

194

APPROPRIATION ACCOUNTS

1957-58

AND

THE AUDIT REPORT

1959



सत्यमेव जयते

PRINTED BY THE GOVERNMENT OF
INDIA PRESS, CALCUTTA, INDIA, 1959.

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ERRATA.

Government of Orissa Appropriation Accounts for 1957-58 and the Audit Report, 1959.

- Page (ii) - Table of Contents-Read "(xiv)" for "(xix)" before "Delay in submission of materials, etc."
- Page 4 - Para 6 - Savings on Voted grants- Serial No.1- Col.2 Read "5,22,842" for "5,22,84".
- Page 6 - Para 6- Item 13- line 3 Read "expenditure" for "expenditur".
- Page 7 - Para 6- Item 20- 5th line- Read "less" for "lesser".
- Page 7 - Para 6- Item 20- 7th line- Read "loss" for "lesser".
- Page 9 - Para 7- Item 2 - 2nd line- Insert "as" between "of" and "charged".
- Page 9 - Para 8- Col.4- Delete the word "is" below Col.4.
- Page 11 - Para 11-Col.4- against the year 1954-55 read "3" for "nil".
- Page 23 - Para 27-Outstanding Audit objections- last line Read "Perpetuate" for "Perpetuat".
- Page 29- Para 35- line 1 Read "receipt" for "respect".
- Page 45- Read "O.-SPECIAL COMMISSIONS OF ENQUIRY" for "O.-SPECIAL COMMISSIONS O ENQUIRY".
- Page 45- Sub-head 0.1-Advisory Council- Col.1-Read "1,000" for "1,00" in both against "O" and "R".
- Page 45- Sub-head 0.2(1).-Pay of Officers- Col.1- Read "11,500" for "11,00" and in Col.2 Read "11,500" for "11,50".
- Page 45- Sub-head 0.2(2)-Pay of Establishment- Col.1 and Col.3- Read "3,860" for "3,8 0" and "1,228" for "1,20".
- Page 45- Sub-head 0.2(3)-Allowances- Col.3- Read "4,674" for "4,76".
- Page 47- Totals- Charged- Col.4.-Read "-35,320" for "-35,32".
- Page 47- Totals- Voted- Col.4- Read "-5,37,012" for "-5,37,01".
- Page 51- Sub-head A.7(2)-Subsidiary Jails- Col.3 Read "12,272" for "1,272".
- Page 52- Major head heading- Read "SETTLEMENTS" for "SETMLEMENTS".
- Page 55- Heading Read "Settlements" for "Setlements".
- Page 60- Sub-head B.2(3)(2)- Read "Pay of Establishment" for "Py of Establishment".
- Page 65- Note 2 Read "1,09,282" for "1,90,282".
- Page 66- Stores (Stock) Account of the Police Motor Transport Work shop -Col.2- Read "Particulars" for "articulars".
- Page 79- Sub-head E.1(1)(2).-Pay of Establishment- Col.4-Read "-3" for "3".
- Page 79- Sub-head E.1(1)(3).-Allowances- Col.4-Read "-129" for "129".
- Page 99- read "Surrenders or withdrawals within grant" for "Surrenders of withdrawals within grant".
- Page 102- Sub-head A.1(3).-Allowances- Read "R" for "-R".
- Page 111- Sub-head C.2(2)(4)(7).-Advance for materials-Col.3-Read "92,699" for "9,699".
- Page 111- Sub-head C.2(2)(4)(8).-Miscellaneous and unforeseen charges -Col.2-Read "8,610" for "8,61", and Col.3-Read "8,608" for "8".
- Page 118- Sub-head F.-Add-Lump provision, etc.-Read "Lump" for "Lamp".
- Page 127- Sub-head J.1(1).-Pay of Officers-Col.4-Read "11,645" for "11".
- Page 127- Sub-head J.1(3).-Allowances-Col.4-Read "-2,199" for "-219".
- Page 132- Sub-head C.1.- Col.4.-Read "-56,409" for "-56,469".
- Page 143- Sub-head H.2(2)- Pay of Establishment-Col.1-Read "1,841" for "1,841".
- Page 153- Last line- Delete the word "(Rs.)"
- Page 164- Note 7-6th line- Delete the word "finally".
- Page 173- Sub-head D.1(3).-Contribution to other Governments-Col.3- Read "4,000" for "1,000".
- Page 175- Sub-head D.2(3)(4).-Contingencies-Col.4-Read "-7,430" for "7,430".
- Page 176- Read "E.1-Maintenance, etc." for ".1-Maintenance, etc."
- Page 184- Delete the Sub-head "F.C-Contingencies".
- Page 189- Sub-head T.1(1).-Pay of Establishment-Col.3.-Read "14,362" for "14,36".
- Page 189- Sub-head T.1(3).-Contingencies-Col.3-Read "69,885" for "6,885".
- Page 190- Sub-head W.1.Relief, etc.- Read "cyclo" for "cyalone".
- Page 191- Sub-head Y.2(4).-Contingencies-Col.4 Read "- 8 49" for "-949".
- Page 192- "E.-GENERAL ESTABLISHMENT-AMOUNT RECOVERABLE FROM THE GOVERNMENT OF INDIA-Col.5- Read "14 000" for "1,000".
- Page 194- Note 8(a)- 10th line- Read "breached" for "bereached".
- Page 209- Sub-head D:13(18)(4).-Stipends-Col.3 Read "481" for "181".

- Page 255- Below "Orissa" for "Orissa".
 Page 262- Certificate-line 2-Read "on" for "no".
 Page 262- Below- Read "Assistant Accounts Officer, Orissa" for "Assistant Accounts Officer, Orissa."
 Page 283- Read "B.3(1)(4)-Works" for "3.(1)(4)-Works".
 Page 287- Sub-head B.4(8)(2).-Allowances-Col.4-Read "-64" for "6".
 Page 300- Col.3-Heading -Read "Expenditure" for "Expeniture".
 Page 311- Sub-head A.4.-Sanitation in permanent blocks-Col.1. Read "13,233" for "233".
 Page 321- Sub-head M.-INTEREST ON IRRIGATION WORKS-Col.3-Read "10,85,834" for "10,85,834".
 Page 327- Notes Col.1-C.-Establishment etc.-line 2 read "Pro rata" for "Pro ata".
 Page 382- Note 5: The sentence below the foot note beginning with "The withdrawals..... were created" may be transposed above the foot note immediately after the account of the fund.
 Page 384- Sub-head A.3(2)(2).-Repairs-Col.1-Read "5,000" for "5,000".
 Page 388- Sub-head D.1(1).- "Contribution to Empire Forestry Association" Read "Association" for "Associaion".
 Page 421- Below the certificate -Read "Assistant Accounts Officer, Orissa" for "Asisistant Accounts Officer, Orissa".
 Page 459- Audit comments Sundry Debtors-First line-Read "Debtors" for "Debeters".
 Page 477- Insert "D.2.-" before Appointment of supervising staff".
 Page 488- Read "E.4.-Diagnostic Laboratories" for "E.4-Diagonstic Laboratories".
 Pages 472-485-Heading-Col.2-Read "Final Grant or Appropriation" for "Final Grant".
 Page 485- Heading-Col.4-Read "Excess 1" for "Excess".
 Page 495- Sub-head A.1(4).-Contingencies- Insert the following below the figures of this sub-head:- "Col.4-Vide notes 5 below the grant.
 Page 503- Sub-head J.4(4).-Contingencies-Col.4-Read "29,774" for "20,774".
 Page 505- Heading-Col.4-Read "Excess 1" for "Excess".
 Page 520- Note 5-2nd line-Read "on" for "under".
 Page 521- Para 6.-Serial No.3. Read "Cardamom" for "Cardamen".
 Page 521- Note 6-Account of the grants-Sl.No.11-Col.4-Read "20,684(g)" for "20,694(g)".
 Page 523- Para 8.-Sl.No.3-Read "Research on manufacture and Storage of gur" for "Research on manufacture of Storage and gur."
 Page 532- Sub-head B-Read "By" for "At".
 Page 539- Minor head H.-Read "MEMBER" for "MEMBER".
 Page 548- Sub-head-Miscellaneous-Col.3-Read "1,012" for "7,012".
 Page 549-Sub-head I.1(1).-Col.1-Read "9,300" for "9,300".
 Page 551- Sub-head I.2(5).-Col.1-Read "1,08,200" for "1,80,200".
 Page 551-Sub-head I.2(9).-Col.1-Read "R" for "Rs."
 Page 552- Sub-head I.2(10).-Col.4-Explanation-Read "Explanation" for "explanation".
 Page 558- Left side Bottom- Read "The 30th" before "August".
 Page 573-Sub-head A.2.-Establishment-Col.4-Delete "1" appearing below "10".
 Page 573- Sub-head "B.-Salia Irrigation Project"- Read "Irrigation" for "Irrigagion".
 Page 576- Major head-Heading-Read "DRAINAGE" for "DRAINAGC".
 Page 686- Sub-head T.1(11).-Miscellaneous Departments-Col.4-Insert the figure "2" after "1".
 Page 616- Hirakud Power utilisation Scheme-Col.7 against item No.7- Read "13,923" for "13,92".
 Page 623-Note 4- last line- Read "infructuous" for "infructious".
 Page 624- GOVERNMENT COLD STORAGE PLANT, CUTTACK.-Financial Review- 3rd sub-para - line 3- Read "Steel" for "Ste l".
 Page 626- Government Cold Storage Plant, Cuttack - Balance Sheet- Col.2- "As per last Balance Sheet" Read "per" for "pr".
 Page 644- Balance sheet of Food grains-Capital and Liabilities side- Col.2-Bottom-Delete "erve" after "Reserve".
 Page 645- Bottom-in the certificate-line 3 Read "certify" for "ecertify".
 Page 659- Insert "B.1" before sub-head "Low Income Group Housing Scheme".
 Page 675- Insert Page "534" before 38-Supply Department in Col.1.
 Page 739- Heading above Col.7 -Read "credited" for "credite".

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PART I.

AUDIT REPORT, 1959.

GENERAL REVIEW OF THE RESULTS OF AUDIT.

INTRODUCTORY.

The total gross provision for expenditure, both charged and voted, during the year under report amounted to Rs. 75,34.14 lakhs (original Rs. 63,34.67 lakhs and supplementary Rs. 11,99.47 lakhs). The total gross expenditure against this provision was Rs. 64,55.57 lakhs resulting in a saving of Rs. 10,78.57 lakhs. The total net expenditure during the year amounted to Rs. 52,17.67 lakhs which showed an increase of Rs. 4,63.79 lakhs over that of the previous year.

The budget estimates for the year provided for revenue receipts of Rs. 21,89.48 lakhs and expenditure on revenue account amounting to Rs. 25,07.03 lakhs against which the actual realization of revenue amounted to Rs. 22,03.47 lakhs while the expenditure on revenue account was Rs. 23,47.55 lakhs.

The year, thus closed with a deficit balance of Rs. 1,44.08 lakhs against an anticipated deficit of Rs. 3,17.55 lakhs in the Budget. The improvement in the balance to the extent of Rs. 1,73.47 lakhs at the end of the year was brought about by an increase of Rs. 13.99 lakhs in revenue receipts mainly under 'Union Excise Duties', 'Taxes on Income other than Corporation Tax and Estate Duty', 'Forest', 'Education', 'Agriculture' and 'Grants-in-aid from Central Government', and a decrease of Rs. 1,59.48 lakhs in the expenditure on revenue account mainly under 'Land Revenue', 'Public Health', 'Co-operation', 'Industries and Supplies', 'Miscellaneous Departments' and 'Community Development Projects, National Extension Service and Local Development Works'.

VOTE ON ACCOUNT.

2. Under Article 206(1)(a) of the Constitution of India, the State Legislative Assembly passed a "vote on account" making grant in advance in respect of estimated expenditure for a part of the financial year 1957-58 pending the completion of the procedure prescribed in Article 203 and 204 of the Constitution of India.

The Orissa Appropriation (Vote on Account) Act, 1957 which was assented to by the Governor on the 22nd February, 1957, authorised withdrawal of sums not exceeding Rs. 13,74,29,000 (Rs. 12,89,44,000 representing the grant voted by the Assembly and Rs. 84,85,000 representing expenditure charged on the Consolidated Fund) out of the Consolidated Fund of the State. The Orissa Appropriation (No. 2) Act, 1957 which was inclusive of the sum specified in the Orissa (Vote on Account) Act, 1957 was assented to by the Governor on the 29th June, 1957.

In the absence of a system of Exchequer Control it was not possible to conduct appropriation audit in respect of the "Vote on Account" for the following reasons:—

- (a) The accounts were not separately closed for the period covered by the 'Vote on Account', and,
- (b) the exact period covered by the 'Vote on Account' was not specified in the relevant Appropriation Act.

Appropriation Accounts had, therefore, been prepared only in respect of the amounts given in the Orissa Appropriation (No. 2) Act, 1957.

REVIEW OF TOTAL DEMAND PLACED BEFORE THE LEGISLATURE.

3. Fiftyseven demands for grants, as against fifty in the previous year, aggregating Rs. 51,38,48,290 inclusive of the sums specified in the Orissa Appropriation (Vote on Account) Act, 1957 were presented to the Legislative Assembly and voted by it without any reduction. This amount and another sum of Rs. 11,96,18,785 comprising seventeen charged appropriations, as against thirteen in the previous year, required to meet the expenditure charged on the Consolidated Fund of the State, were included in the Orissa Appropriation (No. 2) Act, 1957 passed under Article 204 of the Constitution of India and assented to by the Governor on the 29th June, 1957.

The arrangement of the demands for grants presented to the Legislative Assembly was practically the same as in the preceding year. The total number of voted grants was seven more than that of the previous year. This was due to the introduction of Grant Nos. 52 to 58 for which only supplementary grants had been obtained in the previous year.

Demand No. 59.—“Capital Account of other works” for which supplementary grant was obtained in the preceding year was dropped and the transactions relating to the major head concerned were included under Grant No. 56 this year.

The transactions relating to the major head “65-A.—Capital Outlay on Forests” included under Grant No. 55 in the preceding year were shown under Grant No. 54 during the year under review.

There was an increase in the number of charged appropriations by four in order to meet expenditure relating to the major heads “25.—General Administration,” “4.—Taxes on Income other than Corporation Tax and Estate Duty,” “50.—Civil Works,” “81.—Capital Account of Civil Works outside the Revenue Account” and “71.—Capital Outlay on Schemes of Agricultural Improvement and Research” under Grant Nos. 4, 12, 27, 43 and 44 respectively, while charged appropriation under “51-A.—Interest on Capital Outlay on Multi-purpose River Schemes” was excluded and supplementary appropriation obtained during the year.

A summary by main divisions of accounts of the grants and appropriations included in the original Appropriation Act is given below :—

| Particulars. 1 | Charged. 2 | Voted. 3 | TOTAL. 4 |
|---|---------------|--------------|--------------|
| | Rs. | Rs. | Rs. |
| Expenditure on Revenue Account (Revenue Expenditure and Capital Expenditure within the Revenue Account) | 5,19,44,870 | 28,56,59,416 | 33,76,04,286 |
| Capital Expenditure outside the Revenue Account | 3,21,28,856 | 21,03,84,285 | 24,25,13,141 |
| Disbursements under Public Debt and Loans and Advances | 3,55,45,059 | 1,78,04,589 | 5,33,49,648 |
| TOTAL | 11,96,18,785 | 51,38,48,290 | 63,34,67,075 |

SUPPLEMENTARY GRANTS AND APPROPRIATIONS DURING THE YEAR.

4. Two supplementary Appropriation Acts passed by the Legislative Assembly under Article 205 of the Constitution of India, were assented to by the Governor on the 11th January, 1958 and 31st March, 1958 respectively. The first Act comprised thirtyone supplementary grants for Rs. 98,30,687 and two charged appropriations for Rs. 3,41,706 and the second Act covered thirtyone supplementary grants amounting to Rs. 3,68,76,217 and ten charged appropriations for Rs. 7,28,98,471.

A summary by main divisions of accounts of the grants and appropriations included in the supplementary Appropriation Acts is given below :—

| Particulars. 1 | Charged. 2 | Voted. 3 | TOTAL. 4 |
|---|---------------|-------------|--------------|
| | Rs. | Rs. | Rs. |
| Expenditure on Revenue Account (Revenue Expenditure and Capital Expenditure within the Revenue Account) | 54,41,782 | 1,73,55,657 | 2,28,00,439 |
| Capital Expenditure outside the Revenue Account | 3,46,706 | 2,87,01,227 | 2,90,47,933 |
| Disbursements under Public Debt and Loans and Advances | 6,74,48,689 | 6,50,020 | 6,80,98,709 |
| TOTAL | 7,32,40,177 | 4,67,06,904 | 11,99,47,081 |

GENERAL RESULTS OF APPROPRIATION AUDIT.

5. The following statement compares the total voted grants and charged appropriations for the year under report with the total disbursements :—

| Particulars. 1 | Charged. 2 | Voted. 3 | TOTAL. 4 |
|--|---------------|--------------|---------------|
| | Rs. | Rs. | Rs. |
| 1. Original Appropriation Act— | | | |
| (a) Voted by the Legislative Assembly. | .. | 51,38,48,290 | 51,38,48,290 |
| (b) Appropriation to meet expenditure charged on the Consolidated Fund of the State. | 11,96,18,785 | .. | 11,96,18,785 |
| 2. Supplementary Appropriation Acts— | | | |
| (a) Voted by the Legislative Assembly. | .. | 4,67,06,904 | 4,67,06,904 |
| (b) Appropriation to meet expenditure charged on the Consolidated Fund of the State. | 7,32,40,177 | .. | 7,32,40,177 |
| 3. Aggregate grants or appropriations | 19,28,58,962 | 50,06,55,194 | 75,34,14,156 |
| 4. Aggregate disbursements | 14,18,65,148 | 50,36,91,630 | 64,55,56,778 |
| 5. Less (—) or More (+) than granted | -5,09,93,814 | -5,68,63,564 | -10,78,57,378 |
| 6. Percentage of 5 to 3 | 26.44 | 10.14 | 14.32 |

6. *Savings on voted grants.*—Savings occurred in 50 out of 57 voted grants. A list of the more important cases is given below :—

| Serial No. | Number and name of grant. | Original grant. | Supplementary grant. | Final grant. | Expenditure. | Savings. | Percentage of savings. |
|------------|--|-----------------|----------------------|--------------|--------------|-----------|------------------------|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| | | Rs. | Rs. | Rs. | Rs. | Rs. | |
| 1. | 1.—State Legislature and other expenditure relating to the Home Department | 33,24,953 | 5,22,841 | 38,47,795 | 33,09,983 | 5,37,812 | 13.98 |
| 2. | 4.—Planning and Reconstruction and other expenditure relating to the Political and Services Department | 80,14,447 | 1,70,020 | 81,84,467 | 65,93,559 | 15,85,878 | 19.38 |
| 3. | 5.—Community Development Projects, etc. | 2,02,12,729 | 80,005 | 2,02,92,734 | 1,49,91,066 | 52,98,668 | 26.11 |
| 4. | 6.—Expenditure relating to the River Valley Development Department | 13,16,419 | 5 | 13,16,424 | 3,25,083 | 9,91,341 | 75.31 |
| 5. | 7.—Expenditure on displaced persons | 1,04,18,150 | 30 | 1,04,18,180 | 26,41,344 | 77,76,836 | 74.65 |
| 6. | 13.—Land Revenue | 1,72,34,667 | 16,20,010 | 1,88,54,677 | 1,64,72,197 | 23,82,480 | 12.64 |
| 7. | 16.—District Administration and other expenditure relating to the Revenue Department | 1,94,81,732 | 3,05,502 | 1,97,87,234 | 1,35,48,776 | 62,38,458 | 31.53 |
| 8. | 17.—Expenditure relating to the Industries Department | 92,78,649 | 5,340 | 92,83,980 | 82,95,548 | 9,88,441 | 10.65 |
| 9. | 20.—Labour and Emigration and Employment Organisation | 10,83,393 | .. | 10,83,393 | 7,24,764 | 3,58,629 | 33.10 |
| 10. | 21.—Tribal and Rural Welfare Department | 1,55,94,191 | 25 | 1,55,94,216 | 1,27,39,698 | 28,54,518 | 18.30 |

| | | | | | | | |
|-----|---|-------------|-----------|-------------|-------------|-------------|-------|
| 11. | 23.—Public Health | 49,96,917 | 36,020 | 50,32,937 | 41,10,066 | 9,22,871 | 18-34 |
| 12. | 27.—Public Works, Common Establishment and other expenditure relating to the Works Department | 79,73,523 | 5 | 79,73,528 | 60,10,615 | 19,62,913 | 24-62 |
| 13. | 28.—Electricity Schemes | 67,09,016 | 5 | 67,09,021 | 52,60,476 | 14,49,145 | 21-60 |
| 14. | 33.—Co-operation | 67,35,946 | 20 | 67,35,966 | 50,31,352 | 17,04,614 | 25-31 |
| 15. | 35.—Veterinary | 54,01,007 | 20 | 54,01,027 | 47,96,977 | 6,04,050 | 11-18 |
| 16. | 37.—Agriculture | 1,08,63,810 | 32,025 | 1,08,95,835 | 95,55,430 | 13,40,405 | 12-30 |
| 17. | 38.—Supply Department | 21,12,855 | 14,200 | 21,27,115 | 15,74,430 | 5,52,685 | 25-98 |
| 18. | 39.—Mirakud Dam Project | 9,28,05,000 | .. | 9,28,05,000 | 8,17,89,162 | 1,10,15,838 | 11-87 |
| 19. | 40.—Community Development Projects | 21,91,036 | .. | 21,91,036 | 10,45,182 | 11,45,854 | 32-30 |
| 20. | 41.—Loans to Municipalities, Government servants, etc. | 1,78,04,589 | 6,50,020 | 1,84,54,609 | 1,07,69,825 | 76,84,784 | 41-64 |
| 21. | 42.—Compensation for abolition of Zamindari system and other expenditure relating to the Revenue Department | 70,01,000 | 11,09,000 | 90,70,000 | 60,18,551 | 30,51,449 | 33-64 |
| 22. | 44.—Agricultural Improvement and Research | 20,28,726 | 13,42,151 | 39,70,877 | 30,62,324 | 9,08,553 | 22-88 |
| 23. | 48.—Capital Outlay on Industrial Development | 24,38,034 | 2,33,750 | 26,72,384 | 17,76,407 | 8,95,977 | 33-33 |
| 24. | 49.—Capital Outlay on Ports | 40,000 | 2,85,990 | 3,25,990 | 2,23,757 | 1,02,233 | 31-36 |
| 25. | 50.—Capital Outlay on Ports | 9,46,000 | 27,86,200 | 37,32,200 | 18,45,236 | 18,86,964 | 50-36 |
| 26. | 51.—Subsidised Industrial Housing Scheme | 9,22,850 | 3,27,022 | 12,50,772 | 8,06,809 | 4,43,963 | 35-30 |

The main reasons for the savings are indicated below :—

- Item 1.*—Non-constitution of State Assembly for more than a month after general elections, contrary to expectations, appointment of more members as Ministers than expected, unfilled vacancies in the Assembly, the annulment of certain allowances of the relatives of the Rulers of Integrated States and non-execution of schemes for construction of buildings.
- Item 2.*—Non-payment of subsidy due to delay in completion of land reclamation work, absence of people's contribution of 50 per cent of the expenditure in execution of schemes, non-execution of works, unfilled vacancies and non-payment of grants to Grampanchayats for payment of pay and allowances of Daffadars and allowances of Chowkidars.
- Item 3.*—Less progress of minor irrigation works, dropping of certain schemes, opening of less number of National Extension Service Blocks and conversion of less number of these blocks into Community Development Blocks.
- Item 4.*—Less expenditure on reclamation of land and resettlement of Displaced Persons due to non-arrival of displaced families.
- Item 5.*—Non-receipt of sanction of the Government of India to write off loans, fall in influx of Displaced Persons from East Pakistan and non-starting of agricultural colonies for rehabilitation of Displaced Persons.
- Item 6.*—Unfilled vacancies, delay in starting of rent settlement camps and suspension of rent settlement operation in certain areas.
- Item 7.*—Non-payment of contribution to Anchal Funds due to their unanticipated abolition and post-budget decision of Government not to debit the expenditure to the head "54.—Famine" as 'Famine' or 'Scarcity' was not formally declared.
- Item 8.*—Late appointment or non-appointment of staff, non-availability of equipments and dropping of certain schemes.
- Item 9.*—Non-completion of a project and delay in execution of other projects.
- Item 10.*—Late appointment of staff, unfilled vacancies, less expenditure on payment of boarding charges and stipends due to late admission of students, non-execution of certain schemes, less payment of grants to non-official organisations and non-payment of grants for development of "Sarbaswadan" villages due to non-receipt of grants-in-aid from the Government of India.
- Item 11.*—Late appointment of staff, unfilled vacancies and non-starting of leprosy pilot centres.
- Item 12.*—Unfilled vacancies, change of incumbents, less expenditure on purchase of tools and plant and late starting or non-starting of some divisions for want of technical personnel.
- Item 13.*—Non-payment of *pro rata* charges for utilisation of power from the Machkund Hydro-electric (Joint) Scheme, decrease in expenditure on suspense transactions and less expenditure on maintenance and operation under Duduma Transmission, Hirakud Power Utilisation and Ganjam Area Electrification Schemes.
- Item 14.*—Late appointment of staff, non-payment of subsidy to weavers, co-operative societies and less expenditure on installation of power looms.
- Item 15.*—Unfilled vacancies, late entertainment of staff, non-availability of machines and late starting of some veterinary dispensaries, artificial insemination sub-centres, stockmen centres and other schemes.
- Item 16.*—Late appointment of staff, post-budget modification of some schemes, late receipt of Government sanction to the operation of some Plan schemes and purchase of less number of bone digesters.

Item 17.—Unfilled vacancies and post-budget decision of Government to postpone payment of contribution for subsidised sale of rice to low paid employees in urban areas consequent on increase in their dearness allowance.

Item 18.—Unfilled vacancies, less payment of compensation as a result of arbitration in several cases and non-receipt of debits from Pay and Accounts Officers concerned.

Item 19.—Conversion of less number of National Extension Service Blocks into Community Development Blocks and less expenditure on suspense transactions.

Item 20.—Post-budget decision of Government to book 50 per cent of the expenditure on "pisciculture" under the head "57.—Miscellaneous" (Grant No. 4—Sub-head I.10) and to classify the expenditure on "promotion of pilot projects for small scale industries" under the head "72.—Capital Outlay, etc." (Grant No. 48—Sub-head B.3), recommendation of lesser number of applications for loans under State-aid to Industries Act due to late constitution of the Board of Industries, conversion of lesser number of National Extension Service Blocks into Community Development Blocks, working capital of weavers' co-operative societies having been obtained from the Reserve Bank of India and non-opening of new colonies for rehabilitation.

Item 21.—Delay in assessment of final compensation payable to intermediaries and construction of Anchal buildings and staff quarters not having been taken up in some districts.

Item 22.—Unfilled vacancies, non-finalisation of land acquisition proceedings and non-sanction of estimates of certain works.

Item 23.—Non-finalisation of schemes for heavy industries due to non-receipt of assurance from the Government of India for their assistance, share money not having been called for by the Orissa Mining Corporation and the survey of Railway lines to Sukinda khas area not being taken up by the South Eastern Railway.

Item 24.—Non-completion of the construction of temporary sheds for Government Press at Khapuria.

Item 25.—Post-budget decision of Government to meet the expenditure on "construction of approach road from Kujanga to Paradip" out of the grant from Central Road Fund, non-finalisation of compensation payable to landowners, non-purchase of iron ore due to shortage of hired boats and non-availability of crafts and other equipments for iron ore trading scheme.

Item 26.—Non-completion of certain Projects and non-starting of construction of tenements under the Subsidised Industrial Housing Scheme due to non-finalisation of estimates.

7. *Savings on charged appropriations.*—Savings also occurred under 17 out of 23 heads in charged appropriations. The more important of these are detailed below :—

| Serial No. | Name and number of appropriation. | Original appropriation. | Supplementary appropriation. | Final appropriation. | Expenditure. | Saving. | Percentage of saving. |
|------------|--|-------------------------|------------------------------|----------------------|--------------|-------------|-----------------------|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| | | Rs. | Rs. | Rs. | Rs. | Rs. | |
| 1. | 4.—Planning and Reconstruction and other expenditure relating to the Political and Services Department | 1,58,700 | .. | 1,58,700 | 1,24,485 | 34,215 | 21.56 |
| 2. | 25.—Civil Works | 1,63,985 | .. | 1,63,985 | 1,01,859 | 62,126 | 37.89 |
| 3. | 30.—Transport Schemes | 3,20,260 | .. | 3,20,260 | 2,17,300 | 1,02,960 | 32.15 |
| 4. | Interest on debt and other obligations | 4,28,69,999 | .. | 4,28,69,999 | 3,94,23,397 | 34,46,602 | 8.04 |
| 5. | 39.—Hirakud Dam Project | 3,18,00,000 | .. | 3,18,00,000 | 2,70,55,616 | 47,44,384 | 14.92 |
| 6. | 43.—Electricity Schemes outside the Revenue Account and other expenditure relating to the Works Department | 3,00,000 | 3,00,000 | 6,00,000 | 3,44,307 | 2,55,693 | 42.62 |
| 7. | 44.—Agricultural Improvement and Research | 28,856 | 46,706 | 75,562 | 23,806 | 51,756 | 68.49 |
| 8. | Floating Debt (Repayment) | 2,50,00,000 | .. | 2,50,00,000 | 2,28,00,000 | 22,00,000 | 8.80 |
| 9. | Loans from the Central Government (Repayment) | 1,05,45,059 | 9,74,48,680 | 7,79,93,748 | 3,77,98,754 | 4,01,94,994 | 51.57 |

Item 1.—Non-utilisation of the provision made for leave salary and for certain competitive examinations.

Item 2.—Post-budget decision to classify the expenditure on repairs to High Court and Public Service Commission buildings as voted instead of charged and non-finalisation of some cases referred to the Arbitration Tribunal.

Item 3.—Non-implementation of new schemes.

Item 4.—Less payment of interest charges to the Government of India on account of loans received for Hirakud Dam Project, Capital constructions and Development Schemes and less payment of interest on "Ways and Means" advances to the Reserve Bank of India.

Item 5.—Decreased interest charges due to less capital outlay on the Hirakud Dam Project.

Item 6.—Non-finalisation of some old cases referred to the Arbitration Tribunal.

Item 7.—Non-payment of decretal amount as an appeal was preferred.

Item 8.—Less repayment of "Ways and Means" advances taken from the Reserve Bank of India.

Item 9.—Less repayment of "Ways and Means" advances following a decision of the Government of India to adjust the same against share of taxes and duties and grants-in-aid payable to the State Government and conversion of the balance into regular loan.

8. *Savings (or excesses) on the voted grants and charged appropriations (separately and combined) as compared with previous years.*—The statement furnished below shows how savings (or excesses) in grants and appropriations in the year under report compared with those in previous years:—

| Year. | Final appropriations and grants. | Savings (—) or excesses (+). | Percentage of savings (—) or excesses (+). |
|---------------------------|----------------------------------|------------------------------|--|
| 1 | 2 | 3 | 4 |
| | Rs. | Rs. | Rs. |
| <i>Charged.</i> | | | |
| 1953-54 | 3,43,71,870 | —1,10,01,514 | —10.74 |
| 1954-55 | 4,71,96,234 | —61,72,714 | —13.08 |
| 1955-56 | 8,88,20,035 | —18,47,779 | —5.16 |
| 1956-57 | 12,17,22,517 | —61,29,378 | —5.04 |
| 1957-58 | 19,28,58,962 | —5,09,93,814 | —26.44 |
| <i>Voted.</i> | | | |
| 1953-54 | 30,37,93,694 | —7,73,74,993 | —25.47 |
| 1954-55 | 52,92,51,599 | +2,72,00,640 | +5.16 |
| 1955-56 | 70,89,81,161 | —13,34,44,853 | —18.82 |
| 1956-57 | 73,53,30,495 | —19,22,75,970 | —26.15 |
| 1957-58 | 56,05,55,194 | —5,68,63,564 | —10.14 |
| <i>Charged and Voted.</i> | | | |
| 1953-54 | 33,81,65,564 | —9,13,76,417 | —27.02 |
| 1954-55 | 57,64,47,833 | +2,11,17,926 | +3.66 |
| 1955-56 | 79,78,01,196 | —13,82,92,632 | —17.33 |
| 1956-57 | 85,70,53,012 | —19,84,05,348 | —23.15 |
| 1957-58 | 75,34,14,156 | —10,78,57,378 | —14.32 |

In the charged section there was a marked increase in the amount as well as in the percentage of savings as compared with the preceding three years. In the voted section there was a decrease in the amount and the percentage of savings as compared with the preceding two years.

9. *Excess over voted grants.*—The following statement shows the excesses over voted grants which require regularisation under Article 205 of the Constitution of India :—

| Serial No. | Name and number of grant. | Original grant. | Supplementary grant. | Final grant. | Expenditure. | Excess. |
|------------|---|-----------------|----------------------|--------------|--------------|-----------|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| | | Rs. | Rs. | Rs. | Rs. | Rs. |
| 1. | 8.—Stamps | 1,74,350 | .. | 1,74,350 | 1,82,795 | 8,445 |
| 2. | 10.—Pensions | 32,11,487 | 1,50,403 | 33,67,890 | 34,41,387 | 73,497 |
| 3. | 25.—Civil Works | 2,91,02,681 | 1,10,60,061 | 4,01,60,742 | 4,23,54,032 | 21,54,290 |
| 4. | 43.—Electricity Schemes outside the Revenue Account and other expenditure relating to the Works Department. | 6,38,58,783 | 1,64,31,421 | 8,02,90,204 | 8,26,73,274 | 23,83,070 |
| 5. | 45.—State Schemes of Government Trading. | 2,75,52,395 | 55,35,005 | 3,30,87,400 | 4,09,51,882 | 78,64,482 |
| 6. | 46.—Rail-Road Co-ordination and Transport Schemes. | 8,68,000 | .. | 8,68,000 | 9,03,175 | 35,175 |

The main reasons for the excesses are given below :—

Item 1.—More discount was paid owing to increase in sale of impressed stamps.

Item 2.—Receipt of more sanctions for payment of pensions grouped under Section I of the Liberalised Pension Rules.

Items 3 and 4.—Increased expenditure under “Suspense”.

Item 5.—Adjustment of debits towards the cost of rice purchased from the Government of India in the previous year.

Item 6.—Provision made erroneously for net expenditure instead of gross expenditure and increased expenditure on construction of bodies of buses.

10. *Excesses over charged appropriations.*—The cases of excesses over individual appropriations requiring regularisation are detailed below :—

| Serial No. | Name and number of appropriation. | Original appropriation. | Supplementary appropriation. | Final appropriation. | Expenditure. | Excess. |
|------------|--|-------------------------|------------------------------|----------------------|--------------|----------|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| | | Rs. | Rs. | Rs. | Rs. | Rs. |
| 1. | 23.—Electricity Schemes | 34,24,145 | .. | 34,51,489 | 34,69,415 | 17,926 |
| 2. | 31.—Forest | .. | .. | .. | 716 | 716 |
| 3. | Interest on Capital Outlay on Multi-purpose River Schemes. | .. | 6,50,500 | 6,50,500 | 8,82,534 | 2,12,034 |

The main reasons for the excesses are given below:—

Item 1.—More payment of interest on Capital Outlay on Electricity Schemes.

Item 2.—Represents the amount paid to a contractor in satisfaction of a decree awarded by a Court of Law.

Item 3.—Adjustment of interest charges relating to previous years.

11. *Excesses over voted grants and charged appropriations as compared with previous years.*—The following table compares the number and amount of excesses over final grants or appropriations during the year under report with those of the four previous years:—

| Year. | Voted. | | Charged. | |
|-------------------|----------------------------|--------------|----------------------------|-------------|
| | Number of cases of excess. | Amount. | Number of cases of excess. | Amount. |
| 1 | 2 | 3 | 4 | 5 |
| | | Rs. | | Rs. |
| 1953-54 | 4 | 86,16,419 | .. | .. |
| 1954-55 | 4 | 11,92,93,709 | | 1,67,746 |
| 1955-56 | 5 | 1,59,20,871 | 4 | 35,30,912 |
| 1956-57 | 2 | 14,69,418 | 2 | 1,83,79,749 |
| 1957-58 | 6 | 1,25,48,962 | 3 | 2,30,676 |

In the voted section there was a marked increase in the number of cases and the amount of excess as compared with the previous year. In the charged section there were three cases against two in the preceding year but there was considerable decrease in the amount of excess. The main reasons for the excesses are explained in paragraphs 9 and 10 above.

CONTROL OVER EXPENDITURE.

12. Control over expenditure consists in securing the closest possible approximation between the actual expenditure and the final grant or appropriation, as the case may be, sanctioned under each sub-head and primary unit of appropriation. Effective control can be achieved by the departmental officers by (i) keeping a zealous watch over the progress of expenditure incurred and anticipated, (ii) reconciling monthly through correspondence and by personal contact, wherever necessary, the departmental figures of expenditure with those booked in the Accounts Office and (iii) taking prompt measures for regulating the final allotment by re-appropriation or supplementary grant or surrender of savings, as may be necessary.

Other important instances of defective control over expenditure noticed in the Appropriation Accounts are mentioned below :—

I.—*Unnecessary supplementary grants.*

| Serial No. | Page. | Number and name of grant. | Sub-head. | Amount of supplementary grant. | Savings. |
|------------|-------|------------------------------------|-----------|--------------------------------|----------|
| 1 | 2 | 3 | 4 | 5 | 6 |
| | | | | Rs. | Rs. |
| 1 | 383 | 31.—Forest | A.1(1) | 3,16,224 | 1,80,772 |
| 2 | 384 | Ditto | A.4(1) | 26,134 | 21,572 |
| 3 | 471 | 34.—Contribution to Local Bodies . | I.1(8) | 5,22,888 | 2,15,320 |
| 4 | 657 | 50.—Capital Outlay on Ports . | A.1(4) | 10,45,000 | 6,92,441 |
| 5 | " | Ditto | A.1(6) | 16,11,200 | 1,84,052 |

II.—*Unnecessary supplementary charged appropriations.*

| Serial No. | Page. | Name of appropriation. | Sub-head. | Amount of supplementary appropriation. | Savings. |
|------------|-------|--|-----------|--|-------------|
| 1 | 2 | 3 | 4 | 5 | 6 |
| | | | | Rs. | Rs. |
| 1 | 672 | Loans from the Central Government (Repayment). | A.21 | 6,74,18,689 | 4,01,92,000 |

III.—*Re-appropriations made unnecessarily or in excess of requirement.*

| Serial No. | Page. | Number and name of grant or appropriation. | Sub-head. | Amount of re-appropriation. | Savings. |
|------------|-------|---|-----------|-----------------------------|-----------|
| 1 | 2 | 3 | 4 | 5 | 6 |
| | | | | Rs. | Rs. |
| 1 | 326 | 24.—Irrigation | GG.1(1) | 3,34,700 | 1,40,075 |
| 2 | 535 | Interest on debt and other obligations— <i>Charged</i> | B | 16,19,000 | 5,38,655 |
| 3 | 538 | Ditto | D.17 | 2,50,000 | 59,503 |
| 4 | 544 | 39.—Hirakud Dam Project | A.2 | 16,67,000 | 17,01,396 |
| 5 | 551 | Ditto | I.2(7) | 16,62,300 | 2,57,573 |
| 6 | 552 | Ditto | I.2(10) | 20,53,000 | 62,62,448 |

IV.—*Injudicious reappropriations and surrenders causing excess over allotments.*

| Serial No. | Page. | Number and name of grant or appropriation. | Sub-head. | Amount of reappropriation. | Excesses. |
|------------|-------|--|--------------|----------------------------|-----------|
| 1 | 2 | 3 | 4 | 5 | 6 |
| | | | | Rs. | Rs. |
| 1 | 137 | 10.—Pensions | G.3(4)—voted | 30,000 | 27,341 |
| 2 | 270 | 19.—Stationery and Printing and other expenditure relating to the Commerce Department. | M.1(1)(10) | 25,428 | 11,503 |
| 3 | 545 | 39.—Hirakud Dam Project | A.8 | 80,65,000 | 96,631 |

V.—*Cases of non-surrender of savings.*

| Serial No. | Page. | Number and name of grant or appropriation. | Sub-head. | Savings. |
|------------|-------|--|-----------|-----------|
| 1 | 2 | 3 | 4 | 5 |
| | | | | Rs. |
| 1 | 176 | 13.—Land Revenue | G | 7,16,572 |
| 2 | 272 | 19.—Stationery and Printing and other expenditure relating to the Commerce Department. | M.3(2)(4) | 94,962 |
| 3 | 313 | 23.—Public Health | G.2(5) | 62,857 |
| 4 | 399 | 33.—Co-operation | B.2 | 78,216 |
| 5 | 399 | Ditto | B.3 | 1,03,042 |
| 6 | 535 | Interest on debt and other obligations— <i>Charged</i> | D.1 | 81,384 |
| 7 | 545 | 39.—Hirakud Dam Project | B | 1,31,160 |
| 8 | 555 | Ditto | P | 87,487 |
| 9 | 568 | 41.—Loans to Municipalities, Government servants, etc. | F.31 | 1,22,400 |
| 10 | 571 | 42.—Compensation for abolition of Zamindari system and other expenditure relating to the Revenue Department. | A | 71,040 |
| 11 | 635 | 45.—State Schemes of Government Trading | A.1 | 49,30,005 |
| 12 | 654 | 48.—Capital Outlay on Industrial Development | B.1 | 1,50,000 |
| 13 | 654 | Ditto | B.2 | 1,50,000 |
| 14 | 664 | 55.—Capital expenditure relating to Development (Co-operation) Department. | A.6 | 62,122 |
| 15 | 669 | Floating Debt (Repayment)— <i>Charged</i> | A.1 | 20,00,000 |

VI.—Cases of unremedied or uncovered excesses.

| Serial No. | Page. | Number and name of grant or appropriation. | Sub-head. | Excess. |
|------------|-------|---|-----------|-------------|
| 1 | 2 | 3 | 4 | 5 |
| | | | | Rs. |
| 1 | 135 | 10.—Pensions | C.7—voted | 1,17,292 |
| 2 | 324 | 24.—Irrigation. | V.3 | 32,074 |
| 3 | 535 | Interest on debt and other obligations— <i>Charged</i> | A. | 36,574 |
| 4 | 543 | Interest on Capital Outlay on Multi-purpose River Schemes— <i>Charged</i> | A. | 2,12,034 |
| 5 | 561 | 40.—Community Development Projects | A.1 | 1,87,703 |
| 6 | 635 | 45.—State Schemes of Government Trading | A.3(1)(1) | 1,28,08,775 |
| 7 | 652 | 46.—Rail-Road Co-ordination and Transport Schemes. | A.1 | 35,175 |

VII.—Defective budgeting.

| Serial No. | Page. | Number and name of grant or appropriation. | Sub-head. | Excess+ Saving—. |
|------------|-------|--|--|---------------------|
| 1 | 2 | 3 | 4 | 5 |
| | | | | Rs. |
| 1 | 42 | 1.—State Legislature and other expenditure relating to the Home Department. | G.1.— <i>charged</i> | +9,057 |
| | | | Surrender of an amount of Rs. 9,000 twice through misapprehension. | |
| 2 | 43 | Ditto | G.3.— <i>charged</i> | +5,632 |
| 3 | 109 | 7.—Expenditure on displaced persons. | C.2(2)(1)(11) | +7,016 |
| | | | Omission to provide funds. | |
| 4 | 150 | 11.—Expenditure relating to the Education Department. | O.2(5) | —30,813 |
| | | | Funds obtained twice by mistake (Rs. 21,862). | |
| 5 | 163 | Ditto | U.1 | +13,200 |
| | | | Provision of funds made under sub-head U.2 by mistake. | |
| 6 | 265 | 18.—Civil and Sessions Court and other expenditure relating to the Law Department. | G. | —5,000 |
| | | | Omission to transfer funds (Rs. 2,593) and inaccurate estimation by the estimating officers (Rs. 2,407). | |
| 7 | 395 | 32.—Fisheries | B.3(2) | +11,474 |
| | | | Omission to provide funds. | |
| 8 | 489 | 36.—Public Relations | A.2(2)(3) | +7,468 |
| | | | Omission to provide funds. | |

GENERAL COMMENTS ON THE ACCURACY OF BUDGETING AND
CONTROL OVER EXPENDITURE.

13. The budget estimates for the year provided for a sum of Rs. 51,26,45,290 for voted expenditure, against which the actuals amounted to Rs. 50,56,51,530 resulting in a saving of Rs. 1,01,59,560 or 1.99 per cent of the original grant. Supplementary grants amounting to Rs. 4,57,96,294 during the year increased the saving to Rs. 5,63,83,524 or 10.14 per cent. of the final grant. A sum of Rs. 5,32,47,167 was, however, surrendered before the close of the year reducing the saving to .63 per cent of the final grant.

Against the original appropriation of Rs. 11,26,16,755 provided for charged expenditure, the actuals amounted to Rs. 14,13,55,148 resulting in an excess of Rs. 2,92,45,393 or 18.79 per cent of the original appropriation. Supplementary appropriations aggregating Rs. 7,32,40,177 converted the excess into a saving of Rs. 5,69,83,514 or 26.44 per cent of the final appropriation. A sum of Rs. 49,10,290 was, however, surrendered reducing the saving to 22.15 per cent of the final appropriation.

Taking the voted and charged sections together, the total saving amounted to Rs. 10,18,57,378 or 14.32 per cent of the final provision. Out of 62 grants and appropriations there was no variation in 2 cases, in 15 cases the variation was below 5 per cent in 13 cases between 5 and 10 per cent and in 32 cases above 10 per cent. In 16 out of 32 cases the variation exceeded 25 per cent.

Paragraph 12 ante gives important instances of defective control over expenditure.

FINANCIAL IRREGULARITIES, LOSSES, ETC.

14. *Introductory.*—This report deals with important financial irregularities noticed in the course of audit of the accounts of the year 1957-58. It includes a few irregularities pertaining to earlier years which came to notice subsequently and which are important enough to justify inclusion. Similarly certain cases relating to a later year than 1957-58 have also been included.

Other cases of losses and wastes of are mentioned in the Notes under the respective Grants, a summary of which is given in paragraph 28.

POLITICAL AND SERVICES DEPARTMENT.

15. *Irregularities in a Community Development Project.*—(a) *Construction of a Project Office and staff quarters.*—Serious irregularities were noticed in the execution of the above work, as described below:—

(i) Against a combined estimate for Rs. 17,500, prepared in 1952, the work was completed at an actual expenditure of Rs. 35,086 approximately in 1953. A number of additions and alterations were made without any sanction for supplementary estimates. In 1957, i.e. four years after the work was over, the excess over the original estimates was sought to be regularised by the Project Executive Officer through a modified estimate. As the total amount spent was beyond his powers of sanction the work was split up by the Project Executive Officer into four sub-works and each of the four estimates was sanctioned by him, although the total expenditure has already been booked together against one work. These four estimates totalled up to only Rs. 30,100 and this left an amount of Rs. 4,986 unregularised.

(ii) The revised estimates were based on P.W.D. schedule of rates although payments had already been made at lower rates. In spite of this there was extra expenditure under some heads.

- (iii) As the revised estimates were prepared after the work was completed, the actual quantities of materials consumed should have been included in these estimates. It was found, however, that 258 bags of cement, 64,074 bricks and 722 square feet of A.C. sheets had been issued to the work in excess of the quantities shown in the revised estimates. No explanation was forthcoming for this discrepancy.
- (iv) The works account were maintained in a very unsatisfactory manner. From the records it was not possible to trace the utilisation of cement, bricks, etc., issued for the works. No accounts for the departmental manufacture of bricks were kept and no measurements were entered, in for works completed and payments made. In the absence of measurements, wages paid to labourers on muster rolls could not be correlated with the quantum of work done.

(b) *Construction of Training-cum-Production Centre and quarters for Superintendents and Foremen.*—This work was started departmentally in 1952 without any estimate being sanctioned. Later in 1957 four separate estimates were prepared to cover the work with some additions and alterations.

As the estimates were prepared after the work was completed it should be presumed that the actual quantities of cement, bricks, etc., used on the work would have been provided for in the estimates. In fact, however, it was noticed that bricks, cement, etc., were issued in excess of the provision in the *ex-post-facto* estimates, e.g., 1177 bags of cement had been issued against the provision of only 497 bags in the estimates. No justification was forthcoming for this excess issue.

16. *Irregular payment of travelling allowances.*—In connection with the inauguration of a multi-purpose Project, invitations were extended by the State Government to a number of Officers of Government and of semi-Government institutions. Fifty eight Officials who attended the Ceremony, were paid travelling allowances aggregating in all to Rs. 6,496. The travelling allowance was sanctioned by the Government without taking into account a general principle enunciated earlier by the Central Government and formally made known to the State Government according to which such invitations are to be treated as purely formal without entitling the Government officials concerned to claim any travelling allowance from public funds.

Out of the total amount of Rs. 6,496, the recovery of Rs. 381, drawn by some high judicial officials, was waived by the Government of India.

17. *Low utilisation of Heavy Machinery in the Hirakud Land Organisation.*—Between the years 1949 and 1952, 75 numbers of heavy machinery (New and second hand) were purchased at a cost of Rs. 39.13 lakhs for Land Reclamation work in connection with the re-settlement of persons displaced from the Hirakud Dam area. The utilisation of these machines from the commencement of the Scheme upto the end of March, 1957, is found to be only about 22.6 per cent of the estimated working hours of the machines.

The reasons for this low utilisation are stated to be as follows :—

- Due to the paucity of experienced staff and the difficult conditions under which the machines had to work, there was excessive wear and tear. The problem of repair and maintenance was further complicated by the multiplicity of models of the machines, as 10 different types of machinery had been purchased including several second hand ones. There were also difficulties and delays in getting spare parts from abroad. As a result of this it was found that although spares worth Rs. 26.84 lakhs were purchased for these machines upto 31st July, 1957 many machines remained idle for long periods for want of essential parts ; on the other

hand the total value of the spares actually utilised came to Rs. 15.86 lakhs only, and Rs. 10.98 lakhs worth of spare parts remained unutilized on 1st August, 1957. Their disposal is stated to be in progress.

It has been stated by the Administration that these machines were purchased during the year 1949-50 when there was a serious shortage of such machines, and it seemed necessary to buy whatever makes were available without regard to the possibilities of standardisation or to the future difficulties in getting spare parts. The shortage of spares was the main bottle-neck which came in the way of a fuller utilisation of these machines. It has been stated that the number of working hours obtained is not particularly low for an organisation starting on a new kind of work without any previous experience and without enough trained operators. The curtailment of the programme of reclamation is also stated to have affected the working hours of the machines and contributed to their low utilisation.

REVENUE DEPARTMENT.

18. *Misappropriation.*—A shortage amounting to Rs. 10,843 in the cash balance of a Nazir of a District Collectorate was detected on the 7th May, 1957 in the course of cash verification by an officer of the Collectorate. The amount was suspected to have been misappropriated by the Nazir over a long period running from January, 1955 to May, 1957. A special local audit conducted by Audit revealed that the misappropriation was rendered possible mainly due to (i) the absence of double lock arrangements for the cash chest, (ii) the retention of heavy cash balances with the Nazir without any proper arrangement for remittance into the treasury at regular intervals, (iii) lack of proper supervision over the work of the Nazir and (iv) absence of periodical check and verification of the cash balance as required under the rules, which would have disclosed the embezzlement earlier.

The Nazir has been placed under suspension and criminal proceedings are reported to be pending against him. The action taken against other officers for contributory negligence is being watched.

DEVELOPMENT DEPARTMENT.

19. *Minor Irrigation works executed by the officers of the Revenue Department.*—During the year 1955-56 the accounts of Minor Irrigation Projects, in charge of the Revenue Department, were inspected locally in five districts. The more important types of irregularities noticed are briefly indicated below :—

- (i) As in the previous years drawals of monoy in advance of actual requirements or with the object of avoiding lapse of grants continued during the year 1955-56 also. A total sum of Rs. 15,48,818, comprising 1892 transactions was, thus, withdrawn obviously to avoid lapse of grant on 31st March, 1956 alone.

In one case the amount thus drawn was kept in a 'sealed bag' in a sub-treasury. In another case the entire amount of allotment (*viz.*, Rs. 1,00,000) was drawn on an Abstract Contingent Bill on the 31st March, 1956, to prevent lapse of funds.

- (ii) In spite of Government's instructions to the drawing officers, the position in regard to the submission of detailed contingent bills to the Audit office has not shown much improvement. The total amount outstanding for want of detailed contingent bills, relating to the years from 1949-50 to 1955-56 on 31st May, 1958 aggregated to Rs. 79,26,542 (involving 8,422 items) as detailed below :—

| Year. | No. of items outstanding. | Amount. Rs. |
|-------------------|---------------------------|----------------|
| 1949-50 | 2 | 2,900 |
| 1950-51 | 463 | 4,23,921 |
| 1951-52 | 1,698 | 10,09,387 |
| 1952-53 | 1,616 | 11,66,664 |
| 1953-54 | 467 | 3,16,786 |
| 1954-55 | 2,755 | 23,00,898 |
| 1955-56 | 1,511 | 27,05,986 |
| TOTAL | 8,422 | 79,26,542 |

- (iii) Agreements for works entrusted to village leaders, village committees or contractors were not executed in some cases as prescribed under the rules.
- (iv) In a few instances payments were made to the parties concerned without measurement or check measurement of the works.
- (v) In a number of cases advances were paid to contractors exceeding the limit of 20 per cent of the estimated cost and without measurement of the work done to see whether the value of the work covered the advances made.

20. *Uneconomical purchase of iron materials.*—(a) During the years 1955-56 and 1956-57 M. S. rods, etc., worth Rs. 44,000 were purchased by the Collector of a District for certain development works. The following irregularities were noticed on this purchase.

- (i) The purchases were made from a private firm instead of obtaining the requisite quota and purchasing the materials at controlled rates from the authorised stockists. There is nothing to show that these were "tested" materials. It was stated that materials were not available with the authorised stockists.
- (ii) No tenders were called for and the quotation of one particular firm was accepted and the lower rates (equal to Rs. 3,415 on this lot) offered by another firm on its own initiative was not apparently considered. The rates accepted were well above the controlled rates. It was stated that there was no time to execute an agreement or to observe all the formalities of a contract.
- (iii) The rates originally agreed to were raised subsequently by Rs. 10 per ton and again by Rs. 35 per ton at the request of the firm.
- (iv) Although the approved rates were f.o.r. Berhampur, the materials were accepted *ex-godown* (at Cuttack) with a rebate of Rs. 10 per ton, the entire cost of conveyance being borne by the Government. It was explained by the Collector that no Railway wagons were available and the firm did not agree to bear the transportation charges except Rs. 10 per

ton as rebate. The rate of rebate was considerably less than even the railway freight from Cuttack to Berhampur. The total amount spent on transportation (by road) of these articles by Government was Rs. 1,593 while the amount received from the firm as rebate amounted to Rs. 508 only. Had the articles been purchased from the authorised stockists after obtaining the requisite quota there would have been a saving of Rs. 6,064 to Government.

(b) Untested iron materials worth Rs. 29,038 were purchased by the same Collector in the same District from another firm during the period February, 1957 to June, 1957. The extra expenditure involved (as compared with controlled rates) was over Rs. 5,804 in this case.

21. *Loss of Revenue.*—In a Forest Division of a merged State a sum of Rs. 53,983 being the lease money on the sale of forest coupes, was outstanding against several contractors since the pre-merger period. Out of the above amount dues to the extent of Rs. 50,179 had been waived in December, 1947 by the *ex-Ruler*, i.e., on the eve of merger. This order of the *ex-Ruler* was, however, cancelled by the State Government in July, 1949 as the same was considered to have been issued without justification.

The contractors, however, failed to pay the dues and recovery proceedings were instituted against them on the 14th January, 1950. Several representations subsequently made by the contractors to Government were turned down. Ultimately, Government remitted in December, 1955, 50 per cent. of the above dues without waiting for the decision of the Court with the stipulation that the contractors should pay the balance within two years failing which they would be liable to pay the entire dues. Subsequently after an enquiry into the financial condition of the defaulting contractors Government came to the conclusion that there was no prospect of realising the dues and remitted the entire dues in September, 1958 resulting in loss of revenue to Government to the extent of Rs. 53,983 (excluding the interest charges on the overdue amounts).

22. A summary of other cases of losses and writes off mentioned in the Notes under the respective Grants is given below :—

| Serial No. | Page No. | No. and name of grant. | Total No. of minor losses, etc., under each grant. | Total amount of minor losses under each grant. | Brief subject. |
|------------|----------|---|--|--|--|
| 1 | 2 | 3 | 4 | 5 | 6 |
| | | | | Rs. | |
| 1. | 48 | 1.—State Legislature and other expenditure relating to the Home Department. | 1 | 24,485 | Loss due to wreck of water wagon of Puri Fire Station. |
| 2. | 65 | 3.—Police | 1 | 3,821 | Loss due to misappropriation. |
| 3. | 101 | 5.—Community Development Projects, etc. | 1 | 10,521 | Payment in excess of scheduled rates. |

| Serial No. | Page No. | No. and name of grant. | Total No. of minor losses, etc., under each grant. | Total amount of minor losses under each grant. | Brief subject. |
|-------------|----------|---|--|--|---|
| 1 | 2 | 3 | 4 | 5 | 6 |
| | | | | Rs. | |
| 4. | 133 | 9.—Ministers, Civil Secretariat and other expenditure relating to the Finance Department. | 1 | 4,840 | Over drawal of travelling expenses. |
| 5. | 165 | 11.—Expenditure relating to the Education Department. | 2 | 24,252 | Misappropriation (Rs. 21,000) and loss (Rs. 3,252). |
| 6. | 169 | 12.—Taxation . . . | 1 | 13,278 | Write off of sales tax. |
| 7. | 179 | 14.—Excise . . . | 1 | 20,135 | Write off of excise revenue. |
| 8. | 193 | 16.—District Administration and other expenditure relating to the Revenue Department. | 2 | 14,356 | Shortage in cash balance (Rs. 3,050) and non-receipt of supply of cement from a firm and loss due to insufficient facilities for storage of cement (Rs. 9,306). |
| 9. | 274 | 19.—Stationery and Printing and other expenditure relating to the Commerce Department. | 1 | 6,994 | Grant of house rent allowance. |
| 10. | 389-390 | 31.—Forest . . . | 2 | 21,627 | Payment of compensation (Rs. 5,000) and remission of dues (Rs. 16,627). |
| 11. | 557 | 39.—Hirakud Dam Project. | 4 | 45,908 | Loss by fire and flood [(i) Rs. 20,671. (ii) Rs. 2,214. (iii) Rs. 20,356 and (iv) Rs. 2,667]. |
| 12. | 570 | 41.—Loans to Municipalities, Government servants, etc. | 1 | 47,799 | Write off of loan. |
| 13. | 623 | 44.—Agricultural Improvement and Research. | 1 | 13,406 | Unprofitable outlay on a project. |
| 14. | 638 | 45.—State Schemes of Government Trading. | 1 | 13,807 | Losses in rice stock. |
| TOTAL . . . | | | 20 | 2,65,229 | |

23. *Audit of Receipts.*—The accounts of receipts in 195 offices of the Public Works, Forest and other Departments of Government were test-checked during the year under report. Minor irregularities noticed were brought to the notice of the departmental authorities for rectification.

The arrear unrealised forest revenue to the end of 1957-58 amounted to Rs. 56,96,476 covering the periods from 1943-44 to 1957-58. The matter has been brought to the notice of Government.

24. *Audit of Stores, Stock and Pro forma Accounts.*—Subsidiary statements showing the accounts of stores and stock for the year under review have been appended to the Appropriation Accounts of Grant Nos. 3.-Police, 8.-Stamps, 14.-Excise, 17.-Expenditure relating to the Industries Department, 19.-Stationery and Printing and other expenditure relating to the Commerce Department and 31.-Forest.

Stores and stock accounts of certain schemes for the year 1956-57 have also been appended below Grant Nos. 2.-Jails and Convict Settlements, 17.-Expenditure relating to Industries Department, 22.-Medical and other expenditure relating to the Health Department, 24.-Irrigation, 25.-Civil Works, 28.-Electricity Schemes, 31.-Forest, 37.-Agriculture, 39.-Hirakud Dam Project, 43.-Electricity Schemes outside the Revenue Account and other expenditure relating to the Works Department, 44.-Agricultural Improvement and Research and 45.-State Schemes of Government Trading.

Stores and stock accounts for the year under review in respect of the following institutions and schemes could not be appended to the relevant Appropriation Accounts as the audited accounts were not received in time for inclusion :—(i) Orissa Jails (Grant No. 2), (ii) Government Headquarters Hospitals (Grant No. 22), (iii) Irrigation Works (Grant No. 24), (iv) Navigation, Embankment and Drainage Works (Grant No. 24), (v) Civil Works—Electrical (Grant No. 25), (vi) Civil Works—Non-electrical (Grant No. 25), (vii) Electricity Schemes (Grant No. 28), (viii) Handloom Marketing Organisation, Baripada (Grant No. 33), (ix) Handloom Marketing Organisation, Boudh (Grant No. 33), (x) Handloom Marketing Organisation, Sonapur (Grant No. 33), (xi) Scheme for development of handspinning and handweaving, Cuttack (Grant No. 33), (xii) Scheme for land reclamation and hiring of tractors (Grant No. 37), (xiii) Hirakud Dam Project (Grant No. 39), (xiv) Duduma Transmission Scheme (Grant No. 43), (xv) Electrification of small towns and rural areas (Grant No. 43), (xvi) Expansion of power facilities (Grant No. 43), (xvii) Hirakud Power Utilisation Scheme (Grant No. 43), (xviii) Cuttack Thermal Scheme (Grant No. 43), (xix) Delta Irrigation Scheme (Grant No. 43), (xx) Irrigation Works (Grant No. 43), (xxi) Navigation, Embankment and Drainage Works (Grant No. 43) and (xxii) New Capital Project (Grant No. 43).

Stores and stock account of (i) Orissa School of Engineering workshop (Grant No. 17) and (ii) Scheme for development of handspinning and handweaving, Cuttack (Grant No. 33) for the year 1956-57 are also in arrears.

No serious irregularities other than those mentioned below the Accounts of the Grants were noticed during the course of audit of stores accounts.

The store (stock) accounts relating to Roads and Buildings, Public Health Engineering, Irrigation and Electricity Departments for the year 1957-58 could not be prepared for incorporation in the Appropriation Account as the requisite materials have not been received from the Executive Engineers of 20 Divisions in spite of repeated requests and issue of reminders.

The matter has also been brought to the notice of the Government (Public Works Departments concerned).

The *pro forma* accounts, *viz.*, Trading, Profit and Loss Accounts and Balance Sheets of Government Commercial concerns for the year 1956-57 have been given

below Grant No. 17.-Expenditure relating to the Industries Department, 33.-Co-operation, 37.-Agriculture, 44.-Agricultural Improvement and Research and 45.-State Schemes of Government Trading.

The *pro forma* accounts for 1954-55, 1955-56 and 1957-58 have also been included below Grant Nos. 17.-Expenditure relating to the Industries Department and 33.-Co-operation.

Financial reviews in respect of *pro forma* accounts of (i) Government Cold Storage Plant, Cuttack for 1957, (ii) State Schemes of Government Trading for 1956-57, (iii) Scheme for land reclamation and hiring of tractors for 1956-57, (iv) Leather Industries-cum-Tannery, Titilagarh for 1956-57 and 1957-58, (v) Government Tannery, Boudh for 1956-57 and 1957-58 and (vi) Handloom Marketing Organisation, Baripada for 1956-57, (vii) Demonstration Shoo Factory, Cuttack for 1957-58 and (viii) Handloom Marketing Organisation, Sonepur for 1956-57 have been included below the relevant Grants. The reviews in respect of the *pro forma* accounts of Scheme for development of handspinning and handweaving, Cuttack and Handloom Marketing Organisation, Boudh are in arrears.

OTHER TOPICS OF INTEREST.

25. *Local Audit and Inspection*.—During the year under report accounts of 4 treasuries, 4 sub-treasuries, 19 Forest Divisions and 35 Public Works Divisions were inspected. In addition, accounts of 320 Government institutions and offices and 39 Commercial undertakings were test-checked locally. The irregularities and defects noticed were brought to the notice of the departmental authorities for suitable remedial action.

26. *Audit of Grants-in-aid*.—During the year 1957-58, the accounts of 6 District Boards, 14 Municipalities, 9 Notified Area Councils and 1 University for the year 1956-57 were audited by the Examiner of Local Fund Accounts besides the accounts of 1 Secondary Board of Education for 1954-55 and 1955-56 and 3 Municipalities, 2 Notified Area Councils for 1955-56. The cash balance at the close of the year in case of 2 District Boards, 3 Municipalities in 1956-57 and 2 Municipalities in 1955-56 were found less than the unspent balance of grants at the end of the year. This indicates that a part of the grant, made to local bodies for specific purposes was diverted to meet other obligations. Instances of diversions made and cases in which Government grants were not spent within the prescribed time limit were reported to Government in the Administrative Department and to Heads of Department concerned for necessary action. The position is briefly indicated below :—

I.—Diversion of Government Grants.

| Number of local bodies. | Amount. |
|-----------------------------|----------------|
| | <i>1955-56</i> |
| | Rs. |
| 2 Municipalities | 28,430 |
| | <i>1956-57</i> |
| 2 District Boards | 10,13,561 |
| 3 Municipalities | 28,219 |

II.—Government grants not spent within the prescribed time limit:

| Number of local bodies. | Amount. |
|--|-----------|
| | Rs. |
| <i>1954-55</i> | |
| 1 Secondary Board of Education | 17,890 |
| <i>1955-56</i> | |
| 3 Municipalities | 1,49,316 |
| 2 Notified Area Councils | 25,083 |
| 1 Secondary Board of Education | 1,85,233 |
| <i>1956-57</i> | |
| 6 District Boards | 48,57,101 |
| 14 Municipalities | 10,11,578 |
| 9 Notified Area Councils | 1,80,795 |
| 1 University | 9,08,110 |

27. *Outstanding Audit Objections.*—The total number of objections outstanding on the 31st July, 1958 and their money value were 97,902 and Rs. 23,39,36,962 respectively.

The following departments are having the largest outstandings :—

| | Number of items. | Amount involved. |
|---|------------------|------------------|
| | | Rs. |
| General Administration | 21,445 | 3,76,05,260 |
| Civil Works (Roads & Buildings) | 7,677 | 3,72,58,125 |
| Miscellaneous Departments | 7,071 | 2,16,82,060 |
| Irrigation | 960 | 1,29,89,960 |
| Civil Works Establishment | 10,989 | 1,22,35,887 |
| Agriculture | 6,713 | 1,12,90,327 |
| Electricity | 1,639 | 1,11,89,127 |

These include certain important types of objections such as (a) want of estimates, (b) excess of estimates and (c) want of detailed bills, vouchers, sub-vouchers, stamped receipts, etc. The desirability of clearance of these objections can hardly be emphasised as delay in their settlement is likely to perpetuate similar irregularities.

28. *Outstanding Inspection Reports.*—The total number of outstanding Inspection and Audit Reports and items outstanding therein to the end of September, 1958 were 1,149 and 11,327 respectively.

The following departments are having the largest number of outstanding:—

| | Number of outstanding reports. | Number of items outstanding in the report. |
|--|--------------------------------|--|
| Political and Services Department | 298 | 3,538 |
| Revenue and Excise Department | 241 | 2,741 |
| Development Department | 145 | 1,571 |
| Civil Supplies Department | 87 | 369 |
| Home Department | 53 | 373 |
| Health Department | 33 | 231 |
| Tribal and Rural Welfare Department | 30 | 308 |
| Industries Department | 30 | 287 |
| Education Department | 24 | 241 |
| Relief and Rehabilitation Department | 20 | 164 |

Early effective steps by the Administrative Authorities for their speedy settlement are necessary.

29. *Secret Service Expenditure.*—The accounts of expenditure treated under the orders of Government as on Secret Service are not subject to scrutiny by audit authorities. The Administrative Officers furnish periodical certificates of disbursement to the Audit Office in a prescribed form.

The total amount drawn and spent during the year 1957-58 on Secret Service was Rs. 27,786. The amount has been accepted in audit without vouchers on the basis of the prescribed certificates from administrative authorities.

30. *Debt position—General Statement.*—The total debt outstanding on the 31st March, 1958 amounted to Rs. 1,12,60.87 lakhs consisting of open market loans Rs. 2.14 lakhs, short-term borrowings of Rs. 1,11.00 lakhs, loans from the Central Government amounting to Rs. 1,08,67.12 lakhs, other loans of Rs. 46.65 lakhs and Rs. 2,33.96 lakhs on account of unfunded debt representing the provident fund balances of Government servants. Against this debt liability, the State Government had assets in the State Loan Account amounting to Rs. 8,23.38 lakhs. The net debt liability at the end of the year was, therefore, Rs. 1,04,37.49 lakhs as against Rs. 82,71.78 lakhs at the end of the previous year.

During the year under report ways and means advances to the extent of Rs. 2,92.00 lakhs were taken from the Reserve Bank of India out of which an amount of Rs. 2,28.00 lakhs only was repaid during the year. Loans aggregating Rs. 24,97.40 lakhs were obtained from the Central Government during the year for financing Hirakud Dam Project, Flood and Drought Relief, Development Schemes, etc. A sum of Rs. 3,77.98 lakhs was repaid during the year in respect of loans taken from the Central Government in previous years.

Sinking Funds have been created for repayment of loans taken for Industrial Housing and Electricity Schemes and 4 per cent Orissa Government Loan, 1968. The total amount appropriated from revenue to these funds and the receipt of interest during the year under report were Rs. 28.71 lakhs and Rs. 14 lakhs respectively, raising the balance at the credit of the funds to Rs. 94.84 lakhs. Loans which have become due for repayment are being repaid according to the terms and conditions fixed, barring rehabilitation loans. The terms and conditions of the outstanding loans have been explained in detail in paragraph 13 of the Audit Report on the Finance Accounts for 1957-58.

The net charge on the revenues of the State on account of debt services amounted to Rs. 5,16.16 lakhs or 23.42 per cent of the total revenues of the State for the year, *vide* paragraph 14 of the Audit Report on the Finance Accounts for 1957-58.

31. *Delta Irrigation Scheme.—(a) Introductory.*—The Delta Irrigation Scheme estimated to cost 14.92 crores, was administratively approved by the State Government in 1955 as a part of Hirakud Dam Project. This work was under the charge of Central Water and Power Commission upto the end of October, 1955. The Scheme envisages (1) the construction of a weir on the river Mahanadi upstream at Naraj, (2) the construction of new Main Canal with branches and distributaries for supply of water for irrigation purposes in Puri District, (3) the remodelling of the existing canal and branches, etc., in the Cuttack District and (4) the construction of additional water courses. So far, three Divisions and a Land Acquisition Office have been created for the execution of the Project.

(b) *Financing.*—The scheme is financed out of loans received from the Government of India. The total expenditure incurred to the end of 1957-58 was Rs. 2,03,03,709.

(c) *Financial Stock-taking.*—In the case of large projects, a periodical financial stock-taking is generally carried out, at suitable intervals, to correlate the progress of expenditure with the progress of the actual work. Such a financial stock-taking, on this project, has not so far been done.

(d) *Technical Sanction.*—While administrative approval for the whole project was accorded in 1955, the technical sanction to the project as a whole has not yet been accorded though expenditure is being incurred with effect from the accounts for 1955-56.

(e) *Execution of works without sanctioned estimates.*—The number of works executed to end of March, 1958 without sanctioned detailed estimates were 278 and their cost was Rs. 44,58,576. In respect of 131 works costing Rs. 36,07,303 the estimates still remain to be sanctioned and communicated to audit.

(f) *Excess over detailed estimates.*—The expenditure on 26 works exceeded the sanctioned estimates by more than 5 per cent. The total outlay thus incurred in excess was Rs. 24,37,846 which requires investigation and regularisation.

(g) *Contract agreements.*—A total amount of Rs. 4,59,875 in respect of 52 works has been paid to contractors (on 116 bills) without executing any agreements with them. In 26 cases agreements have since been executed.

The reason for making payments to contractors without execution of agreements was stated to be due to oversight and also due to delay in drawing up final agreements on account of pressure of work.

(h) *Materials-at-site Accounts.*—There are 72 works for which Materials-at-site Accounts are required to be kept. But Materials-at-site accounts were not maintained so far in respect of any of them. The reports of verification of unused materials at the site of the works had also not been prepared in any of the cases. In the absence of these accounts and certificates of stock verification it could not

be ascertained whether materials issued to works were correctly accounted for and whether the issues were restricted to the actual requirements of the works.

(i) *Stock-returns.*—The balance of stock at the end of March, 1958 was worth Rs. 34,42,053 but no reserve stock limit has been sanctioned for any of the Divisions so far as required under the rules, which also necessitate the upkeep of quantity accounts of stock in addition to value accounts. But such quantity accounts were not prepared and adjusted in 33 cases. The preparation and completion of the Half-Yearly Register of Stock is in arrears for 2½ years.

The physical verification of stores for the half-years ending September, 1957 and March, 1958 was not conducted in two Divisions.

The detailed Stores Account of the Delta Irrigation Scheme for the year 1956-57 has appeared at page 614 of the Appropriation Accounts. The Stores account for the year 1957-58 has not been received (*vide para. 24 ante*).

(j) *Suspense Accounts.*—The balances outstanding in the Suspense Accounts at the end of March, 1958 were as under:—

| Year. | Purchases. | | Miscellaneous P. W. Advances. | |
|-------------------|------------|----------|-------------------------------|---------|
| | No. | Amount. | No. | Amount. |
| | | Rs. | | Rs. |
| 1956-57 | 71 | 4,53,982 | 2 | 210 |
| 1957-58 | 92 | 4,30,608 | 22 | 63,972 |
| TOTAL | 163 | 8,84,590 | 24 | 64,182 |

It is essential that the balances outstanding in these Suspense Accounts are cleared early.

(k) *Works Accounts.*—Works Abstracts and Registers of Works are in arrears for 4 months in one Division. In one Division although some entries were made sub-headwise details with quantities were not recorded. In the absence of such details it was not possible to examine if the progress of work was commensurate with the progress of expenditure.

(l) *Contractors' Ledger Accounts.*—In 79 cases the ledger accounts showed minus balances amounting to Rs. 1,22,635. This showed that the value of materials issued to the contractors was not promptly debited to the ledger accounts of the contractors concerned and recovered from their bills.

(m) *Registers of buildings and rents.*—These registers are required to be maintained in each Division to facilitate the fixation and periodical revision of rents and to watch their realisation. Although there are several residential and non-residential buildings in charge of the Divisions, the registers of buildings were not maintained in any of the Divisions. The register of rents was not maintained in one Division and no rents were recovered from the occupants while in other two Divisions though registers were maintained and recoveries made, standard rents of buildings were not fixed under the orders of the competent authority. Consequently, it could not be verified if standard rents had been fixed correctly and whether rents were realised regularly.

(n) *Security deposits and Personal bonds.*—Under the rules, Cashiers; Overseers and other staff who handle cash and stores are required to furnish security in the form of cash, personal bonds, etc. But in several cases, no securities or personal bonds, etc., were obtained from subordinates who handled valuables.

32. *Expenditure on relief and rehabilitation of displaced persons.*—The total expenditure incurred on Relief and Rehabilitation of Displaced Persons during the year 1957-58 and upto the end of 1957-58 including expenditure on officers and staff amounted to Rs. 20,64,203 and Rs. 1,15,20,762 respectively. Out of these, the amounts reimbursed by the Government of India were Rs. 12,06,693 and Rs. 1,02,43,690 respectively. The expenditure on purely Relief and Rehabilitation schemes was as follows :—

| | During 1957-58. | Upto the end of 1957-58. |
|--------------------------|--------------------|-----------------------------|
| | Rs. | Rs. |
| Relief | 11,75,108 | 86,92,270 |
| Rehabilitation | 5,88,000 | 10,25,747 |
| TOTAL | 17,63,108 | 97,18,017 |

In addition, loans advanced to Displaced Persons during and to end of 1957-58 amounted to Rs. 5,79,678 and Rs. 67,94,504 respectively.

(2) The expenditure on pay and allowances of officers and establishments at headquarters and that in subordinate offices was as under :—

| | During 1957-58. | Upto the end of 1957-58. |
|----------------------------------|--------------------|--------------------------------|
| | Rs. | Rs. |
| State Headquarters | 1,18,609 | 7,89,754 |
| District Headquarters | 49,220 | 3,74,436 |
| Rehabilitation schemes | 84,514 | 2,63,791 |
| Relief camps | 48,752 | 3,74,764 |
| Total | 3,01,095 | 18,02,745 |

The percentage of expenditure on pay and allowances of officers and establishments to the actual expenditure on pure relief and rehabilitation during 1957-58, including loans advanced to Displaced Persons was 12.9. The corresponding percentages in the previous years were as follows :—

| | |
|-------------------|------|
| 1949-50 | 46.2 |
| 1950-51 | 5.9 |
| 1951-52 | 10.5 |
| 1952-53 | 13.9 |
| 1953-54 | 17 |
| 1954-55 | 21.2 |
| 1955-56 | 18.9 |
| 1956-57 | 12.8 |

The average percentage of all the years up to 1957-58, however, worked out to 10.9.

(3) Loans aggregating Rs. 42,01,149 due for recovery from 4,292 families of Displaced Persons by the 31st March, 1958 remained outstanding on that date. This amount included a sum of Rs. 28,47,579 outstanding against 2,501 families who have deserted the Rehabilitation colonies. The yearwise breakup of the outstanding amounts could not be furnished by the State Government due to late receipt of detailed instructions from the Government of India for computation of the period of moratorium for calculation of interest in respect of rehabilitation loans.

(4) The total amount of loans advanced to Displaced Persons upto the end of the year 1957-58 was Rs. 67,94,504. Out of this a total amount of Rs. 28,900 was written off as irrecoverable up to the end of 1957-58, as per details given below :—

| Period. | Rs. |
|-------------------|--------|
| 1953-54 | 759 |
| 1954-55 | 6,129 |
| 1955-56 | 21,970 |
| 1956-57 | 60 |
| TOTAL | 28,900 |

33. *Adjustment of advance drawn in contingent bills.*—Under the Treasury and Departmental rules officers drawing advances for contingent expenditure on abstract bills are required to submit to the controlling officers a detailed account of the advances with all the supporting sub-vouchers by the 10th of the month following the month of the drawal of the advance. These accounts are required to be countersigned by the controlling officers and transmitted to the Audit office within the same month.

These requirements had not been observed by a certain Head of Department with the result that very large amounts drawn through abstract contingent bills over the years 1949 to 1956 had not been countersigned and submitted to the Audit Office for adjustment. On an objection raised in August, 1955, the Head of the Department expressed in January, 1956 his inability to countersign the bills submitted to him and pleaded for an amendment of the rules by delegation of full powers to the drawing and disbursing officers. This was objected to in audit and the case was referred to the Government who in May, 1957 decided that the countersignature of the Head of the Department was absolutely essential, and that no delegation of powers could be allowed.

In spite of repeated reminders from Audit the Head of the Department has failed to take action for the settlement of these objections on the lines ordered by Government. The Head of the Department reported in December, 1957 that the countersigned bills could not be sent to audit for want of adequate staff. Later

in February, 1958 the State Government delegated powers to the Range officers declaring them to be controlling officers for the purpose of countersigning the detailed contingent bills. Despite this delegation no appreciable progress is noticeable in regard to submission of the detailed contingent bills to the audit office. The amount outstanding on this account from 1949-50 onwards till the end of 1957-58 is approximately Rs. 80 lakhs.

34. *Verification of stores.*—In paragraph 21 of the Audit Report on the Appropriation Accounts for 1956-57, it was stated that the State Government had set up a Public Works Stores Verification party towards the middle of the year 1953 with a view to carry out the physical verification of stores and to examine the adequacy of the arrangements for handling, storage and issues of stores and correctness of stock accounts. This party has furnished the report of verification of stores in respect of one Division only during the year 1957-58. It is understood that the party had earlier taken up re-verification of stores in some of the Divisions which were verified during 1954-55 for the second time to see how far the defects pointed out in the first verification had been rectified.

35. *Delay in respect of schedules of monthly settlement with Treasuries.*—Mention was made in para. 25 of the Audit Report, 1958 regarding the delay in the submission of Schedules of monthly settlement with Treasuries by P. W. Divisional Officers. The irregularity continued during the year under report.

The number of wanting schedules to end of 31st March, 1958 is 6 and they relate to the year 1957-58.

At the end of the year under report the differences between the figures brought to account in the P. W. Divisions and those in the Treasury accounts under the heads "Remittances into treasuries" and "P.W. Cheques" amounted to Rs.—1,95,896 and Rs. 1,08,30,545 respectively as against Rs. 1,69,505 and Rs. 1,11,28,095 reported last year. The differences under the heads had been, however, reduced to Rs. 32,978 and Rs. 57,46,836 respectively at the end of August, 1958.

36. *Delay in submission of monthly accounts by Treasuries.*—Under the provisions of Article 119 of the Account Code, Volume II, the First Schedule of payments with connected vouchers should be sent to the Accountant General on the 10th and in the case of bank treasuries, on the 11th of the month, and the Cash Account and list of payments with supporting Schedules and connected vouchers should be despatched on the 1st day of the following month. During the year, however, none of the Treasury Officers observed the due dates. The treasury accounts of Cuttack Treasury for the period from May, 1957 to December, 1957 and that of the Ganjam Treasury for February, 1958 were received very late in the office of the Accountant General and had consequently to be excluded from the compilation of accounts for those months and included in the compilation of accounts for the subsequent months. The Ganjam Treasury accounts for March, 1958 also were received in the office of the Accountant General only in the middle of May, 1958, resulting in unusual delay in closing the accounts for March, 1958, as well as the annual accounts. All these delays were duly brought to the notice of Government from time to time.

37. *Investments of Government.*—A statement showing the details of the investments made by the State Government in various companies has been furnished in Appendix III. None of the Companies except four, viz., The Orissa Road Transport Co., Ltd., The Orissa Cement Ltd., Messrs. Kalinga Tubes, Ltd., have so far declared dividends for the year 1956-57 and the Orissa State Financial Corporation for 1957-58.

The financial position of the remaining Companies continues to be extremely difficult. Of these Mayurbhanj Oil and Oil Products Ltd., has been practically idle for several years for lack of working capital. The Managing Agents of the Company have since resigned and Government are taking steps to appoint one of their officers to look to the day to day affairs of the Company pending a decision on the future course of action to be taken for working of the Mill. The Mayurbhanj Spinning and Weaving Mills Ltd., has never gone into production for want of working capital although the erection of plant and machinery was started as early as 1948. The total Government investment in these two Companies amounts to Rs. 12,50,000.

The general position of some of the Companies in which investments have been made by Government is described below:—

(1) *Orissa Road Transport Co., Ltd.*—The Company earned a net profit of Rs. 4,04,691 during the year 1956-57. Out of this an amount of Rs. 2,31,000 was appropriated towards obsolescence Reserve and provision for payment of Income-Tax and a tax-free dividend of 5 per cent was declared on the paid up Capital.

The system of control over receipt books issued for use by the conductors and the maintenance of Stock Register of receipt books are not satisfactory. Strict supervision and proper maintenance of the Stock Register of Receipt books seem necessary to prevent their misuse.

(2) *Puri Electric Supply Co. Ltd.*—The Company earned a net profit of Rs. 12,311 after setting aside an amount of Rs. 4,013 towards Contingencies Reserve and writing off the Development Account and Deferred Revenue expenditure for the year 1956-57 and declared dividend on its 3½ per cent cumulative preference shares for the year 1955-56 which was in arrears.

(3) *Mayurbhanj Textiles Ltd.*—The Company sustained a net loss of Rs. 23,841 during the year 1957-58 as against the previous year's loss of Rs. 12,188. The total upto-date loss (since 1952) is Rs. 1,107,149. The hosiery market continued to be dull, it even deteriorated during the year, as stated by the Board of Directors.

The sales (less Returns and Sales Tax) of the Company for the year 1957-58 and the previous two years are given below:—

| 1955-56 | 1956-57 | 1957-58 |
|----------|----------|----------|
| Rs. | Rs. | Rs. |
| 1,60,502 | 1,14,964 | 1,00,918 |

Thus the sales are dwindling from year to year and the sale figure of 1957-58 is not even half of the paid up share Capital amounting to Rs. 2,41,450. Ordinarily the sales are expected to be several times the Capital invested. It has been noticed that there was a marked fall in production due to the fact that the mills had to be closed for about three months on account of labour trouble.

(4) *Mayurbhanj Potteries Ltd.*—During the year 1956-57 the Company sustained a net loss of Rs. 22,015 as against the previous year's loss of Rs. 9,827. The total loss-up-to-date is Rs. 2,11,596 which nearly equals the total paid up share capital of Rs. 2,54,150 (of which Government holds shares worth Rs. 1,00,000).

In addition to this loss there is also a contingent liability of Rs. 42,730, being arrears of dividend on cumulative preference shares. As in the last year, the factory has not been able to work to capacity during this year also due to (i) inadequacy of working capital, (ii) delays in getting the boiler certified, (iii) repair of kiln, factory shed, etc.

(5) *Mayurbhanj Spinning and Weaving Mills Ltd.*—The financial position of the Company continues to be unsatisfactory. It has not been able to go into production for the last 8 years (1949 to 1957) although erection of machinery, etc., was taken up as far back as 1949. The question of liquidation of this company is under consideration of Government.

(6) *Messrs. Kalinga Industries Ltd.*—The Company has earned a net profit of Rs. 3,51,277 during the year 1956-57 (after writing off a portion of preliminary and development expenses) as against the previous year's profit Rs. 2,26,821. There is a contingent liability of Rs. 1,35,789 being the arrears of dividend on 5 per cent cumulative preference shares. There is no improvement as regards the position of loan liability to the State Government which stands at Rs. 6,40,000 as on 31st March, 1957.

(7) *Orissa State Co-operative Bank Ltd.*—During the year ending 30th June, 1957 the Bank earned a net profit of Rs. 2,04,392 as against Rs. 99,809 in the previous year.

(8) *Koshal Industries Development Syndicate Ltd.*—During the year ending 31st July, 1957 the syndicate has earned a net profit of Rs. 8,464 as against previous year's loss of Rs. 1,693. Nearly two-thirds of the paid Capital remained in Bank/Treasury as fixed deposits and the interest received on the deposits is the main source of income to the Syndicate. As the Syndicate is not earning adequate profits the Government have since decided to wind it up.

(9) *Orissa State Co-operative Land Mortgage Bank Ltd.*—The Bank has earned a net profit of Rs. 17,863 for the year ending 30th June, 1956 and out of this an amount of Rs. 6,252 has been transferred to the Reserve Fund and the balance distributed as per the by-laws of the Bank.

(10) *Orissa State Financial Corporation.*—The Corporation though established on the 20th March, 1956 started functioning only from the 14th March, 1957 when the first Board of Directors was nominated by the State Government. For the year ending 31st March, 1958 the Corporation has earned a net profit of Rs. 1,23,353 and out of this, sums of Rs. 40,000 and Rs. 5,000 have been appropriated towards provision for Income Tax, Corporation Tax, Reserve Fund respectively, leaving for distribution as dividend a sum of Rs. 78,353. The State Government have guaranteed payment of dividend at 3½ per cent per annum on the share capital under sub-section (i) of section 6 of the State Financial Corporation Act, 1951. The total amount of dividend payable for the period ended 31st March, 1958 comes to Rs. 91,606 against Rs. 78,353 actually available for the purpose.

(11) *Kalinga Tubes Ltd.*—(No direct investment by Government but the debentures to the extent of Rs. 36,00,000 guaranteed by the Government).—The Company has earned a net profit of Rs. 12,70,954 during the year 1956-57. Out of this, an amount of Rs. 2,54,200 was appropriated towards Debentures Redemption Sinking Fund and a sum of Rs. 1,05,761 was paid as donation during 1956-57. From the available balance and the amount of profit brought forward, the Company declared a dividend of 9 per cent on the paid up Capital.

(12) *Orissa Cement Ltd.*—The Company earned a net profit of Rs. 39,45,290 during the year 1957 as against previous year's profit of Rs. 34,98,958. After providing for certain reserves dividends on cumulative preference Shares at 4½

per cent and on ordinary shares at 15 per cent (free of Income Tax) have been declared (Government of Orissa holds 40,000 4½ per cent cumulative preference shares of Rs. 100 each). The surplus has been carried forward to the next year.

38. *Delay in submission of materials for the Appropriation Accounts and the Audit Report.*—In paragraph 29 of the Audit Report on the Appropriation Accounts for 1956-57, it was mentioned that there were delays in the submission of material for the Appropriation Accounts by certain controlling officers. In spite of repeated reminders there has been no appreciable improvement in this respect during the year 1957-58. The matter was specially brought to the notice of the Public Accounts Committee during its discussions recently.

In a large number of cases, explanations of the variations have not been received from the controlling officers. A reference to such cases has been made, wherever necessary, in the notes below the Appropriation Accounts.

BHUBANESWAR,

The

15 DEC 1958

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H. K. MAITRA,

Accountant General, Orissa.

Countersigned.

NEW DELHI,

The

1 JAN 1960

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A. K. CHANDA,

Comptroller and Auditor General of India.

