided a declaration is given in the prescribed form. As the declaration was not given by the Board to the Indian Oil Corporation (inspite of circulars issued by the Board's Secretary) before commencement of supplies, the Board had to pay Rs. 0.86 lakh more on account of sales tax.

It was stated in December 1971 that 'the matter has been taken up with Indian Oil Corporation and the case is being pursued with them'.

79. *Loss due to failure to claim refund/adjustment of inspection fees.*—According to the Electricity department notification (October 1960) fees for annual inspection of sub-stations and other electrical installations are payable in advance each year, and in case no inspection is carried out, or if any installation is disconnected/dismantled before the inspection, the fees so paid in advance are adjustable towards the fees payable for the subsequent years. In eleven divisions in Indore, Bhopal and Gwalior circles the Board while making advance payment of fees for the current year did not make necessary adjustments for the fees paid in earlier years in respect of installations not inspected or dismantled before inspection. This resulted in an excess payment of fees of Rs. 1.68 lakhs between 1962-63 and 1969-70; out of which Rs. 0.73 lakh has become time-barred, as adjustments of fee paid in advance before three years is not permissible under the rules. The Secretary of the Board stated (October 1971) that in respect of 5 divisions a sum of Rs. 0.22 lakh had already been adjusted and adjustments admitted for Rs. 0.14 lakh subject to production of certain records.

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*Being inter-State transaction Central Sales Tax rates are applicable.

**Being in Madhya Pradesh rates as per Madhya Pradesh General Sales Tax Act are applicable.

The matter was reported to Government in July 1971; reply is awaited (January 1972).

80. *Idle Outlay.*—The Public Accounts Committee in its fourteenth report (March 1969) expressed grave concern over the stores remaining unused for long time and recommended that urgent steps for utilisation or disposal of stores should be taken so that Board's money might not remain blocked. It was noticed then in Satpura Thermal Power Project, Sarni, Steel, copper and other general stores costing Rs. 16.65 lakhs have remained unused for three to eight years as shown below:—

S. No.	Particulars of stores	Cost	Other remarks
		(*In lakhs of rupees*)	
1.	Steel plates 210 tonnes	1.46	Out of 249 tonnes received in August 1966 from a firm of Holland.
2.	Mild steel plates 60 tonnes	0.33	Out of 99 tonnes purchased in October 1964 from United States of America.
3.	Mild steel round, plate, channel, angle, beam and tee indigenous.	12.76	Purchased/Received on transfer from other divisions between February 1963 and February 1966.
4.	Copper conductor strip *etc.*	1.11	Received on transfer between August 1964 and March 1966.
5.	Seven items of general stores	0.99	Purchased between July 1964 and February 1968.

The stores have been declared as surplus by the Board for the project. The Board stated (December 1971) that "it was necessary to assess the requirement simultaneously with the advance planning and the finalisation of the designs with certain allowance for extras".

Section C—Government Companies

81. There were nine* Government companies in the State as on 31st March 1971. The investment of Government in the share capital of these companies (including application money) was Rs. 5,86.77 lakhs. Bank of Kawardha Limited (investments : Rs. 0.07 lakh excluding the amount of compensation received) is under liquidation, while Dhar Transport Company Limited (investment : Rs. 1.50 lakhs) has ceased to function since April 1956 and has been declared defunct (March 1965) by the Registrar of Companies.

*With the object of carrying on the business of textile mills a new Government Company (Madhya Pradesh State Textile Corporation Limited) was formed in October 1970 (authorised capital : Rs. 5.00 crores).

A summary of the financial results of Madhya Pradesh State Industries Corporation Limited, Provident Investment Company Limted, Madhya Pradesh State Mining Corporation Limited, Madhya Pradesh State Agro-Industries Development Corporation Limited and Madhya Pradesh *Audyogik Vikas Nigam* Limited as per the latest accounts received is given in Appendix VIII.

The audited accounts of the following companies for the years shown against each have not been received (January 1972):—

Name of the company	Period for which accounts are awaited
1. Madhya Pradesh *Laghu Udyog Nigam Limited*	1967-68 to 1970-71
2. Madhya Pradesh State Industries Corporation Limited.	1969-70 and 1970-71

Madhya Pradesh State Industries Corporation Limited

82. *Gwalior Potteries, Gwalior.*—

1. *Introduction*—The Gwalior Potteries (established in the year 1919 and inherited by the former Madhya Bharat Government from the erstwhile Gwalior State) was managed as a departmental undertaking by the Commerce and Industry department till April 1963, when it was transferred to the Madhya Pradesh State Industries Corporation Limited so that it can be run on commercial basis, treating Rs. 3.21 lakhs towards value of net assets transferred as share capital contribution of the Government in the Corporation. The Potteries Unit specialises in the manufacture of coloured table wares, sanitary articles, vases, pipes *etc.*

2. *Working results*—Working results of the Potteries Unit for the three years ending 31st March 1970 are given below. Accounts for 1969-70 and 1970-71 have not been finalised by the Corporation so far (January 1972).

	1967-68	1968-69	1969-70*
	(*In lakhs of rupees*)		
(*a*) Cost of Production—			
(*i*) Opening work in progress	0.80	0.93	1.85
(*ii*) Raw materials consumed	1.20	0.74	1.54
(*iii*) Direct Labour	5.21	6.08	6.71
(*iv*) Direct expenses (fuel, power, *etc.*)	1.84	2.23	2.89
(*v*) Overhead expenses	1.23	1.46	1.44
Total	10.28	11.44	14.43
Less—			
Closing work in progress	0.93	1.85	2.85
Net value of production	9.35	9.59	11.58
(*b*) Cost of sales	9.04	8.17	10.99
(*c*) Sales	6.95	6.62	8.17
(*d*) Miscellaneous receipts	0.02	0.21	0.07
(*e*) Loss	2.07	1.34	2.75

*On the basis of tentative final accounts drawn up by the Corporation.

The factory was incurring loss for 6 years prior to its transfer to the Corporation. After its transfer to the Corporation in April 1963, total loss upto 1969-70 worked out to Rs. 13.84 lakhs. The decrease in loss during 1968-69 (Rs. 1.34 lakhs) as compared to Rs. 2.07 lakhs in 1967-68 was mainly due to credit being given during the year in respect of colours valued Rs. 1.61 lakhs which had been charged as consumption in the previous years; but accounted for as stocks at the end of 1968-69.

3. *Production*—The Potteries Unit does not prepare any production budget specifying *inter-alia*, the quantities of various types of items to be produced. The following data indicates the number of kilns loaded and number of pieces produced during three years ending 1969-70 :

Years	No. of kilns loaded		No. of pieces produced (*In lakhs*)	
	Crockery and tiles	Pipes	Crockery and tiles	Pipes
1967-68	143	Not available	9.05	0.20
1968-69	177	42	10.71	0.28
1969-70	195	36	13.07	0.26

The Potteries Unit does not maintain any cost records. The rated capacity of the machinery and plant such as stone crushers, blunger machine, filter machine, pug mill, manufacturing discs and kilns has not been fixed; no such record of the working of various machines was maintained.

The following pionts were observed by audit from the available records :—

(*i*) Normal limits of breakage due to firing in kilns were not fixed. The percentage of breakages during the last three years upto 1969-70 was as under :—

	1967-68	1968-69	1969-70
A. (*a*) First firing	16	16	14
(*b*) Second firing	2	3	3
B. Firing for pipes	Not available	22	21

(*ii*) *Quality of the products* :—Control over the categorisation of quality of the products in the Potteries Unit was inadequate. Finished goods produced during three years ending 1969-70 were classified as follows:—

Number of pieces in lakhs

	1967-68		1968-69		1969-70	
	Pieces	Percentage	Pieces	Percentage	Pieces	Percentage
(*a*) First quality	4.20	46	5.75	54	7.79	59
(*b*) Semi-first quality	3.14	35	2.11	20	1.94	15
(*c*) Second quality	1.55	17	2.51	23	3.01	23
(*d*) Breakages	0.16	2	0.34	3	0.33	3

Though the percentage of first quality goods was shown to have gone up from 46 in 1967-68 to 59 in 1969-70, there were complaints from selling agents and customers between January 1970 and January 1971 that semi-first and second quality goods were largely categorised as first-quality goods in respect of production of 1968-69 and 1969-70. This affected the demand for the products adversely resulting in increase in the stock of finished goods valuing Rs. 2.19 lakhs as on 31st March 1968, Rs. 3.51 lakhs as on 31st March 1969 and Rs. 4.25 lakhs as on 31st March 1970.

(*iii*) *Incentive scheme*—In May 1968 the General Manager, Gwalior Potteries introduced an incentive scheme, under which an incentive payment to labour employed in the manufacturing section was to be made for extra work, and in September 1968 extended it to other sections too. Rupees 0.75 lakh (Rs. 0.24 lakh in 1968-69, Rs. 0.40 lakh in 1969-70 and Rs. 0.11 lakh upto December 1970) were paid as incentive, but the requisite corresponding increase in production was not achieved.

The Corporation to whom the case was reported by audit stated (May 1971) that "the scheme which was introduced as a trial with the object of getting extra work from the labour and increasing production, could not be implemented successfully and has been suspended for the present".

4. *Loss in sales*—Packing and forwarding charges, worked out on rough estimate basis,are being recovered from the customers separately. Rates thereof were revised upward on Ist July 1966, 3rd March 1967 and Ist April 1967. Actual expenditure towards the cost of materials and labour (booked separately) was, however, in excess of the amount recouped from the customers by Rs. 1.29 lakhs between 1963-64 and 1969-70. It was stated (July 1971) that the rates were already high and the under-recoupment was due to non-recovery of the cost of string and rags from the customers and the section remaining idle for want of work.

5. *Closing stock*—(*a*) Value of stock of finished goods was Rs. 2.19 lakhs on 31st March 1968, Rs. 3.51 lakhs on 31st March 1969 and Rs. 4.15 lakhs on 31st March 1970.

The closing stock (Rs. 4.15 lakhs) as on 31st March 1970 included defective and damaged goods valued Rs. 1.58 lakhs on the basis of original cost manufactured in 1951-52 (Rs. 1.20 lakhs) and 1960-62 (Rs. 0.38 lakh) which have not been disposed of so far, even after considerable reduction in the sale price.

(*b*) Physical verification of stores as on 31st March 1970 disclosed shortages in coal worth Rs. 0.42 lakh, clay Rs. 0.42 lakh and bricks Rs. 0.06 lakh which are yet to be regularised (January 1972).

(*c*) Closing stock as on 31st March 1970 included goods valued Rs. 0.23 lakh which were consigned to Art Emporia (Industries department) for sale prior to the transfer of the unit to the Corporation, neither the details of supplies nor the acknowledgements were, however, on records.

6. *Outstanding dues*—Rupees 1.04 lakhs were outstanding for recovery on 31st March 1970, of which Rs. 0.22 lakh taken over by the Corporation from the Government on 15th April 1963 were considered bad and proposed for write off.

Section D—Departmentally Managed Government Commercial and Quasi Commercial Undertakings

83. As on 31st March 1971 there were two departmental commercial undertakings *viz.*, Nationalised Text Book Scheme, Bhopal and Sales Dispensary, Indore and three quasi-commercial undertakings *viz.*, Milk Supply Scheme, Bhopal, Training-*cum*-Production Centre, Chanderi and Government Handloom Factory, Maheshwar; the financial results of three undertakings whose accounts for the year 1969-70 are available are given in Appendix IX.

The *proforma* accounts of the following schemes have not been received so far (December 1972) :—

	Year from which *proforma* accounts are awaited	Remarks
Forest Department—		
Purchase and sale of *tendu* leaves	1965-66 (since inception)	Forms yet to be finalised.
Education Department—		
Nationalised Text Book Scheme	1960-61 onwards	The scheme commenced in December 1957. No *proforma* accounts have been prepared since then, Government decided in September 1966 that the *proforma* accounts of the scheme be prepared from 1960-61 onwards. Accounts for 1960-61 and 1961-62 rendered (September 1967) to audit were found to be incomplete and defective. The Public Accounts Committee in their Nineteenth Report (April 1971) hoped that as per assurance given by the department, accounts upto 1969-70 would be got prepared within a period of two years. Further progress is awaited.
Food Department—		
Grain Supply Scheme	1966-67 onwards	The *proforma* accounts of the scheme have remained uncertified/unchecked since 1st November 1956. The Public Accounts Committee in their Nineteenth Report (April 1971) desired the finalisation of the work relating to these accounts. Further progress is awaited (December 1972). The accounts for period upto 1965-66 rendered to audit were found to be defective.
Agriculture (Veterinary) Department—		
Government Milk Supply Scheme (Bhopal).	1958-59 (February 1959) onwards	The scheme was started in February 1959, the accounts of the scheme have not been prepared since inception. In their Nineteenth Report (April 1971) the Public Accounts Committee expected that *proforma* accounts for the year 1970-71 would be submitted to Audit by September 1971.

Year from which *proforma* accounts are awaited	Remarks
	Government decided (September 1972) that in place of *proforma* accounts for the years 1958-59 to 1969-70, a statement of assets and liabilities of the scheme as on Ist April 1970 should be prepared and be trated as basis for preparing *proforma* accounts for the year 1970-71 and onwards. Further progress is awaited (December 1972).

Section—E—Financial Assistance to Co-operative Societies

84. *Construction of rice mills.—Introduction.*—For setting up of 75 rice mills for operation in Madhya Pradesh by the co-operatives, the National Co-operative Development Corporation granted interest bearing loans totalling to Rs. 1.79 crores between 1964-65 and 1968-69 to the State Government which entrusted in March 1965 the work of construction of mills to the Madhya Pradesh State Co-operative Marketing Federation and made contributions (Rs. 1.79 crores) between 1965-66 and 1968-69 towards its share capital for this purpose. A civil Engineering section under a Chief Civil Engineer at Bhopal and two zonal offices at Raipur and Jabalpur each under the charge of an Executive Engineer were set-up in March 1966 by the Federation for executing the work.

Rupees 1,05.00 lakhs were spent in Raipur Zone between 1965-66 and June 1968 (date on which the accounts were finalised) and Rs. 87.00 lakhs at places other than Raipur between 1965-66 and June 1970. Out of 72 rice mills taken up for construction, construction of 66 mills was completed between February 1967 and June 1970; 5 mills are still under construction (December 1971) and construction work of 1 mill was abandoned in May 1969 after incurring an expenditure of Rs. 0.97 lakh. 54 out of the 66 completed mills were commissioned between 1967-68 and 1969-70.

A test audit of the records of the Federation at Bhopal and in the zonal offices at Raipur and Jabalpur revealed the following:—

(A) *General deficiencies in the maintenance of accounts and records*—(*i*) Expenditure on purchase of materials and works was incurred by various offices. The paid vouchers were retained by the officers making the payments. The accounts of various units were not compiled in the central office work-wise. Necessary control records like store accounts, register of works *etc.*, were not maintained.

(*ii*) Purchases of material such as cement, asbestos cement sheets, rolling shutters, tubular structures and steel *etc.*, were made centrally by the Chief Engineer according to the procedure laid down and in addition heavy local

purchases (Rs. 20 lakhs out of total purchase of Rs. 50 lakhs in Raipur zone alone) were made between December 1965 and June 1968 by the Executive Engineers. The items centrally procured and those issued from central stores were passed through the District Marketing Officers of the Federation. No system was devised to secure agreement between the stores issued by those officers and materials actually received at site. No accounts were maintained for the stores and material purchased locally by the Executive Engineers, Raipur and Jabalpur.

(*iii*) The material-at-site accounts in respect of individual works were not maintained. No check was exercised over actual consumption/utilisation of materials on works executed by the contractors at labour rates only; nor was any record (such as contractor's ledger) maintained to keep a watch over the recovery of cost of material where the same was recoverable from the contractors. Cases involving aggregate amount of Rs. 1.07 lakhs in 17 works, where neither the recovery of the cost of material from the contractor nor its proper utilisation could be verified from the record, were pointed out by audit in October 1970; reply is awaited (January 1972).

(B) *Irregularities in local purchases*—Purchases of stores and building material worth over Rs. 20 lakhs for 44 mills located in several districts were made by the Executive Engineer, Raipur between December 1965 and June 1968 without obtaining the approval of the zonal committee.

One case where purchases were made without justification (Rs. 2.40 lakhs) and involved extra cost of Rs. 0.60 lakh noticed by audit are mentioned below:—

The purchases of A. C. sheets and ridges *etc.*, required for the roofing of all the 71 Rice Mills and paddy godowns were arranged by the Chief Engineer during the period January 1966 to May 1967 through the Director General of Supplies and Disposals (for 66 units at Rs. 4.92 lakhs) and by effecting purchases locally (for 5 units). According to the Chief Engineer (May 1967), "these purchases were sufficient to meet the requirements for 71 units and on the other hand, if any thing, there should be surplus on hand".

The Executive Engineer Raipur, however, made further local purchases of 1,80,560 sq. ft. of A. C. sheets with A.C. Ridges at a cost of Rs. 2.40 lakhs during December 1965 to June 1968 on the basis of quotation obtained from a local firm on 10th December 1965, which involved extra expenditure of Rs. 0.60 lakh approximately as compared to the rates of Director General of Supplies and Disposals. However, an exact comparison in the rates was not possible due to adoption of different basis of payment in two cases, the purchases through Director General of Supplies and Disposals, being priced per number of sheet against the rate per square feet area of sheet adopted for making the local purchases. The method adopted for payment of local purchases rendered proper measurement and accounting of the purchases *vis-a-vis* their utilisation difficult. No account of utilisation of A. C. sheets was maintained.

(C) *Construction of works in Raipur Zone*—The works (44 Rice Mills) in Raipur zone were executed on work order system. The agreements with the contractors and work orders issued to them were not made available.

The zonal committee at Raipur in its meeting held on 31st March 1966 decided that the Executive Engineer, should submit proposals about the manner of execution of works in each case with his recommendations to the zonal office and the committee would consider them on merits. The records of the proceedings of the zonal committee contained approval of the committee for award of works to various contractors in seventeen works, including ex-post-facto approval in case of works already awarded by the Executive Engineer before the commitee had held its meeting in May 1966. Sixteen works out of seventeen pertaining to Raipur, Durg and Bastar districts were awarded either one per cent below current schedule of rates or at par with current schedule of rates and one work of superstructure work of Rice Mill, Pendra Road in Bilaspur district was awarded at 15 per cent above current schedule of rates. Records indicating the approval of the committee for the twenty three works constructed at Ambikapur, Raigarh and Bilaspur (except for Rice Mill, Pendra road) were not made available.

In the case of sixteen works in Bilaspur and Ambikapur districts it was observed that instead of applying the Public Works departmental schedule of rates, the rates for completed items paid to the contractors were arrived at by making certain additions in the rates provided in the current schedule of rates which were invariably to the advantage of contractor and for which no authority or basis was available. Similarly, in the case of seven works in Raigarh district, the payments to contractors for completed items of works were made by splitting up the payments for material and labour. When the zonal committee in its meeting held on 3rd July 1966 required presentation of the statement of accounts showing separately the expenditure for labour and material, the Executive Engineer expressed his inability to furnish such accounts because the works had been allotted on complete job basis.

It was not possible for audit to check the correctness of payments made to the contractors. An analysis of 13 cases involving payments of Rs. 8.24 lakhs on the basis of records available showed that as compared to works carried on in other districts of the zone at rates ranging from 1 per cent below current schedule of rates to at par with current schedule of rates the overall payments made to the contractors for these works ranged between 23 per cent to 25 per cent above current schedule of rates in 2 cases, 36 per cent to 40 per cent above current schedule of rates in 4 cases and 40 per cent to 60 per cent above current schedule of rates in 7 cases involving total payment of Rs. 2.29 lakhs above the current schedule of rates.

(*D*) *Irregularities in the execution of works in Jabalpur zone*—In case of eleven works (estimated cost of each work : over Rs. 0.50 lakh) of Jabalpur zone for which the tender documents were produced, tenders were invited by giving

short notice of 7 to 8 days and by forwarding tender notices for publicity to three or four local offices in the area where the works were constructed. While the tender notice stipulated the period of completion of works between 15 days to 2 months the works were completed after a lapse of more than one year in seven cases and more than 2 years in 4 cases. No penalty was imposed for the delay in execution of works in any case.

(*E*) *Infructuous/Unfruitful Outlay*—(*i*) Construction of Rice Mill at Kawardha taken up in July 1968 was abandoned in May 1969 after an expenditure of Rs. 0.97 lakh had been incurred (on works Rs. 0.35 lakh and on material Rs. 0.62 lakh) as doubts were expressed in a meeting held in the office of Registrar of Co-operative Societies, Bhopal in March 1969 regarding availability of sufficient quantity of paddy to run the Mill.

(*ii*) Construction of a *Dal* drying platform (estimated cost : Rs. 0.38 lakh) in Rice Mill, Waidhan awarded to a contractor at 7 per cent above the P. W. D. Schedule of rates by the Assistant Engineer, Satna without inviting tenders and without obtaining administrative approval and technical estimate, was taken up in April 1968; but was left incomplete in August 1968 after incurring an expenditure of Rs. 0.24 lakh (including cost of 100 bags of cement not recovered from contractor). The Divisional Marketing Officer of the Federation observed in March 1970 that, "providing (such a big) pucca floor for a Mill like Waidhan at this stage did not appear to be an immediate necessity".

85. *Malwa Co-operative Milk Union Limited, Indore.*—(*A*) *Introductory*—The Malwa Co-operative Milk Union Limited, Indore was registered under the Co-operative Societies Act, 1960 on 29th April 1961 to undertake *inter-alia* procurement and supply of milk and its products. The Board of Directors was dissolved by the Joint Registrar, Co-operative Societies in July 1965 and the Madhya Pradesh Co-operative Marketing Federation was entrusted with the management of its affairs. From September 1969 the Government took over the work of processing and supply of milk through Government Milk Supply Scheme, Indore and the Milk Union stopped processing and distribution of milk and started acting as its collecting agent. As against the daily requirement of about 7,500 litres of milk of the Government Milk Supply Scheme, Indore, the Milk Union was given (June 1970) contract for the supply of 3,000 litres.

(*B*) *Working results*—(1) The Milk Union has been showing losses since its formation in 1961-62; the total accumulated losses upto the year ended 30th June 1969 amounted to Rs. 14.25 lakhs (after taking credit of subsidies aggregating to Rs. 3.26 lakhs). The losses during the years ending June 1967, June 1968 and June 1969 worked out to Rs. 1.53 lakhs, Rs. 0.99 lakh and Rs. 1.11 lakhs respectively.

The accumulated loss includes a provision of Rs. 0.56 lakh for shortages of stores and stock (Book value: Rs. 0.72 lakh).

The main reasons attributed for the continued heavy losses were :—

(*a*) large quantity of milk used in the preparation of by-products which had always been uneconomical. 20 per cent of milk procurred in 1966-67 (8.97 lakh litres), 16 per cent of milk procurred in 1967-68 (21.33 lakh litres) and 30 per cent of milk procurred in 1968-69 (12.71 lakh litres) was used in preparation of by-products;

(*b*) heavy expenditure on establishment in relation to the volume of business;

(*c*) laxity of supervisory control, absence of system of internal check and control as well as of cost control measures as evident from surcharge cases involving Rs. 1.85 lakhs instituted by the Registrar of Co-operative Societies against supply officers of Milk Union; and

(*d*) entrustment of the combined function of collection, marketing and processing of milk to the Milk Union at its infant stage.

(2) In addition to the loss of Rs. 14.25 lakhs, Rs. 4.58 lakhs have been adjusted directly in the Balance-sheet on account of provision for bad and doubtful debts (Rs. 2.08 lakhs), additional depreciation (Rs. 1.11 lakhs), excess credit of rates (Rs. 0.45 lakh) and for irrecoverable dues (Rs. 0.94 lakh) in respect of which there were disputes regarding quantity and quality of milk supply.

Heavy outstandings had accumulated as the customers, who were issued monthly milk cards after making advance payments, continued to be supplied milk even after expiry of the period of validity of milk cards; credit sales were allowed even though according to by-laws only cash sales were permissible.

(3) Enquiries under section 63 of the Madhya Pradesh Co-operative Societies Act, 1960 have been instituted against the ex-General Manager, ex-Milk Procurement Officer and ex-Dairy Manager and other officials of the Milk Union on various grounds *viz.*, loss in the contract of grass bead taken in 1964-65 (Rs. 0.27 lakh), non-production of record relating to receipt and issue of milk powder (Rs. 0.53 lakh), non-maintenance of proper account of separated milk (Rs. 0.33 lakh); deductions made from the bills by supplier on account of defective supply and written off (Rs. 0.53 lakh) and loss due to defective supply of milk (Rs. 0.19 lakh) to the Government Milk Supply Scheme, Bhopal.

(C) *Government investments*—The Government investments made in the Milk Union as on 30th June 1969 were as follows:—

(*a*) The State Government contributed Rs. 1.66 lakhs as share capital (out of total paid-up capital of Rs. 3.33 lakhs).

(*b*) Loan of Rs. 3.46 lakhs out of the total amount of 3 loans of Rs. 3.66 lakhs advanced to the Milk Union.

Five instalments aggregating to Rs. 0.67 lakh along with interest of Rs. 0.55 lakh have become due for repayments upto the end of June 1969 in respect of a loan of Rs. 2.00 lakhs given by the Agriculture department in March 1964; but have not been paid so far (July 1971).

In respect of another loan of Rs. 1.41 lakhs given by the Co-operation department in March 1967 (being 66½ per cent of the cost of machinery and equipments purchased and installed and repayable in 15 annual instalments, the first instalment commencing from the fifth year since the grant of loan), no rate of interest has been specified by Government.

(*c*) During November 1961 to February 1962 the Veterinary department provided the Milk Union, dairy plant and machinery costing Rs. 0.74 lakh on rent at the rate of 15 per cent per annum on the cost of machinery payable from 1st January 1963. The rent accumulated upto 30th June 1969 works out to Rs. 0.72 lakh and has not been paid so far (November 1971).

As against the Government investment in share capital and loan and other Government dues totalling to Rs. 6.42 lakhs and other trade liabilities, loans *etc.*, of Rs. 7.61 lakhs as on 30th June 1969, tangible assets of the Milk Union stood at Rs. 2.05 lakhs comprising cash and bank balance and investment of Rs. 1.11 lakhs; debtors and stocks after deducting provisions for bad and doubtful debts and shortage *etc.*, of Rs. 0.94 lakh.

The Registrar, Co-operative Societies accepted the facts stated above in July 1971 and stated "with the opening of Government Milk Supply Scheme at Indore, the function of the Union is confined to milk collection and supply the same to the Government Dairy. This arrangement has resulted in improving the financial condition of the Union".

Section F—Investments and Guarantees.

86 (*a*) *Investments in Joint-Stock Companies.*—The total investment in 26* Joint-Stock Companies (other than Government Companies) as on 31st March 1971 amounted to Rs. 1,00.38 lakhs. Dividend amo- unting to Rs. 5.63 lakhs was received during the year from 10 companies (Government investments therein Rs. 70.18 lakhs).

(*b*) *Investments in Co-operative institutions.*—The investments by the State Government in the share of Co-operative institutions upto 31st March 1971 amounted to Rs. 22.43 crores (Co-operative Banks: Rs. 13.04 crores, Co-operative Societies: Rs. 9.39 crores). Dividend realised during 1970-71 in respect of investments in Co-operative Banks amounted to Rs. 0.44 crore. Dividend of Rs. 825 only was received by the Government during 1970-71 on their investments in Co-operative Societies.

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*28 in last Report. Investments in two Joint-Stock Companies *viz*—

1. Burma Mines Limited (now Ferrous Metal Products Limited, formerly known as Burma Corporation, Ltd., Rangoon).
2. Indore Residency Club was written off by Government as shares/debentures could not be transferred in the name of Government due to legal difficulties.

Further details are given in statement No. 14 of Finance Accounts 1970-71.

87. *Guarantees given by Government.*—Government have given guarantees to third parties for the repayment of loans, *etc.*, raised by Statutory Corporations, Joint-stock Companies and Co-operative Societies, *etc.* Brief particulars of such guarantees which constitute the contingent liabilities of the Government are given below :—

	Maximum amount guaranteed	Sums guaranteed outstanding on 31st March 1971
	(*In crores of rupees*)	
Statutory Corporations and Boards	54.88	20.39
Joint-Stock Companies	2.91	1.73
Co-operative Institutions (Banks and Societies)	2,59.01	55.86
Total	3,16.80	77.98

In addition Government have given guarantees with unlimited liability on behalf of the Madhya Pradesh State Road Transport Corporation and Madhya Pradesh Electricity Board for payment of cost of stores purchased by them through the Director General, Supplies and Disposals, and for payment of freight and other dues to Railway Board.

During 1970-71 guarantee given by Government for the loans raised by Joint-Stock Companies was invoked in one case (Swadeshi Cotton and Flour Mills limited, Indore) and Government paid a sum of Rs. 2.00 lakhs to State Bank on this account. The total amount paid to end of 1970-71 by Government in fulfilment of guarantees on behalf of Joint-Stock Companies was Rs. 31.69 lakhs, of which only Rs. 2.75 lakhs have been recovered so far.

CHAPTER IX

OUTSTANDING AUDIT OBSERVATIONS AND INSPECTION REPORTS

88. *Outstanding audit observations.*--Audit observations on financial transactions of Government are reported to departmental authorities so that appropriate action is taken to rectify the defects and omissions where possible and to prevent recurrence thereof. Half-yearly reports of such observations outstanding for more than six months are also forwarded to Government to enable it to take necessary steps for their prompt settlement. Government has also issued directions from time to time requiring the departments to take suitable steps to ensure immediate clearance of these observations.

Year-wise analysis of the observations raised upto March 1971 but remaining unsettled upto September 1971 is given below:—

Year of issue	Civil departments		Commercial departments/activities		Revenue receipts	
	Number	Amount (*In lakhs of rupees*)	Number	Amount (*In lakhs of rupees*)	Number	Amount (*In lakhs of rupees*)
1967-68 and earlier years	89,906	15,07.24	5	0.19	785	90.33
1968-69	15,460	4,52.80	..	..	287	6.66
1969-70	20,269	7,19.38	..	..	723	42.32
1970-71	33,854	14,48.07	..	..	1,058	12.58
Total	1,59,489	41,27.49	5	0.19	2,853	1,51.89

The following departments have comparatively heavy outstanding observations:—

S.No.	Department	Number	Amount (*In lakhs of rupees*)
1.	Education	24,644	3,59.76
2.	Public Works (Buildings and Roads)	23,551	9,48.00

S.No.	Department	Number	Amount (*In lakhs of rupees*)
3.	Irrigation	22,186	11,67.08
4.	Agriculture	18,318	2,26.14
5.	Medical and Public Health	14,326	3,14.48
6.	Animal Husbandry	7,494	1,09.17
7.	Public Health Engineering	7,271	3,29.67
8.	Community Development Projects	1,578	1,37.72

The following is a broad analysis of the reasons for which audit observations have remained outstanding;—

S. No.	Nature of observations	Civil departments		Commercial departments/activities		Revenue receipts	
		Number	Amount (*In lakhs of rupees*)	Number	Amount (*In lakhs of rupees*)	Number	Amount (*In lakhs of rupees*)
1.	Non-submission of detailed contingent bills, vouchers, payees' receipts *etc.*	92,101	21,00.47	..	..	..	..
2.	Non-recovery/adjustment of advances	27,130	1,05.76	..	..	2	1.01
3.	Non-receipt of agreements	709	7,59.00	..	..	..	..
4.	Non-receipt of sanction of the competent authority to write-off irrecoverable amount	2,648	80.31	..	..	..	..
5.	Non-recovery of over payment or amount disallowed in audit	2,572	8.22	..	..	1,936	17.35
6.	Other reasons	34,329	10,73.73	5	0.19	915	1,33.53
	Total	1,59,489	41,27.49	5	0.19	2,853	1,51.89

The entire expenditure for which detailed bills and vouchers are not submitted escapes audit. In such cases as also the cases in which payees' receipts *etc.*, have not been furnished misappropriation, fraud, *etc.*, may remain undetected.

About 49 per cent (Rs.21.00 crores) of the total amount is for want of detailed contingent bills, vouchers, payees' receipts and other documents. Rules require that for amounts drawn as advance by disbursing officers on abstract contingent bills the detailed contingent bills (containing full particulars of the expenditure incurred) with supporting sub-vouchers and receipts of the payees are to be submitted to the Accountant General not later than the 25th of the month following that in which the abstract contingent bills are drawn.

89. (i) *Outstanding inspection reports.*—Financial irregularities and defects in initial accounts noticed during local audit and not replied to adequately during the course of audit and not settled by discussion of the final draft audit inspection report on the spot with the head of office are communicated to the heads of offices and to the next higher departmental authorities through audit inspection reports. The more important irregularities are reported to the heads of departments and Government. The points mentioned in the reports are to be settled as expeditiously as possible if the object of inspection is to be achieved. Unless such reports receive prompt attention there is likelihood of irregularities persisting. Government has prescribed that first replies to inspection reports should be sent within five weeks. Inspite of this direction and other instructions issued from time to time, a large number of old inspection reports and paragraphs are outstanding.

At the end of October 1971, 7,804 inspection reports, containing 34,646 paragraphs issued upto March 1971 remained unsettled. An analysis of the inspection reports and paragraphs outstanding at the end of October 1971 is given below:—

Year of issue	Civil departments		Commercial departments/activities		Revenue receipts	
	Number of inspection reports	Number of paragraphs	Number of inspection reports	Number of paragraphs	Number of inspection reports	Number of paragraphs
1966-67 and earlier years	3,177	10,558	9	15	247	734
1967-68	888	3,711	1	5	81	477
1968-69	1,034	4,829	3	22	90	466
1969-70	1,042	5,168	1	4	105	1,071
1970-71	1,023	6,030	5	47	98	1,509
Total	7,164	30,296	19	93	621	4,257

The departments with comparatively heavy outstanding are given in Appendix X.

Although Government has prescribed that first replies to inspection reports should be sent within five weeks the first replies to 1,064 inspection reports (1,020 —Civil, 218—Public Works, 37—Revenue receipts departments and 7—Commercial departments/activities) had not been received till end of October 1971 even after expiry of six months to two years.

Some of the important types of irregularities noticed in local audit and inspection during 1970-71 are briefly mentioned in Appendix XI.

(ii) *Settlement of inspection reports of Civil departments.*—Detailed data of each inspection report and paragraph numbers outstanding against various drawing officers is sent to controlling officers/heads of departments and Government periodically. Instructions have been issued by the Finance department in July 1968 for allotment of the work of settlement of inspection reports and paragraphs of the subordinate offices to the Finance/Accounts Officers in the offices of the heads of departments.

While forwarding the detailed statements of outstanding audit inspection reports and paragraphs to Government departments in December 1969, a suggestion was made to the departments to constitute a committee consisting of two senior officers, one from Government and the other from the office of the head of the department, for obtaining replies to the old observations from subordinate officers for considering and settling them in meetings which could be attended to by a representative of Audit Office. Acting on the suggestion the following departments have constituted the committees:—

1. Planning and Development
2. Jails
3. Excise
4. Police
5. Medical and Public Health
6. Education (Collegiate Branch).

However, the following three departments have only held meetings of the departmental committees and progress achieved in these meetings is given below :—

S. No.	Department	Number of meetings held in various divisions	Period during which held	Outstanding observations Discussed		Settled	
				Inspection reports	Paragraphs	Inspection reports	Paragraphs
1.	Planning and Development	9	July 1970 to August 1971	858	3,439	415	2,474
2.	Jails	5	June 1970 to October 1970	75	223	45	167
3.	Excise	1	October 1971	10	36	9	35
	Total	15		943	3,698	469	2,676

There has been no response from other departments, particularly Tribal Welfare and Education (non-collegiate branch) departments against whom a large number of audit inspection reports is outstanding.

(S. MANZUR-e-MUSTAFA)
Accountant General, Madhya Pradesh.

The Gwalior:
2 APR 1973

Countersigned.

(A. BAKSI)
Comptroller and Auditor General of India.

The New Delhi:
3 APR 1973

APPENDICES

APPENDIX I

(*Reference: Paragraph* 16, *page* 14)

EXTENT OF UTILISATION OF SUPPLEMENTARY GRANTS

S.No.	Number and name of grant or appropriation	Amount of grants/ appropriations Original	Supplementary	Actual expenditure	Excess + Saving — (Percentage)
(1)	(2)	(3)	(4)	(5)	(6)
		(*In lakhs of rupees*)			
I—Unnecessary supplementary grants—					
1.	6—Revenue Expenditure pertaining to Finance Department.	5,53.97	20.22	5,21.25	—52.94 (9)
2.	7—Revenue Expenditure pertaining to Separate Revenue and Registration Departments.	2,01.31	11.79	1,93.92	—19.18 (9)
3.	17—Medical and Public Health	24,12.89	13.07	21,66.63	—2,59.33 (10)
4.	31—Social Welfare	1,61.22	6.91	1,35.21	—32.92 (19)
5.	37—Capital Expenditure pertaining to Commerce and Industry Department.	78.42	7.49	46.23	—39.68 (46)
6.	49—Loans and Advances	96.31	15.10	89.26	—22.15 (19)
7.	53—Loans and Advances pertaining to Agriculture Department.	12,77.68	56.80	8,77.62	—4,56.86 (34)
II—Excessive supplementary grants/appropriations—					
1.	13—Agriculture	7,90.40	1,24.39	8,55.65	—59.14 (6)
2.	15—Co-operation	2,15.82	56.59	2,42.22	—30.19 (11)
3.	19—Revenue Expenditure pertaining to Local Government (Urban) Department—*Charged.*	*25.00*	*10.00*	*30.61*	*—4.39* (13)
4.	25—State Legislatures and Elections	50.37	31.54	74.52	—7.39 (9)
5.	32—Rehabilitation	1,19.94	42.83	1,42.60	—20.17 (12)
6.	36—Capital Expenditure pertaining to Forest Department.	8,03.41	3,53.69	8,40.71	—3,16.39

APPENDIX I—*concld.*

S.No.	Number and name of grant or appropriation	Amount of grants/ appropriations Original	Supplementary	Actual expenditure	Excess + Saving — (Percentage)
(1)	(2)	(3)	(4)	(5)	(6)
			(*In lakhs of rupees*)		
7.	40—Capital Expenditure pertaining to Public Health Department.	1,13.65	26.95	1,20.02	—20.58 (15)
8.	51—Loans and Advances pertaining to Commerce and Industry Department.	22.40	65.00	80.05	—7.35 (9)
9.	54—Loans and Advances pertaining to Co-operation Department.	41.53	44.18	78.22	—7.49 (9)
10.	56—Loans and Advances pertaining to Local Government (Urban) Department.	18.57	15.00	30.81	—2.76 (8)
III—Inadequate supplementary grants/appropriations—					
1.	21—Public Works	24,22.14	3.35	25,92.98	+1,67.49 (7)

APPENDIX II

(*Reference*: *Paragraph* 18 (b, *page* 16)

GRANTS/APPROPRIATIONS WHERE SAVING EXCEEDED 10 PER CENT OF TOTAL PROVISION

S.No.	Number and name of grant or appropriation		Total grant/ appropriation	Actual expenditure	Saving (Percentage)
(1)	(2)		(3)	(4)	(5)
			(*In lakhs of rupees*)		
1.	6—Revenue Expenditure pertaining to Finance Department	*Charged*	*7.84*	*5.92*	*1.92* (24)
2.	8—Land Revenue and District Administration	*Charged*	*3.47*	*1.89*	*1.58* (46)
3.	10—Forest	Voted	8,44.78	7,53.13	91.65 (11)
4.	13—Electricity Duty	Voted	4.44	3.71	0.73 (16)
5.	15—Co-operation	Voted	2,72.41	2,42.22	30.19 (11)
6.	16—Labour and Employment	Voted	1,47.12	1,28.66	18.46 (13)
7.	17—Medical and Public Health	Voted	24,25.96	21,66.63	2,59.33 (11)
8.	19—Revenue Expenditure pertaining to Local Government (Urban) Department.	*Charged*	*35.00*	*30.61*	*4.39* (13)
9.	22—Revenue Expenditure pertaining to Natural Resources Department.	Voted	34.07	24.67	9.40 (28)
10.	27—Community Development Projects, National Extension Service and Local Development Works.	Voted	4,58.36	3,63.60	94.76 (21)
11.	31—Social Welfare	Voted	1,68.13	1,35.21	32.92 (19)
12.	32—Rehabilitation	Voted	1,62.77	1,42.60	20.17 (12)
13.	33—Civil Supplies	Voted	8.05	6.81	1.24 (15)
14.	36—Capital Expenditure pertaining to Forest Department.	Voted	11,57.10	8,40.71	3,16.39 (27)
15.	37—Capital Expenditure pertaining to Commerce and Industry Department.	Voted	85.91	46.23	39.68 (46)
		Charged	*10.13*	*6.12*	*4.01* (40)
16.	38—Capital Expenditure pertaining to Agriculture Department.	Voted	14,49.84	7,07.72	7,42.12 (51)

APPENDIX II—*concld.*

S.No.	Number and name of grant or appropriation		Total grant/ appropriation	Actual expenditure	Saving (Percentage)
(1)	(2)		(3)	(4)	(5)
			(*In lakhs of rupees*)		
17.	40—Capital Expenditure pertaining to Public Health Department	Voted	1,40.60	1,20.02	0.58 (15)
18.	41—Capital Expenditure pertaining to Local Government (Urban) Department.	Voted	2.43	1.54	0.89 (37)
19.	43—Capital Outlay on Public Works	Voted	9,34.07	7,34.64	1,99.43 (21)
		Charged	*3.93*	*0.84*	*3.09* (79)
20.	46—Capital Expenditure pertaining to Rehabilitation Department.	Voted	12.56	5.88	6.68 (53)
21.	47—Capital Expenditure pertaining to Food Department.	Voted	6,46.72	3,61.42	2,85.30 (44)
22.	48—Capital Expenditure pertaining to Natural Resources Department.	Voted	30.00	..	30.00 (100)
23.	*Public Debt*	*Charged*	*60,79.45*	*52,69.99*	*8,09.46* (13)
24.	49—Loans and Advances	Voted	1,11.41	89.26	22.15 (20)
25.	50—Loans and Advances pertaining to Revenue Department.	Voted	1,22.00	90.16	31.84 (26)
26.	53—Loans and Advances pertaining to Agriculture Department.	Voted	13,34.48	8,77.62	4,56.86 (34)
27.	57—Loans and Advances pertaining to Housing Scheme.	Voted	1,14.25	87.58	26.67 (23)
28.	58—Loans and Advances pertaining to Planning and Development Department.	Voted	25.00	14.22	10.78 (43)

APPENDIX III

(*Reference*: *Paragraph* 19, *page* 20)

GRANTS/APPROPRIATIONS WHERE UNSURRENDERED SAVINGS WERE IN EXCESS OF Rs. 10 LAKHS IN EACH CASE

S. No.	Number and name of grant or appropriation	Total grant/ appropriation	Saving	Amount surrendered	Amount not surrendered (and its percentage to the total saving)
			(*In lakhs of rupees*)		
1.	3—Police	16,93.60	37.71	5.50	32.21 (86)
2.	*Interest on Debt and Other obligations.*	*26,28.53*	*82.69*	*52.65*	*30.04* (36)
3.	10—Forest	8,44.78	91.65	33.05	58.60 (64)
4.	13—Agriculture	9,14.79	59.14	22.55	36.59 (62)
5.	17—Medical and Public Health	24,25.96	2,59.33	1,18.51	1,40.82 (54)
6.	30—Tribal and Harijan Welfare	12,35.98	1,02.89	36.46	66.43 (65)
7.	36—Capital expenditure pertaining to Forest Department.	11,57.10	3,16.39	2,61.36	55.03 (17)
8.	38—Capital expenditure pertaining to Agriculture Department.	14,49.84	7,42.12	6,62.10	80.02 (11)
9.	40—Capital expenditure pertaining to Public Health Department.	1,40.60	20.58	8.72	11.86 (57)
10.	43—Capital Outlay on Public Works.	9,34.07	1,99.43	1,54.16	45.27 (23)
11.	50—Loans and Advances pertaining to Revenue Department.	1,22.00	31.84	[illegible].03	31.81 (99)

APPENDIX—IV

(*Reference : Paragraph* 34, *pages* 33-34)

CASES OF MISAPPROPRIATION REPORTED UP TO 31ST MARCH 1971 BUT NOT FINALISED TILL 30TH SEPTEMBER 1971

S. No.	Name of the department	Cases reported in 1966-67 and earlier years		Cases reported during 1967-68		Cases reported during 1968-69		Cases reported during 1969-70		Cases reported during 1970-71		TOTAL	
		No. of cases	Amount (*In lakhs of rupees*)	No. of cases	Amount (*In lakhs of rupees*)	No. of cases	Amount (*In lakhs of rupees*)	No. of cases	Amount (*In lakhs of rupees*)	No. of cases	Amount (*In lakhs of rupees*)	No. of cases	Amount (*In lakhs of rupees*)
1.	Agriculture	35	0.82	2	0.07	1	1.10	8	0.38	9	1.27	55	3.64
2.	Revenue	65	2.72	4	0.13	11	0.40	12	0.29	10	0.78	102	4.32
3.	Education	22	1.14	6	0.71	5	0.40	6	4.32	4	0.49	43	7.06
4.	Irrigation	23	0.41	2	0.04	4	0.16	4	0.20	2	0.21	35	1.02
5.	Public Works	20	1.83	6	0.55	3	0.24	..	..	2	0.56	31	3.18
6.	Planning and Development.	20	1.37	4	0.19	..	..	4	0.64	2	0.06	30	2.26
7.	Tribal Welfare	13	0.92	4	0.02	2	0.21	2	0.14	7	0.12	28	1.41
8.	Forest	7	0.06	2	0.12	2	0.01	3	0.15	4	0.47	18	0.81
9.	Food	13	3.58	..	..	1	0.09	3	0.16	..	..	17	3.83
10.	Public Health	5	0.26	5	0.16	1	0.02	4	0.13	2	0.20	17	0.77
11.	Police	4	0.07	2	0.01	..	..	4	0.72	4	0.03	14	0.83
12.	Veterinary	3	0.02	3	0.29	..	..	..	..	6	0.12	12	0.43
13.	Industries	7	0.48	..	..	1	0.10	..	..	1	1.10	9	1.68
14.	Medical	3	1.41	..	..	1	0.10	2	0.07	1	0.02	7	1.60
15.	Law	5	0.13	..	..	1	0.25	..	..	..	..	6	0.38
16.	Co-operation	3	3.08	..	..	..	..	1	0.02	1	0.05	5	3.15
17.	Publicity	3	0.17	..	..	..	..	..	..	..	..	3	0.17
18.	Excise	1	0.23	1	0.08	..	..	..	..	..	..	2	0.31
19.	Labour and Employment	1	0.01	1	0.01	..	..	..	..	..	..	2	0.02
20.	Finance	..	..	..	..	1	2.64	..	..	..	..	1	2.64
21.	Social Welfare	1	0.02	..	..	..	..	..	..	..	..	1	0.02
22.	Rehabilitation	..	..	..	..	1	0.02	..	..	..	..	1	0.02
	Total	254	18.73	42	2.38	35	5.74	53	7.22	55	5.48	439	39.55

APPENDIX V

(*Reference* : *Paragraph* 35, *page* 34)

S.No.	Name of department	Writes-off of losses irrecoverable revenue, advances, *etc.*		Waiver of recovery		Remission of revenue/abandonment of claims to revenue	
		No. of cases	Amount Rs.	No. of cases	Amount Rs.	No. of cases	Amount Rs.
1.	Public Works (Buildings and Roads).	83	1,50,000	..	..	..	..
2.	Forest	41	1,32,400	15	77,600	..	..
3.	Revenue	9	14,000	..	..	13	70,500
4.	Food	10	75,700	..	..	..	..
5.	Separate Revenue—Sales Tax.	20	25,200	..	..	2	48,700
6.	Agriculture	13	61,300		..	..	..
7.	Veterinary	40	31,700	..	..	..	..
8.	Irrigation	16	27,200	..	..	..	..
9.	Planning and Development	6	14,000	..	..	..	..
10.	Rehabilitation	1	6,500	..	..	..	..
11.	Tribal Welfare	1	4,900	..	..	..	..
12.	Education	1	3,800	..	..	..	..
13.	Police	3	3,200	..	..	..	..
14.	Public Health Engineering	2	2,600	..	..	..	..
15.	General Administration	1	2,500	..	..	..	..
16.	Medical	2	1,900	..	..	..	..
17.	Law	1	300	..	..	..	..
	Total	250	5,57,200	15	77,600	15	1,19,200

APPENDIX VI

(*Reference : Paragraph* 53, *page* 42)

SYNOPSIS OF IMPORTANT STORES ACCOUNTS

S. No.	Department	Stores	Opening balance on 1st April 1970	Receipts/Issues (1970-71)		Closing balance on 31st March 1971
			(*In lakhs of rupees*)			
1.	Buildings and Roads (Fifty seven divisions)	Buildings materials, painters' stores, fuel and timber *etc.*	2,53.72	5,38.67	6,25.38	1,67.01
2.	Chambal Project (Two divisions)	Do.	37.83	82.01	7.33	112.51
3.	Irrigation (Sixty seven divisions)	Do.	1,37.61	2,54.32	2,09.54	1,82.39
4.	Tawa Project (Eleven divisions)	Do.	57.50	1,56.47	1,21.46	92.51
5.	Major Projects (Nine divisions)	Do.	27.92	51.03	41.41	37.54

(*i*) Reserve limit of stocks was not fixed in 34 divisions (21 Irrigation, 8 Tawa Projects, 4 Major Projects and one Chambal Project).

(*ii*) Out of 64 divisions for which reserve limit of stock was prescribed, the value of stock held on 31st March 1971 execeeded the prescribed limits in 9 divisions (5 Buildings and Roads, 2 Irrigation, 1 Tawa Project and 1 Major Project); the largest excess was in Buildings and Roads division, Betul (80 per cent).

APPENDICES VII to XI

APPENDIX

(Reference : Paragraph

SUMMARISED FINANCIAL RESULTS OF

S. No.	Name of the Corporation/ Board	Name of Administrative department	Year of incorporation	Year to which results relate	Total capital invested @	Profit (+) Loss (—)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
						(In lakhs
1.	Madhya Pradesh State Warehousing Corporation, Indore.	Co-operation department	1958	1969-70	48.19	(+) 0.09
2.	Madhya Pradesh Electricity Board, Jabalpur.	Electricity department	1957	1970-71	18,480.58	(+)127.67
3.	Madhya Pradesh State Road Transport Corporation, Bairagarh.	Home department	1962	1969-70 1970-71	1,083.67 1,167.47	(—) 42.15 (—) 38.07
4.	Madhya Pradesh Financial Corporation, Indore.	Finance department	1955	1970-71	731.05	(+) 15.97

@Capital invested represents paid up capital *plus* long term loans *plus* free reserves.

VII

75 *page* 56)

STATUTORY CORPORATIONS/BOARDS

Total interest charged in Profit and Loss Account	Interest on long term loans	Total return on capital invested (7+9)	Percentage of total return on capital invested	Capital employed *	Total return on capital employed (7+8)	Percentage of total return on capital employed	Remarks
(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
of rupees)							
..	..	0.09	0.19	45.96	0.09	0.20	
964.27	964.27	1,091.94	5.91	(*a*) 15,253.89	1,091.94	7.16	(*a*) Excluding figures pertaining to Rajasthan State Electricity Board.
63.39	63.39	(+)21.24	1.96	986.13	(+)21.24	2.15	
68.16	68.16	(+)30.09	2.58	1,014.18	(+)30.09	2.97	
31.55	31.55	47.52	6.50	..	--	--	

*Capital employed represents net fixed assets (excluding capital work-in-progress) *plus* working capital.

APPENDIX

(Reference : Paragraph

SUMMARISED FINANCIAL RESULTS

S. No.	Name of the company	Name of Administrative department	Year of incorporation	Year to which results relate	Total capital invested @	Profit(+) Loss(—)	Total interest charged in Profit and Loss Account
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
					(In lakhs of rupees)		
					(a)		
1.	Provident Investment Company Limited, Bombay.	Finance Department	1926	Year ended 31st December 1970	185.91	6.79	..
2.	Madhya Pradesh State Mining Corporation Limited, Jabalpur.	Natural Resources Department	1962	Year ended 31st March 1970	24.02	(+)3.34	..
				Year ended 31st March 1971	24.74	(+)3.57	..

VIII

81, *pages* 61-62)

OF GOVERNMENT COMPANIES

Interest on long term loans	Total return on capital invested (7+9)	Percentage of total return on capital invested	Capital employed	Total return on capital employed (7+8)	Percentage of total return on capital employed	Remarks
(9)	(10)	(11)	(12)	(13)	(14)	(15)
..	6.79	3.65	185.92	6.79	3.65	(*a*) During 1946, when this company was an instrument of operation of ex-Gwalior State, the shares owned by Gwalior State in Madhowji Dharmsi Mills and Shapurji Broacha Mills (Managed by this company) were sold to the Dalmia Investment Company. Out of the sale proceeds, a sum of Rs. 1 crore was retained by the Company as compensation for the relinquishment of managing agency of these two mills. The State Govt. considered that the sum of Rs. 1 crore belonged to them because the company was only nominally the managing agents. The Government, however, could not recover the amount due to legal complications and was advised by their law officer in 1954, to take proceeding for the liquidation of the company. The matter is, however, still under consideration of the State Government. This amount is included in the capital reserve.
..	3.34	13.91	23.69	3.34	14.10	
..	3.57	14.43	24.35	3.57	14.66	

APPENDIX

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
					(a)		
3.	Madhya Pradesh State Industries Corporation Limited, Bhopal.	Commerce and Industries Department	1961	Year ended 31st March 1969	2,54.10	(—)16.24	9.31
4.	Madhya Pradesh Audyogik Vikas Nigam Limited, Bhopal.	Commerce and Industries Department	1965	Year ended 31st March 1971	1,46.54	(+)1.65	3.00
5.	Madhya Pradesh State Agro-Industries Development Corporation Limited, Bhopal.	Agriculture Department	1969	Year ended 31st March 1971	1,21.73	(+)5.76	1.08

VIII *concld.*

(9)	(10)	(11)	(12)	(13)	(14)	(15)
6.11	(—)10.13	..	2,42.59	(—)6.93	..	(*a*) Includes Rs. 28.18 lakh received from Government of Madhya Pradesh as application money against share capital to be issued.
3.00	4.65	3.17	1,41.23	4.65	3.29	
..	5.76	4.73	1,87.42	6.84	3.64	

APPENDIX IX

(*Reference* : *Paragraph* 83, *page* 65)

SUMMARISED FINANCIAL RESULTS OF DEPARTMENTALLY MANAGED GOVERNMENT UNDERTAKINGS

S.No.	Name of concern	Sales Dispensary, Indore	Training *cum*-production centre, Chanderi.	Government Handloom Factory, Maheshwar
	Name of administrative department	Public Health department	Co-operation department	Co-operation department
	Period of account	1969-70	1969-70	1969-70
		(*In lakhs of rupees*)		
1.	Government capital—			
	As on 31st March 1969	0.97	4.66	2.45
	As on 31st March 1970	1.04	4.63	2.39
	Mean Capital	0.98	5.04	2.79
2.	Block Assets (net)	0.08	0.33	0.19
3.	Depreciation to date	0.06	(*a*)	(*b*)
4.	Turnover	2.25	0.25	0.29
5.	Loss	0.02	1.05	0.87
6.	Interest on capital	0.05	0.27	0.14
7.	Total return (5+6)	0.03	(—)0.78	(—)0.73
8.	Percentage of return on mean capital	3.06	..	..

(*a*) Depreciation of Rs. 46 only has been provided.

(*b*) Depreciation has not been provided.

APPENDIX X

(Reference : Paragraph 89 (i), pages 75-76)

DEPARTMENTS HAVING HEAVY OUTSTANDING INSPECTION REPORTS ON 31ST OCTOBER 1971

S.No.	Department	Total number of inspection reports and paragraphs outstanding at the end of October 1971		Total number of inspection reports to which even first replies have not been received till end of October 1971
		Number of inspection reports	Number of paragraphs	
	**CIVIL—*			
1.	Education	1,311	4,544	62
2.	Agriculture	532	2,544	132
3.	Tribal Welfare	513	2,502	109
4.	Revenue Department	505	2,337	73
5.	Planning and Development	403	914	2
6.	Medical	340	1,555	86
7.	Forest	305	1,138	37
8.	Veterinary	176	780	23
	PUBLIC WORKS—			
9.	Buildings and Roads	1,032	5,348	84
10.	Irrigation	934	4,910	91
11.	Public Health Engineering	281	1,479	26
	REVENUE RECEIPTS—			
12.	Forest	294	1,586	32
13.	Sales Tax	203	1,879	4
14.	State Excise	124	792	1

* The figures shown in this group are at the end of September 1971.

APPENDIX XI

(*Reference* : *Paragraph* 89 (*i*), *pages* 75-76)

IMPORTANT TYPES OF IRREGULARITIES NOTICED DURING LOCAL AUDIT AND INSPECTION

S.No.	Nature of irregularities	Number of paragraphs included in the inspection reports
CIVIL—		
1.	Non-observance of the rules relating to custody and handling of cash, defective maintenance of cash book, physical verification of cash, *etc.*	861
2.	Securities from persons handling cash and stores not obtained	330
3.	Non-maintenance of stores accounts properly and periodical physical verification not done.	304
4.	Non-production of primary records like receipt books, stock registers, log books, *etc.*, at the time of local audit.	246
5.	Defective maintenance and/or non-maintenance of initial accounts relating to loans.	138
6.	Defective maintenance of log books and unauthorised use of cars and trucks.	137
PUBLIC WORKS—		
1.	Expenditure due to defects in plans and designs and abandonment of works.	45
2.	Splitting up of purchase orders	41
3.	Overpayment due to inflated measurements or longer leads/extra leads or rates allowed in excess of those provided in the agreements.	40
4.	Irregularities in muster rolls	36
5.	Defective maintenance of stores and stock accounts	40
6.	Extra cost to Government due to rejection of lowest tenders/delay in accepting tenders.	36
7.	Unauthorised financial aid to contractors	22
8.	Delay in fixation of rents of buildings and/or recovery of rents, electricity charges, etc.	21
9.	Arrears in maintenance and/or non-maintenance of initial accounts of road metal, material-at-site accounts, *etc.*	43
10.	Payments due to non-observance of conditions of the contracts or non-provision of requisite conditions in the contracts.	27

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