सत्यमेव जयते

REPORT

OF THE

COMPTROLLER AND AUDITOR GENERAL

OF INDIA

FOR

THE YEAR 1971-72

UNION GOVERNMENT

(CIVIL)

ERRATA

Page	Line	For	Read
19	37	*Put* '8' in the Col.	'No. of loans'
20	11	85.83	85.93
25	6	*Insert* 'Rs.' *before*	'1,307.76'
27	10	*Insert* 'Rs.' *before*	'27.89'
29	17	Avances	Advances
78	7-Col. 4	Indistinct figure	6
85	29-Col. 10	Calender	Calendar
86	25-Col. 5	Indistinct figure	2*
87	1-Col. 9	127	127.20
95	7-8-Col. 4	Achieveable	Achievable
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100	5	*Insert* '(subject to audit)'	*below* '1971-72'
108	8	marking	making
111	24	Bhartiya	Bharatiya
112	8	year	years
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APPENDICES

PREFATORY REMARKS

This volume mainly relates to matters arising from the Appropriation Accounts of the Union Government for 1971-72 (which have been published as a separate volume) and other points arising from the audit of expenditure incurred by Civil Departments. It includes, amongst others, review of two public health programmes (smallpox eradication and filaria control), two village industry programmes (leather and palm gur) and the more important social welfare institutions run by Delhi Administration. It also includes :

(i) certain points of interest arising from the Finance Accounts for the year 1971-72; and

(ii) matters relating to certain statutory and autonomous bodies, the accounts of which are audited by the Indian Audit Department.

The financial irregularities, losses, etc., commented upon in the Report relate to cases which came to the notice of audit during the year 1971-72 as well as those which had come to notice in earlier years but could not be dealt with in previous Reports; matters relating to the period subsequent to 1971-72 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 Ministries/Departments. They are not intended to convey or to be understood as conveying any general reflection on the financial administration by the Ministries/Departments/Authorities concerned.

CHAPTER I

I—GENERAL

The original budget estimates and actuals of revenue receipts, expenditure met from revenue and expenditure on capital account during 1971-72 are shown below with the corresponding figures for the preceding two years :—

		Budget	Actuals	Variation	Percentage of variation
				(Crores of rupees)	
Revenue Receipts* . .	1969-70	@3322.21	3388.54	+66.33	+2.0
	1970-71	@3678.41	3731.94	+53.53	+1.5
	1971-72	@4189.90	4502.56	+312.66	+6.9
Expenditure met from Revenue .	1969-70	@3262.33	3263.37	+1.04	..
	1970-71	@3505.63	3568.92	+63.29	+1.8
	1971-72	@4009.71	4602.52	+592.81	+14.8
Expenditure on Capital Account	1969-70	769.58	648.44	—121.14	—15.7
	1970-71	843.02	941.59	+98.57	+11.7
	1971-72	842.94	1116.65	+273.71	+32.5

*Excludes payments to States of their share of divisible proceeds of taxes on income and estate duty which are taken as reduction of revenue receipts. Such payments to States during the three years were :—

	1969-70	1970-71	1971-72
		(Crores of rupees)	
Taxes on Income	293.18	359.09	459.86
Estate Duty	6.98	6.30	7.64

@Budget estimates for revenue receipts shown above include Rs. 23.52 crores, Rs. 34.97 crores and Rs. 40.12 crores respectively during 1969-70, 1970-71 and 1971-72 being the share of Union Excise Duties payable to States as a result of budget proposals. The figures of budget estimates for expenditure met from revenue shown above do not include these amounts.

During 1971-72, the revenue receipts were Rs. 312.66 crores more than the budget estimates. The expenditure met from revenue and the expenditure on capital account also exceeded the budget estimates by Rs. 592.81 crores and Rs. 273.71 crores respectively.

During the course of the year supplementary grants for expenditure were obtained, the effect of which was to increase the above estimates of expenditure met from revenue and expenditure on capital account by Rs. 700 crores and Rs. 291 crores respectively.

Further details of revenue receipts have been given in my Report on Revenue Receipts.

II—OVERALL EXPENDITURE (REVENUE AND CAPITAL)

2. The following table compares the expenditure on revenue account during 1971-72 under broad headings with the provision of funds made thereunder :—

Head of Expenditure	Budget Estimates	Actuals	Variation
		(Crores	of rupees)
Collection of Taxes and Duties . . .	50.88	52.28	+1.40
Debt Services	648.39	670.11	+21.72
Administrative Services	236.61	257.08	+20.47
Social and Developmental Services . . .	376.41	356.89	—19.52
Multipurpose River Schemes	20.43	19.40	—1.03
Public Works	42.71	43.24	+0.53
Transport and Communications . . .	22.62	24.91	+2.29
Currency and Mint	28.35	25.82	—2.53
Miscellaneous	277.97	417.59	+139.62
Contributions and Miscellaneous adjustments (includes mainly payment to States of their share of Union Excise Duties and grants-in-aid to States and Union Territory Governments) .	1219.49	1380.74	+161.25
Extraordinary items	6.62	7.62	+1.00
Defence Services	1079.23	1346.84	+267.61
Total	4009.71	4602.52	+592.81

3. The expenditure during 1971-72 compared with that during the previous two years is shown below :—

	1969-70	1970-71	1971-72
		(Crores of rupees)	
Collection of Taxes and Duties	41.79	48.12	52.28
Debt Services	564.87	605.54	670.11
Administrative Services	174.97	201.82	257.08
Social and Developmental Services	258.62	306.70	356.89
Multipurpose River Schemes	4.01	13.95	19.40
Public Works	33.06	39.13	43.24
Transport and Communications	19.72	21.49	24.91
Currency and Mint	26.17	26.45	25.82
Miscellaneous	248.22	232.67	417.59
Contributions and Miscellaneous Adjustments	920.49	1015.01	1380.74
Extraordinary Items	5.82	6.58	7.62
Defence Services	965.63	1051.46	1346.84

4. The variation in expenditure under some of the heads mentioned in the preceding paragraph are analysed below :—

(*a*) Collection of Taxes and Duties :			
Customs	7.82	8.66	9.48
Union Excise Duties	12.78	14.34	15.57
Corporation Tax	3.15	2.36	2.59
Taxes on Income	12.62	16.53	18.12
Other heads	5.42	6.23	6.52
Total	41.79	48.12	52.28
(*b*) Administrative Services :			
Police	86.16	101.60	118.82

The increase is mainly due to adjustments in the current year of certain liabilities of earlier years, more expenditure on movement of Police battalions, Central Reserve Police, Border Security Force and Central Industrial Security Force.

External Affairs	18.95	22.21	27.09

The increase is mainly due to (i) increase in special diplomatic expenditure and (ii) opening of new missions abroad.

Miscellaneous Departments	11.59	13.41	15.78
Other heads	58.27	64.60	95.39

The increase is mainly due to expenditure on mid-term elections to the Lok Sabha.

Total	174.97	201.82	257.08

	1969-70	1970-71	1971-72
			(Crores of rupees)
(*c*) Social and Developmental Services :			
Scientific Departments	59.56	67.19	80.78

The increase is mainly due to (i) larger expenditure on Bhabha Atomic Research Centre, nuclear fuel plants and scientific research, (ii) additional expenditure on national laboratories, residential buildings, grants to research associations and (iii) additional expenditure on special repairs, maintenance and upkeep of ancient monuments.

Education	76.99	91.96	97.34

The increase is mainly due to more grants to University Grants Commission, technical institutions, etc.

Medical	15.05	17.85	20.35
Public Health and Family Planning . . .	9.03	10.00	11.26
Agriculture	18.69	26.28	36.09

The increase is mainly due to larger grants to (i) Indian Council of Agricultural Research and (ii) cooperative banks as management subsidies.

Co-operation	2.22	2.54	2.76
Industries	31.55	35.11	37.01
Broadcasting	10.64	11.80	13.44
Community Development	0.44	0.52	1.12
Labour and Employment	10.42	10.58	14.37
Miscellaneous Social and Developmental Organisations	21.71	29.78	37.82

The increase is mainly due to (i) expenditure on the third Asian Trade Fair and 1971 Census and (ii) payment to the Shipping Corporation of India for management and maintenance of vessels.

Others	2.32	3.09	4.55
Total	258.62	306.70	356.89

The expenditure at (*c*) above does not include grants-in-aid to State Governments and Union Territories for development purposes, such grants paid during the three years are detailed below :—

Education	9.20	10.24	11.50
Medical	..	0.16	0.56
Public Health	55.14	51.87	24.10
Agriculture	10.96	21.01	45.99
Co-operation	1.82	1.68	1.61
Industries	0.16	0.18	1.87
Community Development . . .	2.61	2.94	35.08
Labour and Employment	3.01	2.80	3.10
Others	2.20	2.51	10.85
Total	85.10	93.39	134.66

Taking the above grants into account, the expenditure on social and developmental services during the three years ending with 1971-72 was Rs. 343.72 crores, Rs. 400.09 crores and Rs. 491.55 crores respectively.

	1969-70	1970-71	1971-72
		(Crores of rupees)	
(*d*) Public Works	33.06	39.13	43.24
(*e*) Contributions and Miscellaneous Adjustments:			
Payments to States of their share of Union Excise Duties	321.50	390.04	474.62
Grants-in-aid to State Governments and Union Territory Governments :			
(*i*) Grants as per (*c*) above . . .	85.10	93.39	134.66
(*ii*) Under Article 275 of the Constitution	162.93	151.61	152.00
(*iii*) Grants in lieu of tax on railway passenger fares	16.29	16.25	16.22
(*iv*) Assistance towards natural calamities .	24.47	23.09	22.00
(*v*) For welfare of backward classes . .	2.17	3.76	4.95
(*vi*) For rehabilitation of displaced persons.	3.20	4.31	4.88
(*vii*) For relief to refugees from East Bengal	..	..	158.33
(*viii*) Other miscellaneous grants . .	234.91	257.43	357.00
Grants-in-aid to Union Territory Governments for meeting their gap excluding the elements included in (*i*) above	59.25	62.30	40.71
Other Items	10.67	12.83	15.37
Total	920.49	1015.01	1380.74
(*f*) Extraordinary Items : Extraordinary charges	5.81	6.56	7.62

Includes write back of the payments under Indus Waters Treaty, which are initially treated as capital expenditure and written back to revenue over 15 years.

Pre-partition payments	0.01	0.02	..
Total	5.82	6.58	7.62

	1969-70	1970-71	1971-72
		(Crores of rupees)	
(g) Other Heads :			
Transport and Communications . . .	19.72	21.49	24.91
Currency and Mint	26.17	26.45	25.82
Privy Purses and Allowances of Indian Rulers	4.79	4.65	3.53
Pensions and other Retirement Benefits .	8.11	9.49	10.86
Stationery and Printing	5.81	8.16	7.86
Grants-in-aid, etc. (Other than to State and Union Territory Governments) . .	33.84	37.45	46.43
Expenditure on Displaced persons . .	9.61	8.96	7.57
Trading losses on foodgrains/loss on sale of American Loan Wheat	20.19	17.96	15.01
Miscellaneous and Unforeseen charges .	59.11	45.81	77.88
Expenditure on relief to Refugees from East Bengal	..	..	128.40
Marketing Development Schemes and Transfer to Marketing Development Fund .	52.32	42.87	54.31
Others	54.44	57.32	65.74
Total	294.11	280.61	468.32

5. The excess of Rs. 273.71 crores in expenditure on capital account as compared with the budget estimates during 1971-72 was made up of excesses under a few heads and savings under a few other heads. The excesses were mainly under the following heads :—

Head	Budget estimates	Actual expenditure	Excess
		(Crores of rupees)	
Industrial and Economic Development . .	296.84	517.05	220.21
Mainly due to (i) additional investment in Bokaro Steel Limited and (ii) conversion of expenditure on townships (in public undertakings) financed out of loans into equity.			
Defence Capital Outlay	162.43	178.51	16.08
Capital Outlay on Indian Railways . . .	151.00	190.84	39.84

Appendix I. The contributions received by Government from the Railways and Posts and Telegraphs, excluding interest*, during the three years ending 1971-72 are as under :—

	1969-70	1970-71	1971-72
		(Crores of rupees)	
Railways	10.00	7.94	1.67
Posts and Telegraphs	2.81	2.68	2.37

Contribution from Railways shown above does not include Rs. 16.25 crores received each year for payment to State Governments as grants in lieu of tax on railway passenger fares. Rupees 1.85 crores, Rs. 3.62 crores and Rs. 1.86 crores paid by the Railways during 1969-70, 1970-71 and 1971-72 respectively as contribution towards safety works are also not included in the figures shown above.

RECEIPT AND DISBURSEMENT OUTSIDE THE REVENUE ACCOUNT

8. The following tables give a broad analysis of the receipts and disbursements outside the revenue account during the three years ending 31st March 1972.

	1969-70	1970-71	1971-72
		(Crores of rupees)	
(a) **Receipts**			
Consolidated Fund—			
(*i*) Permanent Debt			
Debt raised in India(a). . . .	611.69	582.39	731.47
Debt raised outside India . . .	633.32	526.63	540.36
(*ii*) Floating Debt (other than Treasury Bills) (Net)	2.73	15.53	21.57
(*iii*) Repayment of Loans and Advances by State Governments, etc. . . .	904.62	922.57	1296.76
(*iv*) Inter State Settlement	0.05	0.01	..
Contingency Fund—			
Recoupments to Contingency Fund . . .	2.96	16.13	**70.01
Public Account—			
Unfunded Debt (Net)	251.89	343.22	280.66
Deposits and Advances (Net)	339.44	219.56	189.23
Other items (Remittances) (Net) . . .	—132.44	—25.70	1.73
Total Receipts outside the Revenue Account .	2614.26	2600.34	3131.79
Add—Debt raised by issue of Treasury Bills (Net)	—12.56	284.14	249.57
Grand Total	2601.70	2884.48	3381.36

*Interest received by Government from Railways and Posts and Telegraphs during the three years ending 1971-72 was :

	1969-70	1970-71	1971-72
		(Crores of rupees)	
Railways	128.29	138.22	131.46
Posts and Telegraphs	10.02	10.51	10.65

(a) The receipts shown against this head include Rs. 75 crores during each of the years 1969-70 and 1970-71 and Rs. 100 crores during 1971-72 on account of conversion of *ad hoc* treasury bills into dated securities (cf. paragraph 10).

**This includes transfer of Rs. 70 crores from the Consolidated Fund to the Contingency Fund to increase the corpus of the latter from Rs. 30 crores to Rs. 100 crores

	1969-70	1970-71	1971-72
		(Crores of rupees)	
(b) Payments			
Capital Outlay Civil	385.53	650.91	724.49
Capital Outlay Railways	94.29	135.89	190.84
Capital Outlay Posts and Telegraphs . .	33.38	6.96	22.81
Capital Outlay Defence	135.24	147.83	178.51
Total	648.44	941.59	1116.65
Loans and Advances by Central Government .	1457.63	1552.65	1806.75
Repayment of Debt—			
Debt raised in India	396.26	284.41	333.74
Debt raised outside India	179.16	194.46	193.78
Inter State Settlement	..	..	0.22
Contingency Fund	1.13	0.01	0.01
Total Expenditure outside the Revenue Account	2682.62	2973.12	3451.15
Total Receipts as in sub-paragraph (a) above .	2601.70	2884.48	3381.36
Excess of expenditure over receipts pertaining to the heads outside the Revenue Account . .	—80.92	—88.64	—69.79
Deduct/Add—Revenue Surplus/Deficit . .	+125.18	+163.01	—99.96
Net Surplus + / Deficit —	+44.26	+74.37	—169.75

It will be seen that if net expansion of treasury bills and conversion of *ad hoc* treasury bills into dated securities during each year are taken into account, the overall deficit was Rs. 18.18 crores, Rs. 284.77 crores and Rs. 519.32 crores during 1969-70, 1970-71 and 1971-72 respectively.

(c) The year 1971-72 closed with a deficit of Rs. 519.32 crores against the anticipated deficit of Rs. 232.27 crores (budget) and

Rs. 285.20 crores (revised estimates). The table given below gives the analysis of the deficit :—

	Budget	Actuals	Variations
		(Crores of rupees)	
Treasury Bills (Net)	232.00	249.57	—17.57
Conversion of treasury bills into dated securities	..	100.00	—100.00
Depletion of cash balance	0.27	169.75	—169.48
Total	232.27	519.32	—287.05

III—DEBT

9. (a) The following table indicates the outstanding under "Public Debt" and "Unfunded Debt" at the end of 1955-56, 1970-71 and 1971-72.

	31st March 1956	31st March 1971	31st March 1972
		(Crores of rupees)	
Public Debt—			
(*i*) Market Loan	1545	4444	4842
(*ii*) Floating Debt	808	3221	3492
(*iii*) Loans from Foreign sources* . .	111	6485	6831
Unfunded Debt—			
(*i*) Small Saving Collections . . .	575	@2206	2430
(*ii*) Provident Fund, Income Tax Annuity Deposits, etc.	183	@1072	**1157
(*iii*) Deposits by U. S. Government of Counterpart funds created under P.L. 480	..	@678	**645
Total	3222	@18106	19397

(b) The net balances at the credit of reserve funds, deposit account etc. in the deposit section of Government accounts as shown below also constitute liabilities of Government as these have not been separately invested but are merged in the general cash balance of Government.

Deposits bearing interest	188.96	@266.77	**308.70
Deposits not bearing interest	233.14	@1489.79	**1718.74

*After adjustment on account of devaluation.

@Differs from last year's report due to subsequent corrections.

**Includes effect of *pro forma* corrections.

(c) Details of debt transactions during 1971-72 are given below :—

	Receipts	Payments	Net increase (+) decrease (—)
	(Crores of rupees)		
(*i*) Market Loans	731.47	333.74	+397.73
(*ii*) Floating Debt	11239.48	10968.34	+271.14
(*iii*) Loans from Foreign sources . . .	540.36	193.78	+346.58
(*iv*) Unfunded Debt—			
Small Saving Collections	918.96	694.95	+224.01
Provident Funds, etc.	265.72	173.88	+91.84
Compulsory Deposits	0.04	0.93	—0.89
Income Tax Annuity Deposits	1.71	14.38	—12.67
Deposits by U.S. Government of Counterpart funds created under P. L. 480, etc. . .	107.57	129.20	—21.63
Total	13805.31	12509.20	+1296.11

10. (A) *Market Loans.*—The following are the details of the receipts during 1971-72 from market loans.

	In cash	By conversion of loans maturing during the year	By conversion of *ad hoc* treasury bills held by the Reserve Bank of India	Total
			(Crores of rupees)	
4¾% Loan, 1978	20.17	82.71	—	102.88
4¾% Loan, 1978 (Re-issue) . .	29.98	—	—	29.98
5¼% Loan, 1986	19.57	112.05	—	131.62
5¼% Loan, 1986 (Re-issue) . .	25.85	—	—	25.85
5¾% Loan, 2001	67.69	103.63	—	171.32
5¾% Loan, 2001 (Re-issue) . .	54.52	—	—	54.52
5% National Defence Loan, 1981 .	59.93	—	5.00	64.93
5¼ % National Defence Loan, 1986	23.66	—	5.00	28.66
5¾% National Defence Loan, 2001	27.15	—	15.00	42.15
4½% Loan, 1977	—	—	40.00	40.00
5% Loan, 1982	—	—	35.00	35.00
5½% Loan, 2000 (Re-issue) . .	—	0.01	—	0.01
4½% Loan, 1977	0.03	—	—	0.03
15 year Annuity Certificates, II series	0.05	—	—	0.05
Jayanti Shipping Co. (Acquisition of shares Bonds, 1981) . . .	4.47	—	—	4.47
Total . . .	333.07	298.40	100.00	731.47

(B) *Floating Debt.*—It includes :—

(a) *Ad hoc* treasury bills issued to the Reserve Bank of India and State Governments. Rupees 2601.08 crores were outstanding on 31st March 1972. The outstanding bills were held by the Reserve Bank of India (Rs. 2449.41 crores) and State Governments (Rs. 151.67 crores).

(b) Other treasury bills issued to the public (Rs. 164.40 crores) on 31st March 1972.

(c) Non-negotiable, non-interest bearing securities issued to the International Bank for Reconstruction and Development, International Monetary Fund and International Development Association (Rs. 726.89 crores on 31st March 1972) in payment of India's subscription.

11. (A) Interest payment on account of debt etc. is analysed below:—

	1969-70	1970-71	1971-72
		(Crores of rupees)	
(*i*) Interest paid by Government on debt and other obligations	559.87	605.54	670.11
(*ii*) *Deduct*—			
(*a*) Interest received on loans to State and Union Territory Governments . .	281.33	259.02	299.89
(*b*) Interest portion of equated payments on account of recovery of capitalised value of sterling pensions from State Governments	..	0.65	0.11
(*c*) Interest received on other loans from investment of cash balance and other items (excluding the receipts mentioned at item (iv) below)	163.29	165.19	144.99
(*iii*) Net amount of interest charges . . .	115.25	180.68	225.12
(*iv*) There were in addition the following receipts during the year :—			
(*a*) Interest from commercial departments including Railways and Posts and Telegraphs	148.67	162.81	152.27
(*b*) Interest portion of equated payments on account of commuted value of pensions .	0.83	1.09	1.49
(*c*) Interest portion of equated payments on account of write back of capital value of annuities in purchase of sterling pensions	0.67	..	0.49
Total of item (iv) . . .	150.17	163.90	154.25
(*v*) Net amount of interest charges after deducting the receipts shown at item (iv) above .	—34.92	16.78	70.87

(B) Further details of interest paid by Government of India are given below :—

	1969-70	1970-71	1971-72
		(Crores of rupees)	
Interest on market loans raised in India . .	173.77	192.01	204.44
Discount on treasury bills	66.73	68.23	95.85
Payment to Reserve Bank for management of debt	0.58	0.29	0.60
Interest on debt raised outside India . . .	153.91	161.05	167.25
Interest on Provident Funds	34.74	40.89	46.19
Interest on small saving collections :—			
Treasury Saving/Defence Deposit Certificates .	5.51	5.52	5.38
Post Office Saving Bank Deposits . . .	26.64	30.85	37.35
Bonus on Post Office Cash Certificates, Cumulative Time Deposits, etc.	52.45	54.66	55.92
Interest on reserve funds of Posts and Telegraphs and other commercial departments . .	8.59	10.48	12.37
Interest on investments of U.S. Government Public Law 480 Deposits	9.59	10.31	10.13
Payment to Post Offices for Savings Bank and Cash Certificate work	8.96	16.21	11.89
Other items	18.40	15.04	22.74
Total	559.87	605.54	670.11

IV. GRANTS AND LOANS FROM FOREIGN SOURCES

12. (a) Up to 31st March 1972, Rs. 7885.84 crores were received as grants (Rs. 896.65 crores) and loans (Rs. 6989.19 crores)* from foreign countries, International Bank for Reconstruction and Development, International Development Association, etc. In addition, contributions in the shape of equipment, technical services, etc. which are not reflected in the Government accounts have been received from UNTAO, UNESCO, etc. and certain international philanthropic organisations.

*Figures up to 5th June 1966 are at pre-devaluation rates and after 5th June 1966 at post-devaluation rates.

(b) *Grants.*—The amounts received as grants are shown below :—

Programme	Source	Grants received: During 1971-72	Grants received: Upto end of 1971-72	Earliest period from which grants have been received	Remarks
		(Crores of rupees)			
Indo-U.S. Technical Co-operation aid programme	U.S.A.	Nil	135.25	1952-53	Assistance received in the form of technical services is not reflected in Government accounts.
Public Law 480 . .	U.S.A.	16.93	378.72	1960-61	
Colombo Plan . .	Canada	29.28	344.90	1952-53	
	U.K.	Nil	1.40	1954-55	
	Australia	Nil	17.56	1951-52	
	Newzealand	Nil	3.51	1951-52	
Project for Fisheries Development . . .	Norway	Nil	2.68	1953-54	In the form of fishery equipment.
Ford Foundation . .		Nil*	12.63	1951-52	
Total . .		46.21	896.65		

*The actual amount is Rs. 1,400.

13. The loans received from foreign sources and outstanding at the end of 1971-72 were Rs. 6831.32 crores. The details of these loans are given below :—

Source	Amount authorised	Received: During 1971-72	Received: Up to the end of 1971-72*	Repaid: During 1971-72	Repaid: Up to the end of 1971-72*	Outstanding at the end of 1971-72**	Rate of Interest
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
				(Crores of rupees)			
U.S.A.	4122.26	215.23	3327.36	48.70	343.00	***3605.51	2½% to 5¾%
U.S.S.R.	739.63	16.29	589.75	34.99	390.62	356.72	2½%
West Germany	609.19	41.25	557.01	31.13	252.78	434.93	3% to 6¾%
Canada	268.33	25.47	152.17	0.66	22.96	140.21	4½% to 6%
Japan	297.86	18.69	278.03	8.26	37.93	294.41	4¾% to 6%
U.K.	839.26	92.35	776.79	20.53	160.21	695.71	(A)
I.B.R.D.	309.94	9.59	271.66	23.15	140.04	231.61	3½% to 6%
I.D.A.	1077.08	84.75	705.22	..	..	826.59	No interest is charged. A service charge of 3/4% is payable on the amount outstanding.
Netherland	67.44	5.57	40.46	0.71	0.71	45.58	2½% to 5½%
Czechoslovakia	63.10	1.75	55.16	7.52	25.64	37.24	2½%
France	119.53	19.72	55.64	1.44	4.37	51.27	3% to 3¼%

*Figures up to 5-6-1966 are at pre-devaluation rates and after 5-6-1966 at post devaluation rates.

**The closing balances include the effect of devaluation.

***The loans include 7 loans sanctioned under P.L. 480, the balances of which are not to be stepped up as a result of devaluation.

(A)Credit from M/s. Lazard Bros. and Company carries interest at 1 *p.c.* above U.K. bank rate (with a minimum of 4 *p.c.* per annum).

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Others (including loans from Poland, Switzerland, Rhodesia, Newzealand, Austria, Kuwait, Denmark, Bahrain, Sweden, Italy, France, Belgium, Qatar, Sherjah and Abu Dhabi and unallocated)	318.27	9.70	179.94	16.69	104.05	111.54	(B)
Total . .	8831.89	540.36	6989.19	193.78	1482.31	6831.32	

(B) Interest rate varies from country to country.

V. LOANS AND ADVANCES BY CENTRAL GOVERNMENT

14. Details of loans and advances outstanding against State Governments, Foreign Governments, etc., at the end of 1970-71 and 1971-72 are given below :—

To whom lent	Amount outstanding on 31st March 1971	Loans paid during 1971-72	Loans repaid during 1971-72	Amount outstanding on 31st March 1972
				(Crores of rupees)
State Governments	(a) 6309.67	1191.00	851.79	(c) 6703.83
Union Territory Governments .	(*a*) 88.33	17.63	2.60	(d) 48.41
Foreign Governments . . .	69.08	54.13	57.58	65.63
Government Corporations, non-Government Institutions etc. .	(*a*) 2490.68	415.65	345.24	2561.09
Local Funds, Municipalities etc. .	(a) 411.29	73.65	15.85	469.09
Government Servants . . .	(b) 43.37	54.65	23.48	74.54
Cultivators	1.35	0.04	0.22	1.17
	9413.77	1806.75	1296.76	9923.76

15. For loans granted to State Governments for rehabilitation of displaced persons from erstwhile East Pakistan and West Pakistan, State Governments have been paying to Government of India only the amounts actually recovered from displaced persons.

In January 1964, Government of India decided that the entire loss not exceeding 10 per cent of the total loans advanced to States for rehabilitation of displaced persons from West Pakistan would be borne by the Union Government. In May 1964 it was decided by Government of India that losses on loans granted upto 31st March 1964 to displaced per-

(a) Differs from the figures shown in the corresponding paragraph of last year's report due to subsequent correction to the accounts.

(b) Differs from the figures shown in the corresponding paragraph of last year's report due to rounding.

(*c*) Increased *pro forma* by Rs. 54.95 crores being the balances allocated to the new States of Manipur and Tripura.

(d) Decreased *pro forma* by Rs. 54.95 crores due to grant of statehood to the Union Territories of Manipur and Tripura.

II. India Electric Works Limited.

Under section 18A of the Industries (Development and Regulation), Act, 1951, an authorised controller was appointed by the Union Government for this company in July 1960. Guarantees for Rs. 155 lakhs were given by Government against two cash credit arrangements which the company had with the State Bank of India. After the company was would up (under the orders of the Calcutta High Court) in December 1968, the guarantees were invoked in 1970-71 and Rs. 202.71 lakhs (including interest) were paid by Government on that account (in 1970-71 and 1971-72). The assets of the company (valued by the official liquidator at Rs. 73.50 lakhs) hypothecated to the State Bank of India are yet to be assigned to Government by the official liquidator (June 1972). The amount to be realised from the assets will be known when the liquidation proceedings are completed.

III. Credit guarantee scheme for Small Scale Industries :—

Guarantees were invoked in 68 cases during 1971-72 and Rs. 10.79 lakhs were paid as Government's share on account of default in repayment of loans/advances.

IV. Working Capital loans advanced to the weaver's co-operative societies :—

Guarantees were invoked in 3 cases during 1971-72 and Rs. 0.44 lakh were paid as Government's share on account of default in repayment of loans.

22. *Contributions to International Organisations.*—The total amount of contributions to International bodies made during the year 1971-72 was Rs. 901.88 lakhs. The more important contributions made during each of the three years ending 1971-72 are indicated below :—

To whom paid	1969-70	1970-71	1971-72
		(Lakhs of rupees)	
Ministry of Tourism and Civil Aviation—			
International Civil Aviation Organisation . .	13.34	13.37	7.85
Ministry of Education and Social Welfare—			
United Nations Educational Scientific and Cultural Organisation	56.06	57.77	44.64
United Nations International Children's Emergency Fund	63.75	60.00	75.00

To whom paid	1969–70	1970–71	1971–72
			(Lakhs of rupees)
Ministry of External Affairs—			
United Nations Organisations	184.08	176.61	189.48
Ministry of Finance—			
United Nations Development Programme . .	..	..	300.70
Ministry of Agriculture—			
Commonwealth Agricultural Bureau . . .	5.34	5.34	5.34
Food and Agricultural Organisation . . .	46.54	52.73	51.98
Ministry of Health and Family Planning—			
World Health Organisation	73.54	96.15	48.08
Ministry of Labour and Rehabilitation—			
International Labour Organisation . . .	56.42	55.81	60.62
Ministry of Communications—			
International Tele-communication Union . .	10.82	12.50	13.90
Department of Atomic Energy—			
International Atomic Energy Agency . .	13.78	14.75	14.27

CHAPTER II

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

RESULTS OF APPROPRIATION AUDIT

23. The table given below shows the amount of original and supplementary grants and appropriations, the actual expenditure and the savings during 1971-72 :—

		Total grants/ appropriations	Actual expenditure	Savings	
				Amount	Percentage
				(Crores of rupees)	
Voted Grants—					
Original	3,209.16				
Supplementary	767.27				
Appropriation to the Contingency Fund of India	70.00	4,046.43*	3,788.11*	258.32	6.38
Charged Appropriations					
Original	12,729.01				
Supplementary	1,319.78	14,048.79	13,995.60	53.19	0.38
TOTAL . . .		18,095.22*	17,783.71*	311.51	1.72

The saving of Rs. 311.51 crores represents about 2 per cent of the total amount of voted grants and charged appropriations against 4 per cent in the previous year; it was the net result of savings of Rs. 359.85 crores in 166 grants/appropriations and excess of Rs. 48.34 crores in 21 grants/appropriations.

The savings in 1971-72 have been analysed in paragraph 26.

24. *Supplementary grants/appropriations.*—During the year, supplementary provision of Rs. 767.27 crores (including token amounts under 4 grants) was obtained under 55 grants. Twenty one supplementary appropriations of Rs. 1,319.78 crores (including token amounts under 2 appropriations) were also obtained for charged expenditure.

*Includes Rs. 70 crores transferred from the Consolidated Fund to the Contingency Fund of India, under section 2 of the Contingency Fund of India (Amendment) Act, 1972.

The amount of supplementary grants/appropriations obtained during the previous three years was as follows :—

Year	Voted	*Charged*
	(Crores of rupees)	
1968-69	260.72 (In 76 cases)	*91.31* (*In 24 cases*)
1969-70	105.34 (In 68 cases)	*285.42* (*In 17 cases*)
1970-71	396.54 (In 74 cases)	*214.07* (*In 25 cases*)

*In four cases supplementary provision totalling Rs. 5.88 crores proved unnecessary as the expenditure did not even come upto the original grant. In these cases, supplementary provision of Rs. 1.38 crores was obtained in March 1972.

25. Excesses over grants/appropriations :—

(a) *Excess over grants.*—There were excesses aggregating Rs. 48.30 crores over 14 grants; these excesses, details of which are given below, require regularisation under Article 115 of the Constitution.

Sl. No.	Particular of grant	Total grant Rs.	Actual expenditure Rs.	Excess Rs.
	Ministry of Finance			
(1)	20-Mint	4,96,56,000	4,99,46,412	2,90,412

Excess occurred mainly under (i) 'C-purchase of local stores' (expenditure Rs. 55.85 lakhs; provision Rs. 53.23 lakhs) and (ii) 'D-Works' (expenditure Rs. 11.09 lakhs; provision Rs. 10.48 lakhs).

Reasons for excess are awaited (January 1973).

(2)	24-Other Revenue Expenditure of the Ministry of Finance .	51,29,82,000	52,50,08,693	1,20 26,693

Excess occurred under (i) 'B-6—Loss or Gain by Exchange' (expenditure Rs. 267.96 lakhs; provision Rs. 86.52 lakhs), (ii) 'B.7(4)—Corporation Tax Scheme' (expenditure Rs. 927.17 lakhs; provision Rs. 800 lakhs) and (iii) 'B.14—Net Loss by Exchange on Remittance Transactions' (expenditure Rs. 300.34 lakhs; provision *nil*).

Reasons for excess are awaited (January 1973).

*Details of these cases are given in Appendix V.

Ministry of Shipping and Transport

(11) 74-Roads	24,40,15,000	26,69,90,935	2,29,75,935

Excess occurred mainly under 'A.4(1)—Maintenance of National Highways' 'A.4(1)(1).—Administered by Roads Wing' (expenditure Rs. 1,660.87 lakhs; provision Rs. 1,402.84 lakhs).

Reasons for excess are awaited (January 1973).

Ministry of Steel and Mines

(12) 78-Ministry of Steel and Mines	60,32,000	60,44,930	12,930

Excess occurred mainly under 'A.1—Secretariat-Department of Steel' (expenditure Rs. 29.04 lakhs; provision 27.89 lakhs).

Excess was mainly due to more expenditure on travelling allowance and contingencies than anticipated.

Ministry of Works and Housing

(13) 86-Public Works . . .	50,59,06,000	53,89,47,247	3,30,41,247

Excess occurred mainly under 'A.7(2)(1)—Charges—Other Suspense Account' (expenditure Rs. 2,016.49 lakhs; provision Rs. 1,836.76 lakhs).

Reasons for excess are awaited (January 1973).

Department of Supply

(14) 107-Other Revenue Expenditure of the Department of Supply	46,51,000	46,91,825	40,825

(b) *Excess over charged appropriations.*—There were excesses aggregating Rs. 0.04* crore over 7 appropriations. These also require regularisation under Article 115 of the Constitution. The details are :—

Ministry of Health and Family Planning

(1) 37-Medical and Public Health	..	*2,277*	*2,277*

Excess was due to payment made in satisfaction of a court decree.

Ministry of Home Affairs

(2) 126-Capital Outlay in Union Territories and Tribal Areas .	*3,59,10,000*	*3,59,26,799*	*16,799*

Excess was due to enhancement in land compensation awards by court.

Ministry of Labour and Rehabilitation

(3) 132-Capital Outlay of the Ministry of Labour and Rehabilitation	*4,000*	*6,292*	*2,292*

Excess occurred under 'B.1—Works' and was mainly due to more payment in satisfaction of court decrees than anticipated.

*Rs. 4,48,260 only.

Ministry of Shipping and Transport

(4) 74-Roads	*10,000*	*63,824*	53,824

Excess occurred under 'A.2(4)—Grants-in-aid, Contributions, etc.' Reasons for excess are awaited (January 1973).

(5) 135-Capital Outlay on Ports .	*5,00,000*	*7,91,762*	*2,91,762*

Excess occurred under 'A.2—Land Acquisition—Capital Outlay on Mangalore Port' (expenditure Rs. 7.92 lakhs; provision Rs. 5 lakhs) and was mainly due to more payment in satisfaction of court decrees than anticipated.

Ministry of Steel and Mines

(6) 80-Other Revenue Expenditure of the Ministry of Steel and Mines	*30,000*	*38,058*	*8,058*

Ministry of Works and Housing

(7) 141-Delhi Capital Outlay .	*30,00,000*	*30,73,248*	*73,248*

Excess was due to an unanticipated payment in satisfaction of court decree and booking of departmental charges under "charged" instead of "voted" section by the department.

26. *Savings in voted grants and charged appropriations.*—The overall saving of Rs. 311.51 crores was the net result of excesses and savings as shown below :—

	Savings	Excesses	Net Savings
			(Crores of rupees)
Voted Grants	306.62 (In 125 grants)	48.30 (In 14 grants)	258.32
Charged Appropriations : . .	*53.23 (In 41 Appropriations)*	*0.04 (In 7 Appropriations)*	*53.19*

It would be seen from Appendix VI that in 21 grants the savings exceeded 20 per cent of the funds; in 11 of these cases the savings exceeded 30 per cent.

Out of the total saving of Rs. 306.62 crores under voted grants, saving in five grants, brief particulars of which are given below, accounted for saving of Rs. 214.41 crores.

(1) 12-Other Revenue Expenditure of the Ministry of External Affairs . . . . Rs. 36.36 crores)

Saving occurred mainly under 'A.6—Grants-in-aid, Contributions, etc.' 'A.6(2)—Other Grants' and was mainly due to non-receipt of claims for supplies, etc. to the extent anticipated.

(2) 25-Grants-in-aid to State and Union Territory Governments. (Rs. 121.69 crores)

Saving occurred mainly under (i) 'A.2(18)(13)—provision for educated unemployed' (Rs. 25.00 crores), (ii) 'A.2(10)—Community Development Project—National Extension Service, etc.' (Rs. 18.02 crores) and (iii) 'A.2(18)(12)—Relief to evacuees from East Bengal' (Rs. 54.67 crores).

Saving under (i) was due to transfer of the scheme to Central Plan. Saving under (ii) was mainly due to less expenditure on crash schemes for rural employment being the first year of the scheme (Rs. 15.00 crores) and under (iii) mainly due to earlier return of refugees to Bangladesh.

(3) 121-Loans and Advances by the Central Government . . . . (Rs. 40.03 crores)

Saving occurred mainly under (i) 'C—Avances to Foreign Governments and International Bodies' (Rs. 27.71 crores) and (ii) 'D.5(1)—Loans to Government Companies, Corporations, etc.' (Rs. 11.84 crores).

Saving under (i) was mainly due to less payment of advances to international bodies and foreign governments.

Saving under (ii) was mainly due to (a) non-materialisation of programme for purchase of ships (Rs. 18 crores), (b) post budget decision to re-fix the requirement of Bokaro Steel Ltd. (Rs. 26 crores), (c) post budget decision to provide funds to Oil and Natural Gas Commission for expenditure on off-shore operations in the form of capital and not loans (Rs. 11.17 crores) and (d) less expenditure on projects on account of slow progress.

(4) 123-Other Capital Outlay of the Ministry of Agriculture . . . (Rs. 9.48 crores)

Saving occurred mainly under (i) 'B.2(2)—Co-operative Fertilizer Factories' (Rs. 5.75 crores) and (ii) 'E.7(2)—Equipment, Plant and Machinery' (Rs. 0.63 crore).

Saving under (i) was mainly due to economy measures and under (ii) due to lesser purchase of equipment, machinery, etc.

(5) 134-Capital Outlay on Roads. . . (Rs. 6.85 crores)

Saving occurred mainly under (i) 'A.1(2)—Construction of Border Roads' (Rs. 7.01 crores) and (ii) 'A.1(4)—Tools and Plant (Rs. 0.34 crore).

Reasons for savings are awaited (January 1973).

(II) The rest of the saving under the voted grants (Rs. 92.21 crores) largely occurred in the following grants :—

		Controlling Ministry
65—Labour and Employment	(Rs. 7.00 crores)	Labour and Rehabilitation.
80—Other Revenue Expenditure of the Ministry of Steel and Mines	(Rs. 3.29 crores)	Steel and Mines.
89—Other Revenue Expenditure of the Department of Atomic Energy	(Rs. 5.69 crores)	Department of Atomic Energy.
118—Commuted Value of Pensions	(Rs. 3.15 crores)	Finance.
135—Capital Outlay on Ports .	(Rs. 3.91 crores)	Shipping and Transport.
136—Other Capital Outlay of the Ministry of Shipping and Transport . . .	(Rs. 6.34 crores)	—do—
138—Capital Outlay on Aviation .	(Rs. 6.66 crores)	Tourism and Civil Aviation.

CHAPTER III

CIVIL DEPARTMENTS

MINISTRY OF EDUCATION AND SOCIAL WELFARE

(Department of Social Welfare)

(Delhi Administration)

27. *Social Welfare.*—During the three years ending March 1972, the Delhi Administration spent Rs. 50.15 lakhs, Rs. 69.01 lakhs and Rs. 93.71 lakhs respectively on social welfare. Of Rs. 93.71 lakhs spent in 1971-72, Rs. 10.64 lakhs were paid as grants-in-aid to institutions while the rest was spent on, apart from administration and financial assistance to the needy, running the following institutions and rendering the following services:—

(a) *Child Welfare* :

Institutions.

(1) One Observation Home for Boys (Ferozeshah Kotla) and one Observation-*cum*-Children Home for Girls (Kirti Nagar).

(2) One Children Home for Boys (Anand Parbat), one Children Home for Girls (Tihar) and one Children Home (Beggars) (Narela).

(3) One Home for Mentally Retarded Persons (Shahdara) with an annexe for mentally retarded children (Punjabi Bagh).

(4) One Special School for Boys.

(5) One Sanskar Ashram for Boys and One Sanskar Ashram for Girls (both in Model Town)—these are for children of denotified tribes.

(6) One Children Home for Healthy Boys of Leprosy Patients (Magazine road) and one Children Home for Healthy Girls of Leprosy Patients (Gandhi Nagar).

(7) Five Day Care Centres.

Services.

(1) Foster Home Care (Roop Nagar).

(2) Two Counselling and Guidance Bureaux (Roop Nagar and Andha Mughal).

(b) *Prevention of Beggary* :

Institutions.

(1) Poor House (Sewa Kutir). It is a home for beggars and is a reception-*cum*-certified institution.

(2) Six other Homes for Beggars. These are certified institutions. Of these six, Seva Kendra and another home—both at Narela—and one home at Mehrauli are old institutions, while three (one at Hari Nagar, One at Tikri Kalan and one at Kingsway Camp) are recent.

(c) *Physically Handicapped* :

Institutions.

(1) One School for Deaf and Dumb (Ferozeshah Kotla) and one School for Blind Boys (Maharani Bagh).

(2) Three Training-*cum*-Production Centres. Of these three, two—one in South Patel Nagar and one in West Patel Nagar—are for males while the third in Green Park is for females.

(d) *Aftercare Services* :

Institutions.

(1) One Aftercare Home for Boys (Kingsway Camp).

(2) One Aftercare Home for Women (Kirti Nagar).

(e) *One Home for Old and Infirm Persons* (*Punjabi Bagh*).

(f) *One Widows Home* (*Mahila Ashram, Maharani Bagh*).

(g) *Other services* : *probation services, prison welfare services, special nutrition programme for children and travellers aid bureau, Delhi railway station.*

The following is a review (with background material) of some of the social welfare institutions and services run by the Administration.

Child Welfare :

The earliest beginning of a separate legislation for children can be traced to the Indian Jails Committee Report (1919-1920) which is the fountain-head of modern correctional reform in India. That Committee had recommended, amongst others, creation of children's court for hearing all cases against children (procedure in such courts to be as informal and elastic as possible) and that commitment of young children to prison, whether after conviction or while on remand or under trial, should be made illegal as in England. Following the recommendations of the Committee, Madras, Bengal and Bombay enacted their Children Acts in 1920, 1922 and 1924 respectively. Most of the other States followed suit subsequently. Barring three States, namely, Jammu and Kashmir, Nagaland and Orissa, all the States now have Children's Acts. However, the entire areas of the respective States are not yet covered. Government of India, for the first time, brought into being in 1960 the Central Children's Act which is applicable to all the Union Territories. The object of that Act is to provide for care, protection, welfare, training and rehabilitation of neglected and delinquent children and for trial of delinquent children. The Act defines 'child' as a boy who has not attained the age of 16 years or a girl who has not attained the age of 18 years. The Act authorises constitution of :—

(1) Child Welfare Boards for exclusively dealing with children.

(2) Children's Courts for exclusively dealing with delinquent children.

(3) Establishment and maintenance of—

(i) Observation Homes for temporary reception of children during pendency of any enquiry under the Act.

(ii) Children's Homes for reception of neglected children, and

(iii) Special Schools for reception of delinquent children.

Where a Child Welfare Board is satisfied on enquiry that a child brought before it is neglected, the Board may direct the child to be sent to a Children's Home for a period till he ceases to be a child. Where a Children's Court is satisfied that a child brought before it has committed an offence, then notwithstanding anything to the contrary contained in any other law for the time being in force, the Children's Court may—

(a) allow the child to go home after advice or admonition;

(b) direct the child to be released on probation of good conduct and placed under the care of parent, guardian or some other person;

(c) direct the child to be sent to a special school—

(i) in the case of a boy over 14 years of age or a girl over 16 years of age, for not less than three years;

(ii) in the case of any other child, until he ceases to be a child,

(d) order the child to pay a fine if he is over 14 years of age and earns money,

(e) order a delinquent child to be kept in safe custody in such place and manner as it thinks fit. No delinquent child shall be sentenced to death or imprisonment.

The Children Home for Boys at Anand Parbat is the biggest institution of its kind run by the Administration. Currently, Rs. 6.30 lakhs are being spent annually on running the Home. During the three years 1969—71, the number of inmates varied from 470 to 730; average admissions and discharges during these years were about 580 and 450 respectively. Primary education is compulsory; arrangements for this exist in the Home. Suitable children are accorded facilities for study upto higher secondary examination. The Home has six village annexes in and around Delhi. In each of them 25 to 40 children stay and study in the existing community schools. Of those who stay at Anand Parbat, some attend nearby community schools. While thus formal education is imparted through outside schools, vocational training is imparted only in the Home at Anand Parbat where the vocational wing is separate from the rest. Vocational training is imparted in such trades as welding, fitter, wiremanship, cane work, tailoring, domestic science, barber, handloom weaving, carpentry and playing on band. These training courses, however, are not recognised by any authority, nor are any certificates given to those who complete the training courses. This impairs the prospects of rehabilitation—an important objective of the Children's Act—of the children after leaving the Home.

A large number of children abscond from the Home; this number varied from 174 to 192 in each of the three years 1969-70, 1970-71 and 1971-72. Even those who do not have to go out for their education abscond. The Administration stated (December 1972) that the problem of escape of children was dependent on make-up and character of the inmate, shortage of accommodation and shortage of caretaking personnel.

After-care :

After-care, follow-up and rehabilitation of children are essential to ensure that the education and training acquired in institutions enable children to become self-sufficient on release. The Aftercare Home for Boys, Kingsway Camp, renders follow-up services to those released from correctional and non-correctional institutions. Formal education, vocational training and employment facilities are provided in order to rehabilitate them economically and socially. Vocational instruction is given by attachment to industrial training institutes. Boys between the ages of 16—21 years are admitted. Admission is either through correctional or non-correctional institutions or on the recommendations of a social worker. During the three years 1969-70, 1970-71 and 1971-72 while only forty from correctional institutions were admitted, forty-three from non-correctional institutions, etc., were admitted. During the three years 1969-70 to 1971-72 only 23 boys were sent to the Aftercare Home after discharge from the Children Home for Boys. There being no other aftercare home for boys in the Union Territory of Delhi, it would appear that the aftercare services for those coming out of the Administration's Children Home for Boys at Anand Parbat are not adequate.

In recent years the Home is having 90 to 100 inmates. The period of stay in this Home is ordinarily three years which can, however, be extended in special circumstances on the recommendations of the Advisory Committee. Board and lodge are free. During each of the three years 1969-70, 1970-71 and 1971-72 there were 22—24 persons who had got employment but still continued to be inmates of the Home—some of them for a year or more. Besides, in each of those three years there were in the Home 11—13 inmates who were neither receiving formal education nor vocational training, nor had obtained any employment. The Administration stated (December 1972) that whenever any inmate started earning Rs. 100 per month either he left or was forced to leave the Home and that others who were not able to earn that amount were not forced to leave the Home as they would not be able to survive on their own. The inmates who were not receiving formal education or vocational training, as no suitable training or job placement could be found for them, were not forced to leave the Home as they were of difficult personality make-ups and deviated behaviour patterns. Their continued stay, however, limited the ability of the Home to take new inmates.

The Public Accounts Committee (1966-67) had suggested, amongst others, reconstitution of the Advisory Committee for the Home periodically every two or three years so as to bring in new ideas. Pursuant to the recommendation Delhi Administration had reconstituted the Advisory Committee for the Home in July 1967. The Committee met twice each year, till 1969-70, once in 1970-71 and did not meet thereafter. Annual expenditure on the Home is about Rs. 1.50 lakhs.

Prevention of Beggary :

There is no Central legislation on prevention of beggary. The Bombay

Prevention of Begging Act, 1959 (with appropriate modifications) has been extended to the Union Territory of Delhi from March 1961. The Act provides for establishment and maintenance of—

(1) receiving centres which are for reception and temporary detention of beggars, and

(2) certified institutions which are for detention, training and employment of beggars and their dependents.

Under the aforesaid Act any police officer may arrest without a warrant any person who is found begging. Such a police officer is required to take or send the person arrested to a court and if the court is satisfied that such person was found begging the court shall order the person to be detained in a certain institution for not less than one year but not more than three years or, if the court is satisfied that the person is not likely to beg again, it may admonish the beggar and release him on a bond. If any one having been previously detained in a certified institution is found begging again, the detention period is usually longer.

The Poor House (Sewa Kutir), which was started in 1945 by the Delhi Association for the care of destitutes, is the biggest institution of its kind and is being run by Delhi Administration since October 1960. It is a reception centre-*cum*-certified institution. Currently, the annual expenditure on it is about Rs. 8 lakhs. During 1969-70 to 1971-72 the total number of inmates was about 900 of which those in the certified block were about three hundred. In each of the two years 1970-71 and 1971-72 about 150 diseased and disabled beggars were admitted in the certified block. While old and infirm male beggars are kept in the home meant for them at Narela, diseased, disabled and physically handicapped beggars were being kept in the certified block along with able-bodied beggars. This is because the Administration's home for diseased male beggars at Kingsway Camp had not started functioning (November 1972). The Administration stated that segregation of diseased beggars was started in December 1972 and was expected to be completed in that month.

A substantial number of the inmates of the certified block are able-bodied beggars. The inmates are taught weaving, agriculture, masonry, bakery, laundry, stitching, printing, painting and clay modelling. Except for printing, there is no prescribed period of training. Certificates are awarded on completion of only the printing course. No certificate is awarded for any other training. Nor are the training courses (including the printing course) recognised by any authority. The Administration stated (December 1972) that "because of the poor educational background and low standard no recognition of any certificate can be given by a recognised/authorised agency and unrecognised certificate cannot be of any value."

During 1969-70 to 1971-72 the able-bodied beggars of the Poor House put in from 5,700 to 7,000 man-days of work for various public authorities, etc., and earned wages therefor. The rate of wages was only Re. 1 per day upto June 1971 while thereafter it is Rs. 2 only per day. The daily wages are quite low. Only those inmates who during their stay in the Poor House earn are paid, at the time of their discharge, those amounts less 50 per cent deduction (deduction being intended to pay for their board). Others do not get anything. Rules framed under the Act provide that for every receiving centre and certified institution there shall be a welfare fund. No welfare fund for the Poor House has, however, been created. While it is true that some of the ex-inmates are known to have been socially and economically rehabilitated, it is doubtful whether, in view of the circumstances explained above, the majority of the beggars, after discharge from the Poor House, would have reasonable opportunity of becoming useful members of society. The number of repeater inmates in the certified block has not been small—in 1971-72 this number was 73 while during the five months April to August 1972 it was 24.

Three to four hundred inmates have been escaping from the Poor House every year. The Administration stated (December 1972) that they escaped mainly due to congestion in the Poor House, and freedom to go out for work or training and shortage of caretaking staff facilitated escape.

The Act prescribes that for every receiving centre and every certified institution a Visiting Committee shall be appointed. However, no such committee had been appointed till November 1972. The Administration intimated that such committees would be appointed by December 1972.

Four powerlooms purchased for Rs. 15,700 in February 1966 had not (December 1972) been installed as the building in which they were proposed to be installed had been condemned. Therefore, training course in textile weaving on powerlooms could not be introduced.

Physically Handicapped :

The Administration has been running three training-*cum*-production centres. Two are for males while the third is for females. The oldest amongst them is the one for males at South Patel Nagar. The second one for males, at West Patel Nagar, was started in October 1969. The centre for females is at Green Park and was established in January 1970.

These centres provide vocational training to the deaf and dumb, blind and orthopaedically handicapped and thereafter provide them work for some time so that they may become sufficiently efficient to be able to do the work independently later on. In the centre for females training is given in (1) masala grinding, (2) knitting and (3) embroidery. About Rs. 90,000 are being spent annually on it. The centre for males at West Patel Nagar provides training in (1) tailoring, (2) printing and (3) book-binding while the one at South Patel Nagar provides training in (1) tailoring, (2) book-binding, (3) re-caning and (4) carpentry. In 1971-72 Rs. 2.70 lakhs were spent on the two training centres for males. The training period in all cases is one year and during this period a stipend of Rs. 60 per month is paid. Certificates are given to all those who successfully complete the training courses. However, neither the certificates nor the training courses are recognised by any authority. The Administration stated (December 1972) that "because of poor educational background it is not possible to give training in theory as well as practice and without completion of both it is not possible to secure recognition." It may be mentioned that certificates given by similar institutions in Maharashtra are recognised by the Maharashtra State Government.

The centres get work from various public authorities and farm out work to those who are on their rolls and have completed training. Those who so get work are paid by the centres, from out of the amounts they receive, at prescribed rates. The persons are to be provided work (in this manner) for two years after which they are to leave the centres. There are, however, a number of persons who have not left the centres although they have worked (after the training period) for not less than two years. For instance, there were (August 1972) on the rolls of the centre at South Patel Nagar, whose intake capacity is 50 to 54, 22 persons who had worked (after the training period) for more than two years; eighteen of them were on its workforce roll for more than four years. The Administration stated (December 1972) that they would starve, if discharged, in the absence of alternative jobs or sheltered employment. This, however, severely limits the ability of the centres to take on their rolls newcomers. When the centres were opened advertisements were issued. Advertisements are not being issued there-after, nor for fresh intakes do the centres write to the Special Employment Exchange for the Physically Handicapped functioning in Delhi. During the three years 1969-70 to 1971-72, the number of admissions in the two centres for males was 166 of which 118 were self-referred while only 25 were from the Poor House and 9 only from the Aftercare Home for Boys. The Administration stated (December 1972) that "since response to the advertisement was not encouraging, these were not issued. However, Directorate has been maintaining close touch with the Special Employment Exchange for the Physically Handicapped."

The centres do not provide lodging arrangements. Those who are on their rolls come daily for training, etc., from their homes. The two centres for males are at a distance of only about two furlongs. Since they are meant for physically handicapped persons, it would be advantageous if, instead of being so close by, they are in different localities.

Needy Widows.—Mahila Ashram (Maharani Bagh), set up in March 1970, provides free boarding and lodging, formal education and training facilities in tailoring, cutting and embroidery to needy and destitute widows (aged 45 years or below) and seeks to secure employment for them. In 1971-72, Rs. 97,000 were spent on the Mahila Ashram.

For their formal education the widows are attached to Delhi's teaching shops whose fees are paid by the Ashram. On the other hand, formal education in the aftercare organisation for women at Kirti Nagar is undertaken by the Delhi Social Welfare Advisory Board. It seems it would be better if in the Mahila Ashram also the Delhi Social Welfare Advisory Board undertakes formal education of the widows. Certificates are not issued to the trainees in proof of having completed their training courses successfully. The Administration stated (December 1972) that "instructions have been issued that certificates may be issued to those inmates whose performance is satisfactory and who attain the required proficiency."

Travellers Aid Bureau.—In order to provide assistance, guidance and protection to stranded women and children, in December 1961 the Directorate started a travellers' aid bureau at Delhi railway station. Its functions are to look for and contact stranded women and children at the station on their arrival and to escort them to places of safety for temporary shelter till they are taken back by their guardians. The bureau functions at the station from 10 a.m. to 5 p.m. whereas out of 158 incoming and outgoing trains 121 trains arrive and depart from the station after 5 p.m. and before 10 a.m. The Administration stated (December 1972) that it had been decided in principle that working hours of the bureau would be changed. The bureau has a small staff (one supervisor, one case worker, one lower division clerk and one peon), its annual expenditure being about Rs. 15,000 only.

Export Promotion

28. *Dehydrated onions.*—To impart dynamism to the country's efforts to expand and diversify exports, several measures including finance for export, assistance and incentives, transport and drawback facilities, etc., have been undertaken. Under one such measure cash assistance at prescribed percentages of f.o.b. value is given to registered exporters for specified exports.

Our country has been a traditional exporter of onions. Our exports of onions were :

	Rupees in crores.
1967—68	4.17
1968—69	4.57
1969—70	5.92
1970—71	6.21
1971—72	2.28

In recent years a number of units have been licensed for production of dehydrated onions, besides other vegetables. In 1971 the number of such units was twelve. Early in 1970, one of these units 'A' having a licensed capacity of 900 tonnes represented to Government for grant of cash assistance for its exports of dehydrated onions. In a meeting held as a sequel on 18th July 1970 the representative of the unit was told (by Government) that whatever decision is taken on its request for cash assistance would be given effect to from that date. After obtaining concurrence of the Finance Ministry, necessary sanction for grant of cash assistance of 20 *per cent* of the f.o.b. value for exports during 18th July 1970 to 31st March 1972 was issued in May 1971. This sanction was for exports by that unit only. According to the Government of India's letter, exports of dehydrated onions by that unit during the first one year starting from 18th July 1970 were to be Rs. 25 lakhs. Upto July 1971 that unit, however, exported only Rs. 4.76 lakhs worth of dehydrated onions while upto December 1971 its exports were Rs. 9.20 lakhs only. Thereafter, there has been no export (upto September 1972). The exports were to free foreign exchange countries.

In April 1972 Government issued general orders sanctioning 20 *per cent* cash assistance for all exports of dehydrated onions from 18th July

1970. Unlike in the case of unit 'A' mentioned in the preceding paragraph, no other unit manufacturing dehydrated onions had been told earlier that Government had been considering the question of grant of cash assistance for exports of dehydrated onions with retrospective effect. This being so, the Government order of April 1972, in so far as it had retrospective effect, could not have the effect of promoting exports (of dehydrated onions), which is the objective of cash assistance.

Cash assistance for exports of dehydrated onions has been continued in 1972—73. No cash assistance is given for export of any other processed vegetables (in vegetable form).

Of the units producing dehydrated onions, export obligation (because of capital goods imports) had been imposed on another unit 'B'. Export obligation is 80 *per cent* of the production of unit 'B'. Alongwith others this unit also is entitled to and has been receiving cash assistance on its export of dehydrated onions. During July 1970 to March 1972 it had exported dehydrated onions worth Rs. 21.70 lakhs.

29. *Bamboo pulp.*—Bamboo pulp is the raw material required for production of several qualities of paper. Till 1968 our country had been importing about 60,000 tonnes of pulp annually, the foreign exchange cost thereof being approximately Rs. 9 to 10 crores. Some of the paper mills in western India had been facing the problem of a dependable source of the raw material and, therefore, jointly set up a company in July 1960 in Maharashtra for producing paper grade pulp from bamboo. With a loan of Rs. 506 lakhs obtained from U.S. Export-Import Bank (carrying 5.5 *per cent* interest) the company established a factory for this purpose in Gujarat state. The installed capacity of the unit is production of 33,000 tonnes of pulp per year. The factory started commercial production in October 1968. During the first year upto September 1969 its production was about 16,000 tonnes. On the basis of the information furnished by the company Government allowed cash assistance of 10 *per cent* of the f.o.b. value on its exports of bamboo pulp during the period April 1969 to March 1970. In issuing the sanction Government had made it clear that the cash assistance was available only for exports upto 31st March 1970.

Government issues its letters about cash assistance, not directly to the manufacturing units, but to the Export Promotion Councils which in turn inform the production units about the Government's decisions. Accordingly, Government's letter dated 31st March 1969 about admissibility of cash assistance for export of bamboo pulp during April 1969 to March 1970 was addressed to the appropriate Export Promotion Council. Subsequently, that Council informed (in May 1970) this company that the aforesaid cash assistance continued for exports during April 1970 to March 1971, although Government had not informed the Council (or the company) that the cash assistance continued during 1970-71 also. Since the Council was the competent authority, the view was taken that the company could legitimately claim that it was entitled to the benefits of the cash assistance as communicated by the Council, which was the Government's agency for furnishing such information, and that this was so despite the fact that the company might not have suffered loss by reason of the export.

In response to the company's request for increasing the rate of cash assistance, the Cost Accounts Branch of the Ministry of Finance had reported in April 1970 that :—

(1) the estimated all-inclusive cost for exports in 1970-71 and 1971-72 was likely to be more than the all-inclusive cost for domestic sales by about Rs. 178 per tonne;

(2) the estimated average f.o.b. realisation from exports during 1970-71 and 1971-72 was likely to be less than the average realisation from indigenous sales by about Rs. 171 per tonne, and

(3) in 1970-71 and 1971-72 the company was likely to make small profits after providing for depreciation, interest, repayment of loans, etc.

The exports of the company were as follows :—

Year	Tonnes
1969-70	5,077
1970-71	7,855
1971-72	1,562

The Cost Accounts Branch of the Ministry of Finance, in its report of April 1970, had assumed that exports in 1970-71 and 1971-72 would be 10,000 tonnes and 11,000 tonnes respectively. The actual exports during those two years were less, particularly in 1971-72. As a matter of fact, in that year the exports by the company were very much less than in the previous year. On account of this, the loss in exports was less than what it would have been had exports been more substantial.

The company had been representing for continued grant of cash assistance for 1970-71. The matter was considered in November 1971 when

Government decided that, since this was a capital intensive industry involving substantial proportion of depreciation and interest charges which cannot be recovered from domestic sales, the 10 *per cent* cash assistance for exports of bamboo pulp should be continued upto 31st March 1973 and accordingly necessary sanction therefor was issued on 4th March 1972.

It would be seen from the above that, apart from other features, as in the case of cash assistance for export of dehydrated onions this sanction had also retrospective effect for the years 1970-71 and 1971-72.

Cash assistance paid to the company for its exports during April 1970 to March 1972 was Rs. 12.25 lakhs. The payment was made during July—September 1972.

30. *Silver Oxide.*—There is a great demand for silver metal in the world markets and as such silver serves as a second line of free foreign exchange reserve for our country. 'Legal exports' of silver and gold bullion bars were Rs. 3.31 crores in 1968-69, Rs. 5.16 crores in 1969-70, and fell to nil in 1970-71 as world silver prices fell.

Silver bars of cent *per cent* purity on being immersed in nitric acid produce silver nitrate which is a silver salt with 63.5 *per cent* silver content. Silver nitrate, on being treated with sodium hydroxide, produces black silver oxide crystals which are separated from the solution by washing with distilled water. The silver metal content of silver oxide is 93.1 *per cent* and is easily recoverable. When heated above 250 degrees centigrade, silver oxide rapidly dissociates into metallic silver and free oxygen.

Under the Exports (Control) Order, 1968 issued under sections 3 and 4(a) of the Imports and Exports (Control) Act 1947, exports of silver which has not undergone any process of manufacture subsequent to rolling are not normally allowed. Since 1967 it has been the policy of Government not to allow export of manufactures of silver to East European countries. Save this, manufactures wholly or mainly of silver were permitted, upto 21st January 1969, subject to the condition that f.o.b. value of the article was not less than 105 *per cent* of the value of silver contained in the article. (this value is to be determined having regard to the latest prices in London or New York, whichever is higher). Under the import trade control policy for registered exporters for the period April 1968 to March 1970 certain drugs were specified and for them specific rates of import replenishment licences were prescribed, while for all other drugs not so specified the import replenishment licence was 20 *per cent* of the f.o.b. value. Further, cash assistance of 20 *per cent* of the f.o.b. value was admissible (from out of the marketing development fund) for exports of drugs not specified.

A firm in Madras had been exporting silver nitrate. Since it was considered that export of silver nitrate should not be allowed, the item "manufactures wholly or mainly of silver" occurring in the schedule to the Exports (Control) Order, 1968 was on 22nd January 1969 modified to read as "manufactures and products wholly or mainly of silver and silver salts with more than 50 *per cent* silver content". Since silver nitrate is a silver salt with 63.5 *per cent* silver content, this modification of the export trade control entry thus prohibited export of silver nitrate. During February to June 1969 the said firm exported Rs. 52.51 lakhs worth of silver oxide to a East European country (with which our country has rupee payment arrangements). Since it was considered that export of silver oxide was not in the public interest, on 23rd July 1969 the export trade control entry was further amended so as to prohibit exports of silver salts, silver chemicals and compounds with more than 50 *per cent* silver content as well as manufactures and products wholy or mainly of silver with more than 50 *per cent* silver content.

The firm submitted (1969) applications for export assistance (20 *per cent* import replenishment licence and 20 *per cent* cash assistance) on the ground that silver oxide (British Pharmaceutical Codex, 1934) was a drug covered by the entry "Drugs and Drugs intermediates—all others" in the cash assistance and import replenishment licence rate lists. British Pharmaceutical Codex, 1934 had been replaced by later editions. Years ago silver oxide was being used as a drug for treatment of hysteria but is no longer used so. For many years silver oxide does not find a place in any pharmacopoeia of the world including the British Pharmacopoeia/British Pharmaceutical Codex. (British Pharmacopoeia is prepared and published, under a statute, at intervals of 5 years by the General Medical Council of Great Britain, while British Pharmaceutical Codex is prepared and published by the Council of Pharmaceutical Society of Great Britain). The Drugs and Cosmetics Act 1940 of our country prescribes that drugs not included in the Indian Pharmacopoeia should have standards of identity, purity and strength specified for the drugs in the edition of Pharmacopoeia of other countries for the time being and such other standards as may be prescribed. The Drugs and Cosmetics Rules 1945, issued under the Drugs and Cosmetics Act, 1940 prescribe that for drugs (produced in our country) for which no standards of identity, purity and strength are specified in the latest edition of the British Pharmacopoeia but are specified in the earlier editions of the British Pharmacopoeia, the standards of identity, purity and strength shall be those occurring in the latest edition of the British Pharmacopoeia, in which they are given. Although silver oxide

(vi) The net foreign exchange earnings would be Rs. 1.61 crores which would be nearly 40 *per cent* of the f.o.b. value of the contract.

(vii) It is necessary for some of the firms in India to get a foothold for the sake of obtaining further business in that country.

The Government cost accountant submitted his report in January 1969 when less than half of the export order had been executed. He, therefore, could not verify the actual loss in the deal. He estimated that, subject to what is stated subsequently, the total loss would be Rs. 68.03 lakhs. After examination of his report, Government concluded (April 1969) that a case had been made out for 10 *per cent* cash subsidy.

According to the report of the Government cost accountant, on 1st September 1967 company 'A' had sent its quotation for 2,000 tonnes of copper conductors to company 'B' (registered in the importing country) at the rate of $ 1,310 per tonne c.i.f., and on 2nd September 1967 company 'B' had sent the quotation, to the foreign purchasing organisation, of $ 1,250 per tonne c.i.f. There were negotiations and a contract for sale of 2,000 tonnes of different sizes of stranded copper conductors at the rate of $ 1,237.50 to $ 1,241.50 per tonne c.i.f. was executed on 21st January 1968. Company 'A' also obtained further orders for 1,000 tonnes of plain copper conductors, the price being $ 1,150 per tonne c.i.f., provision to this effect being subsequently included in the contract. Thus, one-third of the copper conductors exported was plain, and not stranded.

Production of conductors from copper scrap, as compared with that made from copper bars, entails extra expenses in the form of (1) higher burning loss and (2) refining and grinding costs of scrap. It is observed from the report of the Government cost accountant that the burning loss for making conductors from scrap was about Rs. [illegible]74 per tonne while it was Rs. 184 per tonne for copper wire bars, and that the refining and grinding cost of scrap was Rs. 291 per tonne, there being no such cost for copper wire bars. Taking these factors into account and also allowing for the duty drawback of Rs. 1,500 per tonne admissible for the conductors to the extent of 690 tonnes of indigenous copper scrap used by company 'A' for their manufacture, the comparable costs for copper conductors made from wire bars and from copper scrap were Rs. 13,131 and Rs. 12,054 per tonne respectively. Thus, it was cheaper, and not costlier as had been claimed, for company 'A' to manufacture the conductors from indigenous scrap than from imported copper bars.

The Government cost accountant also pointed out that there was no means to verify by documentary evidence the existence of any lower foreign offer or company 'A' being compelled to reduce the price due to such foreign competition.

The Government cost accountant's estimate of the loss of Rs. 68.03 lakhs to the company included, amongst others, the following:

(1) Normal overheads.	Rs. 14 lakhs.
(2) Sales commission payable to company 'B'	Rs. 17.19 lakhs
(3) Export overheads of company 'A' (for getting the export order).	Rs. 2 lakhs
(4) Change in the base copper price in the escalation clause (included in the contract) from £ 350 to £ 408.6 sh. 8d. per tonne	Rs. 31.5 lakhs.

Normal overheads :

In 1967-68 (which was before execution of the export order) and in 1968-69 and 1969-70 (the two years in which the export order was executed) the total internal sales of company 'A' were at about the same level (Rs. 3.1 to Rs. 3.8 crores). The company's overheads in 1967-68 were Rs. 22.23 lakhs while for 1968-69 they were estimated by the Government cost accountant to be Rs. 22.30 lakhs. Since the cost accountant had allowed for all other expenses for the export order on marginal cost basis and since the company's total normal overheads had not increased he was of the view that no portion of the normal overheads of the company should be loaded to the export order. The cost accountant had requested Government to take a decision on this point.

Since Government's intention was to make good (partially or wholly) the loss on account of this particular export deal, the marginal cost principle is applicable in this case. On this view, the loss suffered by the company on this deal should not include any amount for the overheads.

Sales commission :

According to the agency commission agreement executed between companies 'A' and 'B' on 22nd February 1968, company 'B' was to receive 4 *per cent* of the f.o.b. value of the order as agency commission. Company 'A' had explained to Government that the two companies had no common directors on their boards and that there was no connection between the companies which were two separate legal entities.

It may be mentioned that a person who had been residing for a number of years in the foreign country was a director of company 'B' at the time of the negotiation of the deal; thereafter he ceased to be a director of that company and became director of company 'A'.

Company A's quotation for sale of 2,000 tonnes of conductors was based on the price of £ 350 per ton of copper in the LME. Had there been no change in the copper price, about Rs. 10.74 lakhs would have been payable as sales commission by company 'A' to company 'B'. However, merely because of the steep increase in the price of copper, in view of the escalation clause in the contract the f.o.b. value of the export order increased by 60 *per cent* and thereby company 'B' became entitled to additional sales commission of Rs. 6.45 lakhs for which apparently it did not have to put in any extra effort. This was a windfall gain for company 'B' and to that extent increased company A's loss from the export order. The sales commission had to be paid in foreign exchange. Whether such drains on the country's foreign exchange should be allowed needs consideration.

Change in the base copper price :

The Government cost accountant pointed out that by a separate agreement dated 28th May 1968 the parties had amended the original article 3 of the contract, incorporating the price variation clause, changing the base price of copper in LME from £ 350 to £ 408.6 sh. 8d. (for every £ 1 variation in the actual price of copper from the base price the final price of conductors was to vary at a specified rate). Company 'A' had explained that this had to be done in order to increase the scope of the contract from 2,000 tonnes to 3,000 tonnes. It is to be pointed out that the base price of copper in the price variation clause was so changed four and half months after the company had accepted the order for the additional 1,000 tonnes. Further, on account of the export of the additional 1,000 tonnes there was a net inflow of foreign exchange of Rs. 41 lakhs approximately in our country whereas the loss to company 'A' because of the change in the base price of copper was as much as Rs. 31.50 lakhs.

If normal overheads of Rs. 14 lakhs, extra sales commission of Rs. 6.45 lakhs and reduction of Rs. 31.50 lakhs in the f.o.b. price are excluded, the loss of Rs. 68.03 lakhs estimated by the Government cost accountant would be reduced to Rs. 16.08 lakhs only as against Rs. 41.91 lakhs (being 10 *per cent* of the f.o.b. value) paid as cash subsidy to the company.

Government's estimate of Rs. 1.61 crores being the net foreign exchange earning from the export deal :

(1) included interest (5½ *per cent*) on the deferred payments,

(2) had assumed that the base copper price was £ 350 per ton, and

(3) did not take into account payment of 4 *per cent* sales commission to company 'B'. (Before the Government cost accountant reported

Government was not aware of the existence of the agency agreement between companies 'A' and 'B').

The value of a future payment is less than that of a present payment and interest is a compensation for that. Besides, on the foreign securities it holds the Reserve Bank earns interest. Interest earnings, it is felt, should not be included in computing the net foreign exchange earning from the export deal. Excluding interest earnings and allowing for change in the base price of copper and payment of 4 *per cent* sales commission, the total foreign exchange earning from the export deal was about Rs. 1.10 crores as against Rs. 1.61 crores assumed.

The Government cost accountant had suggested that since most of the costs detailed in his report were estimates and since the major portion of the cost was still then to be incurred, the company might be asked to submit details of the actual expenses duly certified by the company's auditors after completion of the order. Government informed audit in March 1971 that company 'A' had expressed inability to segregate expenses relating to the particular contract from the total expenditure on its various activities as its practice was not to maintain separate accounts for separate export orders.

It is true that for this particular export order company 'A' obtained 70 *per cent* import replenishment licence as against 90 *per cent* admissible. This, however, did not represent, for the economy as a whole, reduction in consumption of a scarce commodity—copper—(80 to 85 *per cent* of which is imported) because, apart from importing 2,310 tonnes of copper against the 70 *per cent* replenishment licence, the company purchased from the indigenous market the balance quantity of 748 tonnes of copper scrap. In making allocations of copper to Indian industries, availability of copper scrap in the indigenous market is kept in view, though, however, recently Indian industries have complained that they often do not succeed in getting copper scrap from the indigenous market. The true import content of PILC power cables is 70 *per cent* and, therefore, it is not analogous to copper conductors. For export of ACSR conductors it is not easy to see why in addition to 90 *per cent* import replenishment 10 *per cent* cash subsidy was being allowed. From January 1970 import replenishment for export of ACSR conductors has been reduced to 20 per cent while cash subsidy has been increased to 15 *per cent.*

According to the Government cost accountant's report, the value added in the production process in India (cost of refining scrap plus manufacturing costs plus packing costs) was only Rs. 23 lakhs in the export order under consideration. This was $5\frac{1}{2}$ *per cent* of the f.o.b. value of the export order; the labour content was only 1.8 *per cent* of the f.o.b. value. The value added being so small, it needs consideration whether, through cash subsidy, concessional railway freight and interest rate, we should seek to promote this kind of export. Our country does not enjoy comparative advantage in manufacturing and exporting such a product the import content of which is very high and labour content so low.

The case was reported to Government in December 1971; reply is awaited (December 1972).

MINISTRY OF HEALTH AND FAMILY PLANNING

(*Department of Health*)

32. *National smallpox eradication programme.*—Smallpox is caused by variola virus of which there are different strains. Smallpox is transferred direct from man to man in a continuing chain of transmission, there being no carrier state and no recognised animal reservoir of the disease. There are four recognizable clinical types : (1) ordinary—the most frequent; (2) modified-mild and occurring in previously vaccinated persons; (3) flat and (4) haemorrhagic. The ordinary and the modified types account for about 95 *per cent* of the cases. The flat type is frequently fatal while haemorrhagic smallpox is almost invariably so.

In most countries more than 85 *per cent* of cases occur among persons who have never been vaccinated, and more than 80 per cent among those less than 15 years old. In recent years, the mortality rate in several endemic countries has been about 15 *per cent.* The fatality rate is the highest among children less than one year of age (the rate being as high as 24 to 32 *per cent* in certain endemic countries). Vaccination of children at birth or as early in life as possible protects the highly vulnerable infant group. Primary vaccination of children occupies a central place in smallpox eradication programmes.

As in most of other infectious diseases, the household is the basic unit in smallpox transmission which is most frequent in the close association of the family group. Various studies suggest that transmission results predominantly from virus shed from the respiratory tract. A smallpox patient does not usually transmit the disease to more than two or three additional persons, and transmisson generally takes place as a result of face to face contact in the home, hospital or school. Outbreaks thus develop rather slowly in most circumstances and are mostly confined to geographically limited areas. Containment measures, consisting primarily in intensive vaccination of contacts and their near neighbours, are usually effective in stopping transmission. Cities, particularly their slums, constitute a continuing reservoir and source of widespread transmission. Effective control of smallpox in urban areas has regularly been found to reduce sharply the incidence in rural areas.

Immunity against smallpox wanes with time at a rate varying with the individual. After an attack of smallpox, immunity to the disease is virtually life-long. During the four or five years following successful primary vaccination in infancy, immunity is virtually complete. Whereas primary vaccination is of the highest importance, revaccination at periodic intervals serves to reinforce immunity. Available evidence suggests that, with present vaccines, successful primary vaccination followed by a successful revaccination five years later should provide durable immunity that may protect most persons throughout their life-times. However, greater protection is assured by revaccinating at 5-10 year intervals.

Whereas smallpox was once endemic throughout the world, its geographical limits have been increasingly constricted. In the first half of this century Europe, North America, Australia and several countries of Asia and North Africa were freed of the disease through extensive vaccination and containment measures. The continuing threat of the introduction of smallpox into all countries and the evident success of programmes even in countries with comparatively limited health services led the Eleventh World Health Assembly in 1958 to propose that smallpox eradication be undertaken on a global scale. During the following eight years, several countries began systematic vaccination programmes directed towards smallpox eradication. Only a few were successful. Certain countries in which smallpox had earlier been eradicated relapsed into endemicity. It became evident that additional technical and material assistance were needed for a programme developed and co-ordinated on a regional as well as world wide basis. The Nineteenth World Health Assembly in 1966 therefore adopted a resolution proposing intensification of the global smallpox eradication programme and this proposal was put into effect at the beginning of 1967. In that year, smallpox was considered to be endemic in thirty countries including, in Africa, most countries south of the Sahara; in Asia, Afghanistan, India, Indonesia, Nepal and Pakistan; and in South America, only Brazil. In 1971, continuing endemic transmission was believed to be limited to seven countries; Afghanistan, Ethiopia, India, Indonesia, Nepal, Pakistan and Sudan.

With a view to start the smallpox eradication programme in India as a part of the global programme, an Expert Committee was appointed in

1958 to examine the problem in our country in all its aspects and suggest ways and means for its eradication. On the basis of the recommendations of that committee, pilot projects were started in February 1960 for gathering first-hand experience of the difficulties which would be faced in the course of the vaccination drive and for framing estimates of the requirements of personnel and finance for the eradication programme.

The national smallpox eradication programme was sanctioned in January 1962. It is being implemented through State and Union Territory Governments with Central assistance. Non-recurring expenditure is reimbursed *cent per cent* by the Centre. Seventy five *per cent* of recurring expenditure was reimbursed by the Centre upto 1966-67 and sixty *per cent* during 1967-68 and 1968-69. Expenditure over and above the committed recurring expenditure as on 31st March 1969 is being reimbursed *cent per cent* from 1969-70. Upto 31st March 1972 Central Government had paid Rs. 18.83 crores to the States. Apart from this, 1010 million doses of freeze-dried vaccine (approximate value Rs. 7.26 crores) received as gift from other countries and 281 million doses of freeze-dried vaccine (approximate value Rs. 1.97 crores(produced in the country were distributed to the States free of cost upto 31st March 1972.

Between January 1962 and March 1963 one hundred and fifty-two smallpox eradication units—each consisting of one medical officer, one para-medical assistant, 12 sanitary inspectors (their training course is of one year duration), 60 vaccinators, 12 enumerators, 2 health educators, one clerk, 3 drivers and 12 class IV staff—were set up. Each unit was to cover at least three districts/areas with a population of not less than 10 lakhs during two years of mass vaccination campaign under the programme. At the field level each sanitary inspector was to supervise the work of five vaccinators. Each unit was provided with one van with public address equipment, one jeep, one truck (one ton), sixty vaccination kits, three refrigerators for storing vaccine, 60 thermos flasks for carrying vaccines by vaccinators and 72 cycles. After completing its work at a place, the unit was to move to another place within its allotted zone. At the State level there was to be one Assistant Director of Health Services and one statistical officer with supporting clerical and class IV staff.

In October 1969, Government of India issued instructions for reorganising and strengthening the set-up. The (eradication) units were to be abolished and, instead, three vaccinators were to be attached to each block development area where malaria eradication had entered the maintenance phase and four vaccinators per block in other areas. One supervisor (sanitary inspector) was provided for four vaccinators at the block level. In the block, vaccinators and supervisors are to work under the medical officer in charge of the primary health centre. At the district level, the organisation is under the district medical officer. At that level a mobile team of five vaccinators has been provided to deal with special problem areas, for example, slums, nomadic tribes, labour colonies, construction projects, etc., and containment of outbreaks. Para-medical assistants (senior supervisors) have also been provided at the district level, one each for seven blocks.

The need to carry out an assessment of the programme arose for the first time in Delhi in March 1963 when there was an outbreak of epidemic of smallpox although it was reported that more than 80 *per cent* of the population there had already been vaccinated. This assessment revealed that although 80 *per cent* of the total population had been vaccinated, there were several vulnerable pockets of population where vaccination coverage was not at all adequate. The Ministry stated (November 1972) that Delhi being the capital attracts a large number of visitors, particularly labour population which has no fixed place to stay, and it is difficult to vaccinate these people.

Although the total number of vaccinations done upto 31st March 1969 was 69.71 crores (11.70 crore primary vaccinations and 58.01 crore revaccinations) it was estimated that there was a backlog of 6.7 crores people to be given primary vaccination. This was due to repeated revaccinations of easily accessible population.

According to the instructions issued in October 1969, all efforts were to be made to carry out 100 *per cent* successful primary vaccinations in the vulnerable age group 0-14 years and eliminate the existing backlog in primary vaccinations. Apart from primary vaccinations of infants and young children, priority was to be given to urban communities and those groups of population (labour/migratory) who were most likely to be involved in the transmission of the disease. The number of primary vaccinations done since 1969 is shown below:—

Year	No. of primary vaccinations done (In crores)
1969	2.27
1970	2.36
1971	2.42

The number of primary vaccinations has been only slightly more than the total number of births. Thus, no significant dent on the backlog of primary vaccinations has yet been made. The Ministry stated (November 1972) that in the Fourth Five Year Plan priority has been given to primary vaccination including neo-natal vaccination.

According to the instructions issued in October 1969 by Government of India, 7,346 more vaccinators were to be appointed by the State Governments* over the strength (12,968 vaccinators) on 31st March 1969, along with other ancillary staff (168 lower division clerks, 67 drivers and 99 class IV staff). The additional staff, cost of which is to be met by the Central Government, has not yet been appointed in Meghalaya, Bihar, West Bengal, Himachal Pradesh, Jammu and Kashmir, Tamil Nadu and Kerala. Madhya Pradesh, Mysore, Delhi and Uttar Pradesh have appointed the additional staff only partially. The Ministry stated (November 1972) that efforts were being made to persuade the State Governments to appoint the required staff.

The World Health Organization Expert Committee on smallpox in its first report in 1964 had emphasised the crucial importance of independent concurrent evaluation of the results for timely identification of deficiencies in the programmes. Similarly, the report of the World Health Organization Scientific Group on Smallpox Eradication had pointed out in 1968 that the relative success or failure of the eradication programmes in East Pakistan (now Bangladesh), Argentina, Iran, Ghana and India appeared to be associated, most importantly, with inadequate supervision and assessment. In India, the vaccination done by the vaccinators is checked by the supervisor attached to the block. For this purpose a supervisor is required to make unscheduled visits to each vaccinator at least twice a week and, further, he is to examine 10 *per cent* of the primary vaccinations done by each vaccinator each week. In addition, the para-medical assistant under the District Medical Officer of Health is required to conduct scar surveys in at least two villages (selected at random) at least every second month. In addition to his other duties curative and other public health and family planning programmes, the Medical Officer-in-charge of a primary health centre supervises the programme both for detection of unprotected persons and for finding suspected cases of smallpox, and has the overall responsibility for ensuring that the workers of the national smallpox eradication programme are properly performing their

*Excluding Tamil Nadu and Jammu and Kashmir for which details were not available.

duties and giving them day to day guidance. Instructions do not specifically require him to test check the vaccinations. Besides, in November 1972 of the 5,192 primary health centres functioning (each primary health centre should have two doctors) only 2,951 centres had two doctors each while as many as 2,101 had only one doctor each. The remaining 140 centres had no doctors. The District Medical Officer of Health is required to provide overall supervision over the programme. This is in addition to all his other responsibilities. At the State level, in most of the States responsibility for the programme has been given to an officer burdened with numerous other public health responsibilities. The Central Directorate (in the office of the Director General of Health Services, Government of India) has only two officers for this programme.

A joint team of the World Health Organization and Government of India in October-November 1967 had observed as follows:—

Central Directorate

"The central directorate is inadequately staffed,...............and has no effective mechanism for exercising clear guidance and direction of the programme at state and local level. Its functions at present are limited to the collection of inadequate data regarding smallpox incidence and vaccinations performed as submitted by the States, receipt and distribution of imported freeze-dried vaccine, occasional organisation of meetings and conferences of state and local programme directors, the design and distribution of some health education and publicity material, infrequent visits to observe the implementation of state programmes, and liaison with international organisation."

State Level

"With few exceptions the state directorates act merely as channels for funding, for the transmission of instructions and for the receipt of periodic reports from the districts. They have usually assumed, at most, a limited role in programme planning, implementation and assessment."

District Level

"................the programme was faced with major difficulties caused by dual control of vaccinators, part of the staff being under the control of the independent zila parishad and municipal boards and only part by district authorities. In most instances, the District Health Officer was found to be unable to exercise authority over vaccination staff of these local bodies, and this inability has led to a lack of discipline and confusion in the entire programme.".

Even after the reorganisation and strengthening of October 1969, the above weaknesses in the organisation continue. Till now, the programme does not provide for supervision of supervisors; there is need for supervision at all levels but this does not exist. The assessment is inadequate and independent concurrent evaluation of the results is little.

One consequence, amongst others, of this inadequate and poorly carried out supervision was the very small number of vaccinations done by a vaccinator on the average per day. The joint team of the World Health Organization and Government of India had reported (in October-November 1967) that the number of vaccinations per vaccinator per day was, in Tamil Nadu, between 6.4 and 48.6, in Maharashtra between 0.5 and 11.3, in Uttar Pradesh between 3.1 and 37.2 and in Punjab between 0.1 and 12.7. The Ministry stated (November 1972) that strengthening of central level organisation and State headquarter organisation was under consideration.

A most important part of every country's eradication programme is surveillance (disease notification, field investigations and containment of outbreaks). Field investigations and containment of outbreaks are the responsibility of the block-level vaccinator. The World Health Organization Expert Committee on Smallpox Eradication in its Second Report (1972) has observed that in India surveillance activities have improved substantially but were not yet satisfactory in all States and that progress of the eradication programme would depend mainly on how rapidly surveillance and the still unsatisfactory reporting system can be improved. Gram pradhans and block development officers are responsible for reporting occurrence of cases to the District Medical Officers of Health. In 1971 and 1972, delays ranging from one month to fourteen months occurred in 8 States (Andhra Pradesh, Bihar, Madhya Pradesh, Maharashtra, Mysore, Uttar Pradesh, West Bengal and Haryana) in reporting cases of out-break to the authorities responsible for arranging containment measures.

Each vaccination and revaccination is to be inspected subsequently and vaccination repeated in those in whom vaccination/revaccination was not successful. Accordingly, the vaccinators are required to inspect, at the time of their next visit to the locality, all vaccinations done by them earlier. In 1970-71 and 1971-72, only 72 and 74 *per cent* respectively of the primary vaccinations were subsequently inspected by the vaccinators.

The percentage of inspection of primary vaccinations was between 50 and 70 *per cent* only in Andhra Pradesh, Assam, Kerala, Madhya Pradesh, Punjab, Rajasthan and Haryana in both these years.

The reported number of smallpox cases represents only a portion of the total that occur. The total number of reported cases in the world since the inception of the eradication effort in 1959 and that in India since 1966 are shown below:—

Year	Reported number of cases in the world	Reported number of cases in India
1959	93,132	
1960	64,645	
1961	89,067	
1962	97,800	
1963	1,22,927	
1964	59,441	
1965	59,445	
1966	67,784	32,616
1967	1,31,418	83,943
1968	80,209	30,295
1969	54,223	19,139
1970	33,304	12,750
1971	51,924	16,166

It is probable that less than 5 *per cent* of all cases were being reported in 1967; the actual number of cases is estimated to have been at least 2.5 million in that year. With all endemic countries engaged in eradication programmes, at least one-third of all cases are now believed to be notified. The actual number of cases in 1971 is thus estimated to be about 1,50,000 in contrast to the 2.5 million cases estimated to have occurred in 1967. It is to be added that there are characteristic five to seven year cycles of smallpox incidence.

The joint team of the World Health Organization and Government of India (October-November 1967) had made a quick assessment of the programme in four States only (Maharashtra—reporting high incidence, Punjab and Uttar Pradesh—both reporting intermediate incidence, and Madras—reporting low incidence); it had taken only two months to complete its work. In addition, there have been a few other assessments by World Health Organization experts. These, however, were of a limited nature and were done in the space of 10 to 15 days. There has been so far no independent comprehensive assessment of the programme.

33. *National filaria control programme.*—Filariasis, widely prevalent in India, is second only to malaria among mosquito borne diseases. It is caused by a parasitic roundworm carried from man to man by certain species of mosquitoes different from the malaria-carrying mosquito, the anopheles. Two types of filaria parasites are prevalent in this country, namely, Wuchereria bancrofti and Brugia malayi. The former is found only in man. Brugia contains eight species of which Brugia malayi is known to occur as a natural infection in man (while the other seven species have been found in animals).

While human beings are the reservoirs of these parasites, mosquitoes are the carriers (vectors). Wuchereria bancrofti is transmitted by mosquitoes called Culex fatigans and Brugia malayi parasites are transmitted by mosquitoes of a diffirent species. Culex fatigans breed in dirty water collections like drains, cess pits, disused wells, overhead cisterns and ill-constructed septic tanks. This mosquito is very ubiquitous in its distribution and prolific in breeding.

The life cycle of microfilariae worms takes place partly in man and partly in mosquito. It is, however, months (usually one year) before the infection can even be detected in the blood of the human host. Persons with microfilariae usually are symptomless carriers. In some, however, symptoms like fever, swelling of the legs or arms appear at varying intervals and in some progressive increase in the swellings occurs after every attack. In some others, the infection may naturally die out without producing any disease manifestations. The percentage of individuals showing the embryo of the microfilariasis worm circulating in the blood gradually increases in the younger age groups reaching the maximum at about 20 years. High mortality has never been a marked feature of this disease. Nevertheless, apart from physical deformities and disabilities, the victims of this disease suffer from a social stigma.

Advent of synthetic insecticides and introduction of diethylcarbamazine for civilian use for treatment of the disease following World War II raised the hope of controlling filariasis. Accordingly, an experimental project for control of Bancroftian filariasis was initiated by the Indian

Council of Medical Research and the then Malaria Institute of India in co-operation with the Government of Orissa in 1949 for studying the comparative value of control of filariasis by antiparasitic and anti-mosquito measures. The observations in the Orissa project showed that mass drug administration, recurrent anti-larval measures (vector) and recurrent anti-adult measures (vector) by indoor spraying were effective in some degree or other in control of the disease. Each one of them, however, had its drawbacks also. It seemed that a multiple approach using all the three methods was necessary for control of filariasis. Based on the results of the Orissa experiment as well as similar trials in other countries, Government of India decided to initiate a pilot programme for control of Bancroftian filariasis in the country. This programme, called the national filaria control programme, was launched in 1955-56. Its main objectives were :—

1. to carry out filariasis surveys in the different States where the problem was known to exist in order to determine the extent of prevalence, types of infection and their vectors;
2. to undertake large-scale pilot studies to evaluate the known methods of filariasis control in selected areas in the different States ;
3. train professional and sub-professional personnel required for the programme.

Twentytwo survey units were allotted to nine states (Andhra Pradesh, Bihar, Bombay, Madras, Madhya Pradesh, Orissa, Uttar Pradesh, Travancore-Cochin and West Bengal)—then participating in the programme in 1955-56. Surveys were also conducted by the National Institute of Communicable Diseases and the three filariasis training centres set up by the Central Government at Ernakulam (in 1955), Rajhamandry (in 1963) and Varanasi (in 1965). One central survey team was also established in August 1971. A typical survey unit consists of one Filaria Officer, one laboratory assistant, two insect collectors, two laboratory attendants, one driver-cum-mechanic and one watchman. It has a jeep, microscopes, laboratory and entemological equipments, chemicals, etc.

In 1951 the Malaria Institute of India had assessed that filariasis was prevalent in various degrees in all the States except Punjab, Rajasthan and Jammu and Kashmir and that 25 million people were living in filariasis areas. When the results of the surveys under the national filaria control programme became available in 1958, it was evident that the problem was far more extensive than estimated previously and that about 64 million people were then residing in endemic zones of filariasis.

Forty seven control units were allotted to different States in 1958-59 and control measures (with the three methods) were undertaken.

At the request of the Director General, Health Services, Government of India, the Indian Council of Medical Research constituted in 1960 a committee (called the First Assessment Committee) for evaluating the national filaria control /programme. The principal recommendations of that committee (in its report of 1961) were :—

1. Since practical difficulties were experienced in mass therapy and since also there were adverse reactions, mass therapy should be given up. Results of spraying of insides of houses (anti-mosquito measure) having not been satisfactory, this also may be given up.

2. Recurrent antilarval measures throughout the year should be undertaken using mosquito larvicidal oil. These measures were to be undertaken in endemic urban areas only. (The then prevalent view was that the focus of infection is in the urban areas from where it spreads to the surrounding rural areas.)

3. Adequate disposal of sewage and sullage should be ensured.

4. The existing control units should be reorganised. Instead of a unit having about 240 staff, there are to be 8 types of units having from about 30 to 700 staff depending on the population.

Thus from 1961 onwards, the national programme sought to control the disease by controlling the vectors only in selected urban areas through use of larvicidal oil.

Survey.—Further surveys were also done in different parts of the country. Out of 260 districts in 12 States survey was completed in only 145 districts upto 31st March 1970. In addition, limited surveys were also carried out in four Union Territories. These surveys showed that 136 million people were living in endemic areas. Of these 136 million people 51 million are in urban areas and 85 million in rural areas.

The above figure of 136 million is, however, an under-estimate because even in known endemic zones many areas are yet to be surveyed. The most endemic zones are in Uttar Pradesh, Bihar, Andhra Pradesh, Tamil Nadu, Orissa, Madhya Pradesh, Gujarat and Kerala. Statewise distribution of areas surveyed and estimated population at risk are shown in Appendix VII.

Although survey was not concluded, the survey units were abolished after two years in Bihar, Madras and Orissa. In Maharashtra the survey unit was converted into a control unit. The survey units in Andhra Pradesh, Kerala, Madhya Pradesh and Uttar Pradesh continue to function. In States where State survey units are not functioning, surveys are conducted by the National Institute of Communicable Diseases, the three central filariasis training centres and the central survey team. The progress of survey has been quite uneven. In Kerala survey was completed in all the districts by 1960, in Tamil Nadu in 12 out of 13 districts by 1958 and in West Bengal in 13 out of 16 districts by 1960. On the other hand, only 3 out of 19 districts in Mysore and only 6 out of 26 districts in Maharashtra have been surveyed so far. The Second Assessment Committee set up in 1970 by the Indian Council of Medical Research observed in its report that "even after 15 years of continuous efforts at delimitation of the problem even in known endemic States there are many areas yet to be surveyed to get a clear picture of the problem".

Control Measures.—Till 1965-66 there were 47 control units. This number increased to 73 in 1968 but with the abolition of 6 units in Kerala it was reduced to 67 in 1970. At present (March 1972) there are 110 units.

The location of the 67 control units existing in 1970 and the population covered by those units are given in Appendix VIII. After an analysis of the data collected by those control units, the Second Assessment Committee came to the conclusion that, judged by the downward trend in vector density, infection and infectivity rates in mosquitoes and microfilaria rates in children in the age group of 5 to 15 years, the results were fairly good in 22 units which covered population of two millions. Results were indifferent in 23 units where the indices showed wide and erratic fluctuations while the results were poor in 20 units where there were upward trends in mosquito densities and other indices. Relevant data were not available for drawing any conclusions about the remaining two units (Hyderabad and Vishakhapatnam). The twenty two units whose results are good are shown in Appendix IX. The performance of the different States in control measures has been uneven. In Tamil Nadu all the 4 units, in West Bengal the only existing unit and in Madhya Pradesh 2 out of 3 units were considered good. On the other hand 4 out of 5 units in Maharashtra, 4 out of 5 units in Orissa and 10 out of 14 units in Kerala were poor. The reasons for indifferent and poor results in the 43 control units were :—

1. breakdown in larvicidal oil supply; and
2. inadequacy of staff and supervision.

Application of mosquito larvicidal oil, if carried out properly under rigorous supervision and at the required intervals covering all the breeding places, is an effective method of reducing vector densities. Larvicidal measures, however, are effective only as long as they are being continuously implemented and any break in the operations, however brief it may be, leads to rebuilding of mosquito density. The base of larvicidal oil is crude diesel. Since 1965 Indian Oil Corporation is the only supplier of larvicidal oil. The position of overall supply against indents issued for the various units during 1967-68 to 1970-71 is given below :—

Year	Quantity due for supply (indented during the year plus balance of previous year).	Quantity supplied	Quantity not supplied	Percentage of short supply compared to quantity due for supply.
		(In lakhs litres)		
1967-68	60.72	48.87	11.85	20
1968-69	59.27	38.50	20.77	35
1969-70	63.42	54.85	8.57	13
1970-71	49.60	39.31	10.29	21

Indian Oil Corporation was unable to supply larvicidal oil in full either because of its failure to formulate the requisite quantity of oil or inability to arrange its distribution to the various units. There were also complaints about the quality of the oil supplied. Efforts are under way for Indian Oil Corporation to be able to supply the full quantity of larvicidal oil required.

Out of the 67 control units existing in 1970 there were shortages of more than 20 *per cent* of field workers in 29 units (on the basis of staffing pattern recommended by the first assessment committee). Out of 20 units which were considered poor, fifteen were short of field workers by 33 to 84 *per cent.* Except Kerala, Madhya Pradesh, Andhra Pradesh and, partly, Uttar Pradesh and Mysore, the other States have not reorganised the control units on the lines recommended by the First Assessment Committee. Besides, in Gujarat, Maharashtra and Tamil Nadu the control units were engaged not only in urban but also rural areas. This has resulted in thinning out of resources as the staffing pattern was not designed for that purpose. Despite inadequacy of staff and supervision, the four control units in Tamil Nadu did well. In Kerala anti-larval measures have been carried out in one half of the urban area by the State units and in the other half by the local bodies. Poor results have been attributed to poor performance of the local body field staff.

The First Assessment Committee had recommended that a full time officer of the rank of Assistant Director of Public Health should be in charge of the Filaria Bureau to be established in each endemic State. Except in Andhra Pradesh, Kerala, Mysore, Madhya Pradesh and Goa there was no headquarters unit in any other State till March 1971. Thereafter the headquarters unit was set up in Bihar, Gujarat, Maharashtra, Orissa, Tamil Nadu and West Bengal by October 1972. Staff deficiency was marked in the Kerala headquarters unit. Inadequacy of supervision was reflected in many ways in the performance of several units in different States. When the mosquito densities were abnormally high either in a year or in consecutive years, no effort seems to have been made to study the factor or factors responsible for such a situation. For example, it was not studied whether such rise in densities was due to climatic factors, namely, excess of rainfall leading to creation of new ponds (new areas of breeding), or any possible operational deficiency. According to the Second Assessment Committee, "the programme was carried out mechanically purely as a matter of routine without any critical approach, without any concurrent assessment and without making any variations to suit local conditions.....................".

The Ministry stated (October 1972) that the headquarters unit of the programme in the National Institute of Communicable Diseases used to examine monthly reports received from the units and issue instructions to improve their functioning and that the officers of the Institute also used to visit the control units at periodical intervals and communicate their comments about functioning of the control units.

The headquarters bureau in the National Institute of Communicable Diseases had to shoulder the joint responsibility for both the national malaria eradication programme and the national filaria control programme. The Second Assessment Committee observed "that in the prevalent circumstances emphasis should be on the former is understandable, particularly in view of limited financial resources. In the circumstances, one cannot help getting the feeling that it would have been preferable if lesser number of units had been established with the necessary complementary staff, and the State Bureau organised according to the staffing pattern recommended so as to keep within the limits of financial resources available, and to ensure proper execution and supervision of the work in different units in the States."

General.—To the extent the surveys have been completed, it is clear that 136 million people live in the endemic areas of filariasis in the country. Over 12 million people harbour microfilariae in their blood and 8 million have signs and symptoms of the disease. There is also evidence that the disease is spreading to areas where it did not exist before.

Expenditure incurred by Central Government.—Apart from the expenditure incurred on the headquarters unit and the training centres, during 1955-56 to 1960-61 Government of India provided to the States free of cost insecticides, drugs, larvicidal equipment and vehicles while State Governments met the operational cost. From 1961-62 free supply of drugs was discontinued but Government of India undertook to meet 50 *per cent* of the cost of additional staff above the level at the end of 1960-61. Since 1969-70 the quantum of assistance has been increased to 100 *per cent* including free supply of mosquito larvicidal oil, material and equipment as well as operational staff employed in various units. No Central assistance is, however, admissible for the level of staff as on 1st April 1969. Expenditure incurred by Central Government on this programme upto 1970-71 (including assistance to States) was Rs. 5.94 crores.

MINISTRY OF LABOUR AND REHABILITATION

(*Department of Rehabilitation*)

34. *Sale of an evacuee property.*—An evacuee property comprising of six shops on the ground floor, a hotel on the first floor and out-houses at the back, situated in Connaught Place was acquired in June 1955 under the Displaced Persons (Compensation and Rehabilitation) Act 1954. The Regional Settlement Commissioner, New Delhi, decided to sell it by public auction. A public auction was held on 16th March, 1961. There were six bidders. Shri 'A' whose bid was the highest represented a limited company. His bid of Rs. 6.25 lakhs on behalf of the limited company was accepted by a Managing Officer, who conducted the auction, subject to approval of the Regional Settlement Commissioner, New Delhi.

The following points were noticed in this case :—

(i) As per rules and terms of auction notice, 10 *per cent* of the bid money should have been deposited by the successful bidder on the fall of the hammer. The deposit of Rs. 62,500 was received in the name of the limited company on 16th March 1961.

(ii) The bid was approved by the Regional Settlement Commissioner, New Delhi, on 5th April 1961. The purchaser was required to deposit the balance bid money in the State Bank of India by 20th April 1961.

(iii) On 15th April 1961, the Regional Settlement Commissioner advised the purchaser that it could associate the compensation claims of other displaced persons for payment of the remaining 90 *per cent* of the sale price by adjustment against such claims. In February 1961 orders had been issued by the Chief Settlement Commissioner that even persons who had no pending claim could also associate the compensation claims of others for making such payment, but the auction notice issued on 24th February 1961 had mentioned that only those displaced persons whose verified compensation claims (for immovable properties left in Pakistan in their names) did not cover the purchase price could associate other such claimants to make up the deficiency. The concession granted in February 1961 was, therefore, not known to other bidders and prospective bidders.

(iv) As per the terms of the auction notice, earnest money could be forfeited if the auction purchaser failed to deposit the balance price within 15 days of confirmation of the bid (in this case by 20th April 1961). This period could be extended by not more than 15 days by the Regional Settlement Commissioner or any other authorised officer. Further extension (without any limit of time) could be given only by the Chief Settlement Commissioner. In this case, the purchaser failed to deposit the balance price within the extended period of 15 days. Further extensions were granted by the Regional Settlement Commissioner for depositing the balance from time to time till 16th August 1961 without approval of the Chief Settlement Commissioner.

(v) Out of 14 compensation claims of other displaced persons associated by the bidder, one claim for Rs. 11,047 was "found (December 1962) to be bogus". Instead of making good the deficiency in cash, the purchaser associated the claim of another displaced person for Rs. 10,805 which was accepted. He was asked to deposit the balance of Rs. 242 in treasury.

(vi) It was further observed that in the case of another claim of Rs. 60,654 associated by the purchaser, a sum of Rs. 43,645 was adjusted on 14th November 1968 and the balance of Rs. 17,009 was paid by cheque on 24th December 1968.

(vii) On 10th August 1965, the Regional Settlement Commissioner, New Delhi, advised the Delhi Development Authority that, as the full value of the property had been recovered and the property permanently transferred to the purchaser, a copy of the lease deed might be supplied to it. Three months later (November 1965), it was found that in the case of a compensation claim for Rs. 1.43 lakhs associated by the purchaser Rs. 0.43 lakh only were available for adjustment. Thus the compensation claims associated by the purchaser were accepted and payment was deemed to have been made in full without verification of their correctness. No action has been taken so far (June 1972) to recover the balance of Rs. 1.00 lakh.

The possession of the property was handed over to the purchaser provisionally on 1st March 1962. No sale certificate has been issued to the purchaser so far (February 1972).

CABINET SECRETARIAT

(Department of Personnel)

35. *Reimbursement of cost of medicines to All India Services officers.*— Under the Central Services (Medical Attendance) Rules 1944 which are applicable to all Central Government servants (and their families) other than those who belong to the three All India Services, *i.e.,* the Indian Administrative Service, the Indian Police Service and the Indian Forest Service, reimbursement of cost of medicines which are essential for recovery or for prevention of serious deterioration in the condition of a patient is admissible. Similarly, officers of the three All India Services and their families are also entitled, under the All India Services (Medical Attendance) Rules 1954, to reimbursement of cost of such medicines essential for recovery or for prevention of serious deterioration in the condition of a patient.

However, under instructions issued by Government, prescription of expensive drugs, tonics, laxatives or other elegant and proprietory preparations for those governed by the Central Services (Medical Attendance) Rules, when drugs of equal therapeutic value are available, is prohibited. A list of such items is issued by the Directorate General of Health Services from time to time. However, there is no restriction in the All India Services (Medical Attendance) Rules on reimbursement of the cost of such expensive drugs, laxatives or other elegant and proprietory preparations for which drugs of equal therapeutic value may be available. In the result, while expensive or proprietory drugs can be prescribed for All India Services officers and their families and cost thereof reimbursed, such drugs are [redacted]not prescribed for other Central Government servants and their families and, even if prescribed by the authorised medical attendants and purchased by the Government servants, their cost is not reimburs[redacted]ed to them by Government.

Further, according to instructions issued by Government reimbursement of cost of anti-diabetic drugs, although essential for prevention of serious deterioration in the condition of a diabetic patient, is allowed to persons governed by the Central Services (Medical Attendance) Rules for three months after first detection, and for reimbursement in the cases of recurrence orders of the Ministry of Health are necessary. There being no such restriction for them, the All India Services officers and their families would be able to obtain these drugs at Government cost without any limit of time.

MISCELLANEOUS IRREGULARITIES

36. Cases of losses, irrecoverable revenue, duties, advances, etc., pertaining to various Ministries written off/waived during the year are mentioned in Appendix X to this Report.

CHAPTER IV

STORES PURCHASES

DEPARTMENT OF SUPPLY

(*Directorate General of Supplies and Disposals*)

37. *Disposal of a fleet tanker.*—A fleet tanker is an oil tanker which supplies fuel to the Navy in the high seas. The fleet tanker INS "Shakti" (3500 g.r.t.) was purchased from abroad for the Indian Navy in 1953 at a cost of Rs. 48.81 lakhs. After useful service for about ten years, she had to undergo frequent and long refits and thus remained non-operational for long periods. In view of this and in view of her limited speed and capacity, the ship ceased (1967-1968) to be suited for Naval use, but it was thought that she might be acceptable for commercial use. Accordingly, in August 1969, the Director of Stores, Naval Headquarters, declared the ship surplus for disposal. When it was so declared its book value was Rs. 14 lakhs. In the surplus report the ship was stated to be serviceable.

According to rules for disposal of surplus stores by the Director General, Supplies and Disposals, as far as practicable stores of book value of Rs. 50,000 and above should generally be inspected by an inspection team prior to formation of plan for disposal and the team should recommend the guiding price. A screening board met on 16th August 1969 and decided to dispose of the ship by calling tenders. No guiding price was fixed however. Inspection of the ship by an inspection team was not considered necessary by the screening board.

In December 1969 the ship was notified for sale and tenders invited. Tenderers were required to pay 5 *per cent* earnest money and 5 *per cent* security deposit of the tendered value. The delivery period was 18 days from the date of issue of sale release order.

Six tenders were received by the due date which was 28th January 1970. Of them, the first three highest offers were not supported by earnest money/security deposit. The highest of these offers for Rs. 12.01 lakhs was from 'A'. While submitting the tenders, this firm had intimated that it wanted to purchase the ship *inter alia* for (i) sailing as an ocean going vessel in international waters, (ii) transporting refugees from Ceylon and Singapore to Andaman and Nicobar and (iii) deep sea fishing, and thus earn some foreign exchange.

The offer of 'A' and the next two highest offers were ignored by the Director General, Supplies and Disposals, as they were not supported by earnest money/security deposit. The fourth highest offer of 'B', which was supported by earnest money/security deposit, for Rs. 9.68 lakhs was accepted. 'B' had stated that it would dismantle the ship and not use it as a sea going vessel, and wanted 45 working days for removal of the ship after delivery.

All the offers remained open till 28th March 1970. The letter accepting the offer of 'B' was issued on 9th March 1970. Before the validity of the offers expired, in a letter (not dated) received in the Directorate General of Supplies and Disposals on 18th March 1970, 'A' represented against rejection of its offer and stated *inter alia* that in another letter written in February 1970 it had offered to open an irrevocable letter of credit for the full sale value and earnest money/security deposit. It also explained that it had not deposited the earnest money/security deposit along with the tender as other tenderers would thereby come to know of its quotation and secrecy of the offer would be lost. Its letter of February 1970 was stated not to have been received in the Directorate General of Supplies and Disposals.

The sale release order was issued by the Director General, Supplies and Disposals, to 'B' on 31st March 1970 on the conditions that (i) customs duty would be paid by 'B' direct to the customs authorities and receipt produced to stock holder by 23rd April 1970 for taking delivery of the ship and (ii) the ship must be removed by 27th May 1970. Due to delay in issue of custom clearance permit extension was granted upto 16th July 1970 for removal of the ship.

The ship was towed by the successful bidder on 6th July 1970 to a bunder for breaking and scrapping purposes.

The offer of firm 'A' was higher than that of 'B' by about 24 *per cent* (in absolute terms, by Rs. 2·33 lakhs). While 'A' wanted to use the ship as an ocean going vessel, 'B' did not use it in that manner and instead dismantled it. After opening of tenders and before placing orders the Director General of Supplies and Disposals, whenever necessary, enters into correspondence with tenderers seeking clarifications, etc., on some parts of their offers. When such attractive offers are received which happen not to be accompanied by earnest money and security deposit and when, as in this case, there is adequate time after tenders are received and before their validity period expires, Government can, it seems, with advantage enquire (in time) from such a tenderer why he has not furnished earnest money and security deposit. Had that been done in this case, Government would have gained. It may be mentioned that the existing instructions provide that in the case of purchases security deposit may not be insisted upon at the discretion of the Secretary of the Department. However, there is no such provision for disposals.

38. *Purchase of pre-fabricated steel tubular structures.*—In May 1968 the Central Public Works Department (Food) placed an urgent and operational indent for 71 ft. span pre-fabricated steel tubular structures to be supplied by July/August 1968 for construction of foodgrain godowns at various places for Food Corporation of India. On the basis of a limited tender enquiry issued in June 1968 eleven offers were received. Eight were from firms registered with the Director General, Supplies and Disposals, but for supply of smaller structures and some other items while three were from unregistered firms. On 3rd August 1968 the Director General, Supplies and Disposals, placed on one (firm A) of these three unregistered firms, an order for two such structures. Since the prices quoted by the other tenderers (whose performance had not been adversely commented upon) were much higher, the Director General, Supplies and Disposals, placed an order on firm 'A' on 24th August 1968 for supply of 24 portal type (this firm had quoted for portal type as well as triangular type) tubular structures at a cost of Rs. 14.36 lakhs (as revised in March 1969). The total weight of these 24 structures was about 1056 tonnes.. The contract provided for delivery of 10 structures between 5th September and 31st October 1968 and the remaining 14 by 31st December 1968.

Firm 'A' had not furnished security deposit. On receipt of intimation from the National Small Industries Corporation that firm 'A' was enlisted with that Corporation as a *bona fide* small scale unit, the firm was exempted (on 6th March 1969) from payment of security deposit. In its aforesaid intimation the National Small Industries Corporation had presumed that Director General, Supplies and Disposals, had verified the antecedents and capacity of the firm.

For placing the order dated 3rd August 1968 (for two structures), the Director General, Supplies and Disposals, had obtained on 19th July 1968 a capacity report for firm 'A'. For placing the much bigger order

During recent years, not less than about Rs. 40 lakhs worth of shoes canvas (specification no. IND/TC/3578/g) are being purchased annually through rate contracts and acceptances of tenders. For a common article like this the annual purchase of which is substantial and of which there are some known major Government consumers (apart from minor users), vocab-*cum*-programme book is not being maintained. It seems it would be advantageous if this book is maintained for such articles.

CHAPTER V

GRANTS-IN-AID

40. During 1971-72 Rs. 1055.38 crores were paid as grants-in-aid by Union Government to State Governments, statutory bodies, registered and private institutions, etc., as detailed below:—

	(Lakhs of rupees)
(a) Grants-in-aid to State and Union Territory Governments :	
(i) Under Article 275(I) of the Constitution	1,52,00.34
(ii) Grants-in-aid to Union Territory Governments . .	40,24.66
(iii) Other grants-in-aid for centrally assisted schemes . .	6,70,94.94
(b) Grants-in-aid to statutory bodies	83,67.28
(c) Grants-in-aid to non-Government institutions or bodies and individuals. (The details of the grants Ministry-wise are given in Appendix XI of the Report).	1,08, [illegible]

The figure against (c) above includes grants-in-aid exceeding Rs. 50 lakhs in each case paid to the following institutions against specific provision made in the budget:—

Name	Amount (Lakhs of rupees)	Remarks
1. Tata Institute of Fundamental Research, Bombay.	1,95.28	Audit of the accounts of the Institute is conducted by professional auditors to whom Comptroller and Auditor General at his discretion issues directives for exercising certain additional checks besides those falling under their normal functions.
2. Tata Memorial Centre, Bombay.	83.36	Audit of the accounts of the Centre is conducted by professional auditors to whom Comptroller and Auditor General at his discretion issues directives for exercising certain additional checks besides those falling under their normal functions.
3. Physical Research Laboratory, Ahmedabad.	8,26.23	Audit of the accounts of the Laboratory is conducted by professional auditors to whom Comptroller and Auditor General at his discretion issues directives for exercising certain additional checks besides those falling under their normal functions.

(a) *Grants-in-aid to statutory bodies.*—The accounts of the statutory bodies together with the audit reports on their accounts (in cases where the respective Acts of Parliament provide for audit by Comptroller and Auditor General either as sole auditor or in addition to professional auditors) are separately presented to Parliament.

MINISTRY OF EDUCATION AND SOCIAL WELFARE

(*Department of Education*)

41. *Consultancy practice.*—The School of Planning and Architecture (known as School of Town and Country Planning upto October 1959) was established in September 1956 as a registered society with the main object of conducting courses of training and sponsoring and undertaking research on rural, urban and regional planning, architecture, landscape architecture and allied subjects. The School is financed by the Central Government. During 1970-71 grants paid were Rs. 18.07 lakhs recurring and Rs. 1.40 lakhs non-recurring.

Government decided in May 1963 that private practice (whether in the nature of consultancy work or some other type of work) should not be permitted to the staff in any Government institution. However, to enable teachers to keep pace with the scientific/technological advances taking place in their respective fields and to improve their professional competence, institutions could take up consultancy work and entrust it to selected staff members enjoying the confidence of the client. The fees received were to be credited to the funds of the institution and the staff actually doing the work were to be paid honorarium not exceeding two-thirds of the fees received. The rules of the School of Planning and Architecture at that time allowed private consultancy work, with the permission of the Director of the School, without any limit on income from fees. The School was directed in June 1963 to amend its rules to conform with the decision of Government. Instead of amending its rules, the School submitted a memorandum to Government in February 1965 for allowing its staff to continue to undertake private consultancy work. The All India Council for Technical Education which was considering the matter recommended in April 1972 that private consultancy work should be allowed to the staff of the School, but if net income from fees exceeded the basic emoluments, one-third of the excess net income should be paid to the School which should create a fund with such income for welfare programmes, research fellowships etc. These recommendations are still under consideration of Government (January 1973).

In the meantime, the School continued to permit its staff to undertake private consultancy work. In January 1965, the rules were amended to limit the income from consultancy practice to the gross income not exceeding twice the salary if the person maintained an office for consultancy practice, or to the gross income not exceeding the salary in the year if he received fee as a retainer or received salary by associating himself in an established office of professional practice. The rules also permitted the Director to entrust consultancy work received by the School to a member of the staff and to permit him to enter into agreement directly with the client. During the years 1965-66 to 1970-71, the Director and members of the staff received Rs. 13.50 lakhs (Rs. 2.35 lakhs for institutional consultancy and Rs. 11.15 lakhs for private consultancy) as fees for such consultancy work as shown below:—

	Rs. (in lakhs)
1965-66	0.81
1966-67	1.21
1967-68	1.83
1968-69	1.96
1969-70	3.53
1970-71	4.16
	13.50

The amounts received by the Director and each member of the staff of the School are shown in Appendix XII. Had Government's decision of May 1963 been implemented, Rs. 4.50 lakhs out of Rs. 13.50 lakhs would have been payable to the School.

CHAPTER VI

DEPARTMENTALLY MANAGED GOVERNMENT UNDERTAKINGS

42. On 31st March, 1972, there were 35 Government Undertakings of a Commercial and Quasi-Commercial nature as against 34 Undertakings on 31st March, 1971, the addition being that of Commercial Broadcasting Service of All India Radio for which the Department has since started preparing separate *pro forma* accounts with effect from 1st November, 1967, the date from which the service was introduced.

A list of these Undertakings arranged according to the Controlling Ministries/Department is given in Annexure 'A' with information about their financial results as on 31st March, 1972. The financial results are ascertained annually by preparing statement of accounts on a *pro forma* basis outside the general accounts of Government. Trading and Profit and Loss Accounts of those at Serial Nos. 30 and 31 (Publication Branch, Delhi and Government of India Presses) are not prepared; instead only stores accounts are maintained. The *pro forma* accounts of 29 Undertakings at Serial Nos. 1, 2, 4, 5, 6, 7, 9, 10, 11, 12, 13, 14, 15, 17, 18, 19, 20, 22, 23, 24, 25, 26, 28, 29, 30, 31, 32, 33 and 35 of Annexure 'A' have not been received so far (January, 1973).

ANNEXURE 'A'

SUMMARISED FINANCIAL RESULTS OF 1971-72

(Figures in thousands of Rupees)

Sl. No.	Name of the Undertaking	Government Capital	Block Assets (Net)	Depreciation to date	Profit (+) Loss (—)	Interest on Government Capital	Total return	Percentage of total return to mean Capital	Remarks
1	2	3	4	5	6	7	8	9	10
	MINISTRY OF FINANCE								
1.	India Security Press, Nasik Road								Accounts not received
2.	Currency Note Press, Nasik Road								Accounts not received
3.	Government Opium Factory, Neemuch	1,61,47	2,89	21	(+)2,57,59	1,72	(+)2,59,31	745.03	
4.	Government Opium and Alkaloid Works, Ghazipur								Accounts not received
5.	India Government Mint, Bombay.								Accounts not received
6.	India Government Mint, Calcutta								Accounts not received

7. India Government Mint, Hyderabad								Accounts not received
8. Assay Department, Bombay.	3,41	46	4*	(+)4,48	—	(+)4,48	—	*Depreciation for the year 1971-72 only
9. Assay Department, Calcutta								Accounts not received
10. Silver Refinery Project, Calcutta								Accounts not received
MINISTRY OF STEEL & MINES								
11. The Kolar Gold Mining Undertakings								Accounts not received
MINISTRY OF INFORMATION & BROADCASTING								
12. All India Radio								Accounts not received
13. Radio Publications								Accounts not received
14. Films Division								Accounts not received
15. Commercial Broadcasting Service, All India Radio								Accounts not received
MINISTRY OF COMMUNICATIONS								
16. Overseas Communications Service, Bombay	15,06,00	10,01,50	3,86,59	(+)2,81.82	59,88	(+)3,41,70	26.53	
MINISTRY OF SHIPPING & TRANSPORT								
17. Lighthouses and Lightships Department								Accounts not received
18. Shipping Department, Andamans								Accounts not received

1	2	3	4	5	6	7	8	9	10
19.	Ferry Service, Andamans								Accounts not received
20.	Marine Department (Dockyard), Andamans								Accounts not received
21.	Chandigarh Transport Undertaking, Chandigarh	49,59	37,65	19,70*	(+)5,14	2,21	(+)7,35	15.49	*This includes interest charges on the Fund Balance upto 31st March, 1972. The year-wise break-up of interest included in the figure of Depreciation Reserve Fund was not available with the Management. The net value of the assets is thus understated to that extent.
	MINISTRY OF AGRICULTURE								
22.	Reserve Pool of Fertilisers								Accounts not received
23.	Delhi Milk Scheme								Accounts not received
24.	Forest Department, Andamans								Accounts not received
25.	Ice-*Cum*-Freezing Plant, Ernakulam								Accounts not received since inception (20th November, 1967).
	MINISTRY OF HOME AFFAIRS								
26.	State Transport Service, Andamans								Accounts not received

MINISTRY OF HEALTH AND FAMILY PLANNING								
27. Central Research Institute, Kasauli	22,65	5,16	6,16*	(+)17,11	56	(+)17,67	146.62	*Depreciation includes consumption on live stock for 1971-72 only
28. Medical Stores Depots								Accounts not received
29. Bakery, Mineral Water Factory and Vegetable Garden of Hospital for Mental Diseases, Ranchi								Accounts not received
MINISTRY OF WORKS AND HOUSING								
30. Publication Branch, Delhi								Accounts not received
31. Government of India Presses								Accounts not received
MINISTRY OF IRRIGATION AND POWER								
32. Electricity Department, Andamans								Accounts not received
33. Electricity Department, Laccadive, Minicoy and Amindive Islands								*Pro forma* accounts have not been compiled by the Department since inception (April, 1961).
MINISTRY OF COMMERCE								
34. Pathini Tea Estate	47,39	25,70	3,77	(—)5,09	1,90	(—)3,19	—	Figures based on the accounts for the calender year 1971.
DEPARTMENT OF ATOMIC ENERGY								
35. Tarapur Atomic Power Station								Accounts not received

In respect of undertakings for which figures for the year 1971-72 are not available, figures for the year 1970-71, except to the extent otherwise indicated in column 10, are given below :

(Figures in thousands of Rupees)

1	2	3	4	5	6	7	8	9	10
MINISTRY OF FINANCE									
1.	India Security Press, Nasik Road	5,48,31	1,80,99	1,02,48	(+)6,63	22,25	(+)28,88	5.89	
2.	Currency Note Press, Nasik Road	6,56,38	1,87,28	1,00,16	(+)1,46,35	24,10	(+)1,70,45	32.10	
3.	Government Opium and Alkaloid Works, Ghazipur								The Department has started preparing separate *pro forma* accounts of the two units with effect from 1970-71.
	(a) Opium Factory	5,34,08	7,54	49	(+)3,22,81	13,45	(+)3,36,26	113.64	
	(b) Alkaloid Works	2,60	3,41	45	(+)52,02	—	(+)52,02	—	
4.	India Government Mint, Bombay	8,02,69	1,19,27**	5,63*	(—)24,28	34,59	(+)10,31	1.35	**This includes Rs. 2,39,966 representing the cost of Residential Buildings (Construction work-in-progress). *Depreciation for the year 1970-71 only.
5.	India Government Mint, Calcutta	5,71,57	1,25,64	1,53,91	(—)52,22	34,64	(—)17,58	—	
6.	India Government Mint, Hyderabad	1,39,69	42,18	1,25*	(+)79,36	5,19	(+) 84,55	74.00	*Depreciation for the year 1970-71 only.
7.	Assay Department, Calcutta	50	79	2*	(+)38	1	(+)39	259.09	*Depreciation for the year 1970-71 only.

8. Silver Refinery Project, Calcutta	3,33,30	68,37	45,27	(+)4,27,51	15,79	(+)4,43,30	127.20	
MINISTRY OF STEEL AND MINES								
9. The Kolar Gold Mining Undertakings	8,71,78	5,50,74	95,28	(—)4,82,45	46,96	(—)4,35,49	—	The sale of Kolar Gold is at the International Monetary Fund Rate.
MINISTRY OF INFORMATION & BROADCASTING								
10. All India Radio	35,66,31	Capital Assets 18,01,25 Revenue Assets 24,04	7,65,80 5,48*	(+)1,80,02	68,93	(+)2,48,95	7.15	1. *Depreciation for the year 1968-69 only. 2. Figures for the year 1968-69 have been taken as the *pro forma* accounts for the subsequent years have not been received.
11. Radio Publications	74,95	10	3*	(—)5,71	8	(—)5,63	—	1. *Depreciation for the year 1968-69 only. 2. Figures for the year 1968-69 have been taken, as the *pro forma* accounts for the subsequent years have not been received.
12. Films Division	68,48(A)	34,17	28,96	(—)45,15	3,94	(—)41,21	—	(A) Before adjustment of notional value on films released for free exhibition.

1	2	3	4	5	6	7	8	9	10
13.	Commerical Broadcasting Service, All India Radio	20,35	Capital Assets 8,56	61					1. *Depreciation for the year 1968-69 only.
			Revenue Assets 1,00	7*	(+)61,38	—	(+)61,38	—	2. Figures for the year 1968-69 have been taken as the *pro forma* accounts for the subsequent years have not been received.
	MINISTRY OF SHIPPING AND TRANSPORT								
14.	Lighthouses and Lightships Department	9,90,68	9,13,08	1,11,66	(+)62,94	—	(+)62,94	6.93	Figures for the year 1969-70 have been taken as the *pro forma* accounts for the subsequent years have not been received.
15.	Shipping Department, Andamans	8,83	80,48	9.15*	(—)43.55	2,76	(—)40,79	—	1. *Depreciation for the year 1969-70 only. 2. Figures for the year 1969-70 have been taken as the *proforma* accounts for the subsequent years have not been received.
16	Ferry Service, Andamans	20,05	31,75	5,60*	(—)9,77	1,39	(—)8,38	—	1. *Depreciation for the year 1969-70 only.

DEPARTMENT OF ATOMIC ENERGY								
25. Tarapur Atomic Power Station	90,48,48	65,12,80	97,94	(+)18,98	1,62,07	(+)1,81,05	2.06	1. Figures are taken from the certified *pro forma* accounts prepared by the Department on unapproved forms. 2. Figures for the period 1-11-1969 to 31-3-1970 have been taken as the *pro forma* accounts for the subsequent years have not been received.

43. CURRENCY NOTE PRESS, NASIK ROAD.

1. **Introduction.**—The Currency Note Press at Nasik Road, one of the two wings of security printing (the other being the Stamp Press), was established in 1928 for the printing of Indian currency notes which were till then being obtained through the Bank of England from 1862. In March, 1957, Government sanctioned the setting up of a second unit (referred to as New Currency Note Press hereinafter). This unit was commissioned in July, 1961. A new press is also being established by Government at Dewas, Madhya Pradesh for printing currency notes of denomination of Rs. 10 and above.

The Press is primarily intended to meet the printing requirements of one rupee currency notes issued by the Government of India and bank notes of other denominations required by the Reserve Bank of India, the production of which is undertaken on the basis of indents received from the Reserve Bank of India.

The main raw material required for the production of notes is the currency and bank note paper. Till September, 1967, this paper was being wholly imported from U.K. With the commissioning of the Security Paper Mill, Hoshangabad in June, 1967, the requirement of paper is now fully met by that Mill (during October, 1967 to September, 1969, small quantities of paper were also imported besides indigenous supplies).

2. **Capacity and utilisation**

2.1 **Determination of capacity.**—The Press (both old and new) has two main sections, Operating (Printing) and Control sections. The Operating Section is responsible only for the printing of paper which is held in charge of the Control Section's crew on the machines, supervised by Control staff. The Control Section is responsible for drawing blanks, getting them printed in the three stages (back side printing, both side printing and numbering) and all the subsequent operations of examination, cutting, replacement of bad notes, accounting of good and bad notes, final bundling and packing. On account of security considerations, therefore, the capacity of the Press is mainly determined with reference to the output potential of the Control Section.

(a) **Control Sections.**—The Control Sections in both the Presses function only in single shift (day shift) of 8 hours. On this basis, the capacity

2.2 Utilisation of capacity

(a) **Control Section.**—On the basis of capacities indicated in para 2.1(a) above the achievable production and the actual production in the Control Section in each Press during the last five years, are indicated below:—

(In million pieces)

	Year	Capacity per shift	No. of shifts	Achieveable production	Actual production	Shortfall(—)/ Excess(+) (Col. 5—Col. 4)	Percentage of actual production to achievable production
	1	2	3	4	5	6	7
Old Press	1967-68	5.2	360	1872	1892	(+)20	101.1
	1968-69	5.2	356	1851	1764	(—)87	95.3
	1969-70	5.2	364	1893	1749	(—)144	92.4
	1970-71	5.2	361	1877	1644	(—)233	87.6
	1971-72	4.584	367	1682	1899	(+)217	112.9
New Press	1967-68	5.4	360	1944	2019	(+)75	103.9
	1968-69	5.4	356	1922	1906	(—)16	99.2
	1969-70	5.4	364	1966	1868	(—)98	95.0
	1970-71	5.4	361	1949	1746	(—)203	89.6
	1971-72	5.648	367	2073	1981	(—)92	95.6
Total	1967-68		..	3816	3911	(+)95	102.5
	1968-69		..	3773	3670	(—)103	97.3
	1969-70		..	3859	3617	(—)242	93.7
	1970-71		..	3826	3390	(—)436	88.6
	1971-72		..	3755	3880	(+)125	103.3

The decline in the percentages of actual production to achievable production during the years 1968-69 to 1970-71 has been attributed to non-filling of vacant posts of workmen during these years, as per Government directive. The actual production, however, exceeded the achievable capacity during 1971-72 which has been explained (July, 1972) by the Management on account of the following reasons:—

(i) The recruitment of workmen for the second phase programme to be started from 1-4-72 was started in January, 1972.

(ii) In order to meet the sudden demands of Bangla Desh notes, some short cut methods were resorted to raise the production.

(iii) With patriotic sense the workers had offered half an hour extra production within the same time and without any extra remuneration.

(b) **Printing Section.**—Targets of production of various denominations of notes are fixed by the Management on the basis of indents placed by the Reserve Bank of India and after taking into account the capacity of the Control Section. The following table indicates the total production of notes (targeted and actual) and the percentages of each denomination of notes to the total production, during the last five years:—

	1967-68		1968-69		1969-70		1970-71		1971-72	
	Target	Actual production	Target	Actual production	Target	Actual production	Target	Actual production	Target	Actual production
No. of notes in million pieces .	3,845	3,911	3,930	3,670	3,650	3,617	3,410	3,390	3,740	3,767*
Denomination-mix (per cent)										
Re. 1 .	55	56	54	54	50	51	48	48	49	49
Rs. 2 .	5	6	10	10	9	9	9	9	8	8
Rs. 5 .	14	14	14	14	13	13	14	14	13	13
Rs. 10 .	24	22	20	20	24	24	26	26	27	27
Rs. 20 .	—	—	—	—	1	—	—	—	—	—
Rs. 100 .	2	2	2	2	3	2 1@	3	3	3	3

NOTES:—1. @ Comprises of Rs. 1,000, Rs. 5,000 and Rs. 10,000 notes.

2. **Actual production in* 1971-72 *excludes the following additional production.*

	Denomination	Million pieces	
(*a*) *Bangla Desh Notes* :			
	Re. 1/-	56.4	
	Rs. 5/-	4.0	
	Rs. 10/-	22.6	
	Rs. 100/-	16.2	99.2
(*b*) Rs. 20 notes against April, 1972 to September, 1972 indent of the R.B.I.			14.0
			113.2

In order to meet increased demands of the Reserve Bank of India, targets higher than the optimum capacity of 3636 million pieces were fixed for the years 1967-68, 1968-69 and 1971-72. The non-achievement of production targets during 1968-69 and 1969-70 has been atributed (February, 1973) to the following reasons :—

(i) Non-filling of existing vacant posts by way of economy measures;

(ii) Reduction in working hours during 1968-69; and

(iii) Increased demand of Ten Rupees notes during the year 1969-70.

(iii) 1970-71.—"Slight fluctuations in waste percentage is inescapable as large number of factors are involved, in which paper, ink, condition of machine, human factor, settings, climate, efficiency of supervision and the number of machines etc. are involved".

(iv) 1971-72.

(a) *One rupee notes.*—Working of more printing units during night shift in the New Press.

(b) *Two rupees notes.*—"The inks in general vary in their working properties depending upon temperature and weather conditions. Some pigments viz. reds and browns have inherent drying and absorption defects. While making the ink acid/alkali proof as an additional security factor, the inks have developed a tendency to disintegrate which is inescapable and complicates the chemistry of ink coating and printing.

Other body inks do give some trouble varying with weather conditions but not to the extent of Rs. 2 body ink which is most troublesome".

The spoilage in printing one rupee notes in the Old Press was found to be less than in the New Press, as shown below :—

Year	Percentage of spoilage in	
	Old Press	New Press
1967-68	2.67	3.59
1968-69	2.15	3.26
1969-70	2.68	3.56
1970-71	3.64	3.51
1971-72	4.01	4.43

The higher spoilage in the New Press was attributed by the Management (October, 1970) to working of the second (night) shift, when the quality of printing is not the same as in the day shift and interruptions in electrical supply (both during the day and the night shifts). The spoilage for day and night shifts has not been separately worked out by the Management.

4. **Working results.**—The working results of the Press for the last five years are given below. Simplified *pro forma* accounts have been annexed as Appendix XIII.

(Rupees in lakhs)

	1967-68	1968-69	1969-70	1970-71	1971-72
(*a*) Government capital at the close of the year . . .	530.46	553.54	575.92	656.38	557.67
(*b*) Sales	904.71	919.52	810.97	772.32	816.37
Less : Work done for India Security Press and Security Paper Mill . . .	0.89	0.65	0.73	NIL	0.31
	903.82	918.87	810.24	772.32	816.06
(*c*) Less : Cost of Sales . .	772.73	748.99	692.82	625.97	699.70
(*d*) Net Profit . . .	131.09	169.88	117.42	146.35	116.36
(*e*) Percentage of Cost of Sales to Sales (*c*) to (*b*) . . .	85.5	81.5	85.5	81.1	85.7
(*f*) Percentage of net profit to sales (*d*) to (*b*) . . .	14.5	18.5	14.5	18.9	14.3
(*g*) Percentage of net profit to cost of sales (*d*) to (*c*) . .	17.0	22.7	16.9	23.4	16.6
(*h*) Mean Capital (Rs. in lakhs) .	460.85	447.33	495.05	530.92	536.35
(*i*) Percentage of net profit to Mean Capital (*d*) to (*h*) .	28.4	38.0	23.7	27.6	21.7

While delegating the powers regarding fixation of selling rates to the General Manager, Government had desired (June, 1927) that the selling rates should be so fixed as to yield a profit of 10 per cent. after charging interest (at 6 per cent.) on Government Capital. The matter was further examined (November, 1957) by the Cost Accounts Branch of the Ministry of Finance which concluded that the procedure of adding 1/9th of cost to yield a 10 per cent. return on selling price by the Management was acceptable. The actual profit made by the Press during the years 1967-68 to 1971-72 was, however, higher than the permissible limits by Rs. 258.97 lakhs as detailed below :—

(Rupees in lakhs)

	1967-68	1968-69	1969-70	1970-71	1971-72
Net profit	131.09	169.88	117.42	146.35	116.36
Permissible profit (10 per cent. on sales)	90.38	91.89	81.02	77.23	81.61
Profit in excess of the limit of 10 per cent.	40.71	77.99	36.40	69.12	34.75

NOTE.—The net profits have been arrived at without taking credit for claims of refund of customs duty amounting to Rs. 2.71 crores, referred to in para 5.1(a)(ii).

In this connection, the Management have stated (May, 1971) that "in the absence of a fully upto-date costing cell, frequent selling rate revision and keeping profit percentage within limits will not be feasible".

5. Raw materials and stores

5.1 Raw materials

(a) **Procurement of paper.**—(i) The main raw material required for the Press is currency and bank note paper which was wholly imported from the U. K. till September, 1967. Thereafter, except for some small quantities imported upto September, 1969 the requirement of paper is met by the Security Paper Mill, Hoshangabad.

It was decided by Government (August, 1967) that the Currency Note Press should pay the Security Paper Mill for paper received by it the same rate at which imported paper was purchased previously which took into account both the cost and import duties applicable from time to time. The prices initially fixed (August, 1967) covering supplies from 20th November, 1967 were revised from 1st April, 1968 consequent upon devaluation (November, 1967) of Pound Sterling and again from 1st April, 1969 to give prospective effect to the reduced customs duty (though revised in February, 1965 and effective from April, 1965, it came to the notice of the Press authorities in March, 1969 only). The prices thus fixed from time to time were as under :—

Denomination	Rate (in rupees) per ream F.O.R. Nasik Road, effective from		
	20-11-67	1-4-68	1-4-69
Re. 1	544	482	391
Rs. 2	519	460	373
Rs. 5	518	460	373
Rs. 10	402	356	289
Rs. 100	528	468	380

As the arrangement between the Press and the Mill did not provide for concurrent adjustment of prices due to variations in the rates of exchange or customs duty, the Press had to make an additional payment of Rs. 1.58 crores to the Mill on account of customs duty during September, 1967 to March, 1969 and Pound devaluation during November, 1967 to March, 1968.

(ii) *Excess payment of customs duty on import of currency and bank note printing paper.*—During the period from 1st April, 1965 to 31st March, 1969 customs duty on the paper imported by the Press was paid at 100 per cent and more *ad valorem* as assessed by the Customs authorities although under item 44 of the Indian Customs Tariff Act, 1934, as modified in 1965, the Press was exempt from payment of customs duty in excess of 60 per cent *ad valorem*. The excess customs duty paid on this account amounted to Rs. 2.85 crores. A claim for refund of this amount was preferred only in December, 1969. Customs authorities have so far (December, 1972) admitted claims amounting to Rs. 14.16 lakhs only.

(b) **Norms for consumption of ink.**—In addition to paper, the other major raw material used in the printing of currency notes is ink.

On being asked (June, 1972) whether any norms of consumption of ink for printing different types of notes were fixed, the Management replied (June, 1972) that "Norms for all items have been fixed as a general guideline where supervisory staff use their discretion and regulate consumption etc.".

In reply to a further query (July, 1972) asking for the details of norms fixed, actual consumption and the reasons for variations, the Management stated (July, 1972) that "the consumption of various items are generally proportionate to the production and within the reasonable limits".

No records indicating the norms of consumption and the reasons for variations between the actual consumption and norms were, however, produced.

5.2. **Stores.**—Bin cards for spare parts of machinery are not being maintained since 1965-66, although quantity balances are indicated in the priced stores ledgers maintained in the Accounts Section. Spare parts have not been physically verified since 1965-66.

It was stated (October, 1970) by the Management that with the available staff, it was not possible to fulfil the above requirements.

6. **Departmental/Accounts Manual.**—A Departmental Manual outlining the organisational set-up and procedure for financial and accounting arrangements and compilation of accounts was prepared for the first time in 1956. In June, 1967 a revised Manual was sent to Government for approval. Government asked the Press (July, 1970) to revise the Manual taking into consideration the latest developments. The Manual has not been revised so far (February, 1973).

The Management stated (April, 1971) as follows :—

> "As instructed by Government, the latest changes, modifications and the revision of the Manual is in hand. Particularly, for want of special staff, this work is taking more time. Since our staff and officers have to concentrate primarily on production, delay is inevitable".

The Management further stated (June, 1972) that "Departmental/Accounts Manual is being finalised......................".

7. **Non-compliance with Codal provisions.**—Payments are being made to workers on the basis of the abstracts of wage bills prepared and signed by the Gazetted Officers authorised by the Head of Office, although the bills are not signed by the Head of Office or any other Gazetted Officer authorised by him in this behalf as required under Rules 141 and 142 of the Central Treasury Rules. The General Manager stated (December, 1971) that the matter had been referred to Government for exemption from the operation of these rules till additional Accounts Officers were posted. No final decision has been communicated by the Government so far (February, 1973).

CHAPTER VII

AUTONOMOUS BODIES

Khadi and Village Industries Commission

44. *Village leather industry.*—The Khadi and Village Industries Commission, set up under Act No. 61 of 1956, was originally charged with the responsibility for planning, organising and implementing programmes for development of (1) Khadi and (2) 12 industries specified in the schedule to the Act. One of these 12 village industries is "flaying, curing and tanning of hides and skins and ancillary industries connected with the same and cottage leather industry". Subsequent to the passing of the Act the Central Government, acting under section 3 of the Act, has added ten more industries to the schedule to the Act. Thus, now there are 22 village industries development of which is the responsibility of the Commission. Of the 12 million artisans engaged in household industries reported in the 1961 census, about 8 million are working in industries under the purview of the Commission whose programme in 1970-71 had covered 1.9 million artisans in different industries.

It is estimated that tanned leather valued at Rs. 14 crores is produced by the village and cottage tanners forming about 14 to 15 *per cent* of the total value of tanned leather produced in the country. The production of units assisted by the Commission is of the order of Rs. 2 crores which forms about 14 *per cent* of the tanned leather produced in the village and cottage sector and about 2 *per cent* of the total value of tanned leather produced in the country. Total production of footwear industry is about 140 million pairs of which 90 *per cent* is accounted for by the medium, small scale and cottage units. Of the latter, about one-third is contributed by the village units. The Commission entered the field of footwear manufacture in the latter half of the nineteen sixties.

The Commission is entirely financed by loans and grants from the Central Government. In 1970-71, the Commission received Rs. 275 lakhs as grant and Rs. 205 lakhs as loan for development of village industries. Upto 31st March, 1971 the Commission had disbursed (including the amounts paid by the Khadi and Village Industries Board prior to April 1957 *i.e.,* before the Commission was set up) Rs. 24.58 crores as grant and Rs. 59.10 crores as loan for all village industries and of that grant of Rs. 2.63 crores and loan of Rs. 3.80 crores were for village leather industry. Thus, that industry accounted for 10.70 *per cent* of the total grants and 6.43 *per cent* of all loans disbursed for all village industries. During the three years 1968-69 to 1970-71 the Commission annually paid about Rs. 11 lakhs as grant and Rs. 27 lakhs as loan for village leather industry. These represented 9.19 *per cent* of all grants and 5.88 *per cent* of all loans paid by the Commission during that period.

Village leather industry as developed by the Commission comprises three distinct processes, namely, (a) flaying of carcasses, (b) curing and tanning of hides and skins and manufacture of by-products and (c) footwear and other leather goods manufacture. The development programme for flaying includes establishment of carcass recovery and flaying centres, establishment of training centres for flaying and distribution of improved tools.

Tanning is a complex process. There are two main types of tanning, namely, vegetable tanning (myrobalan) and mineral tanning (chrome). The Commission's development programme for tanning includes setting up of pits, village model tanneries, co-operative tanneries and training-*cum*-production centres. In order to cater to the requirements of quality leather by the village footwear and leather goods industry, assistance is being given from 1969 for establishment of chrome tannery and retanning and finishing units. Also from 1969 assistance is being provided for footwear and other leather goods production units. Assistance is also provided to cobblers and shoemakers for manufacture of footwear and other leather goods. For proper supply of raw materials for tanning, *i.e.,* hides, chemicals, etc., and also, to a small extent, as an outlet for disposal of the finished leather goods, marketing depots have been set up with the assistance of the Commission. The total number of different kinds of units (flaying centres, tanneries, footwear units, marketing depots etc.) in village leather industry assisted by the Commission was a little more than 1,000 in 1969-70 and 1970-71. About 90 *per cent* of the institutions financed by the Commission are co-operative societies and the remaining are registered societies. Save 114 registered societies which are financed directly by the Commission, the rest are financed through the State Khadi and Village Industries Boards. The assistance given by the Commission is usually grant to the extent of half of the non-recurring expenditure (*i.e.,* which creates fixed assets) while the remaining half of the non-recurring expenditure is given as loan. In addition, establishment grant is given on a tapering scale for about five years while working capital is given entirely as loan. Except working capital loans which carry 2½ *per cent* interest from the third year, the loans are interest-free.

Production in the village leather industry units assisted by the Commission is stated to have increased from Rs. 91.17 lakhs in 1961-62 to Rs. 612.01 lakhs in 1970-71 as follows :—

Year	Production (Rs. lakhs)
1961-62	91.17
1962-63	144.16
1963-64	226.51
1964-65	236.97
1965-66	269.46
1966-67	317.60
1967-68	350.18
1968-69	465.40
1969-70	558.94
1970-71	612.01

Making allowance for the increase in the wholesale price level (about 80 *per cent*) that occurred during the decade, the annual compound rate of growth of the village leather industry has been 14.1 *per cent* during the period. Duration of employment in this industry is 8 to 9 months in a year. The growth of employment, according to the Commission, in the village leather industry from 1961-62 to 1970-71 is shown below :—

Year	Full-time (in thousands)	Part-time
1961-62	3	3
1962-63	4	3
1963-64	9	6
1964-65	11	9
1965-66	11	10
1966-67	11	9
1967-68	13	7
1968-69	13	13
1969-70	16	13
1970-71	16	17

The Commission is engaged in the task of evolving objective criteria for assessing full-time/part-time/seasonal/continuous employment.

In 1970-71 full-time employment in the village leather industry was about 15 *per cent* of the full-time employment in all the village industries taken together. Part-time employment in the industry was much smaller relatively, being only 1½ *per cent* of the total part-time employment provided by all the village industries taken together. Average total earning of a full-time worker in a year (8 months) from the village leather industry was Rs. 575 in 1970-71. In real terms the *per capita* earning did not increase during the period 1965-66 to 1970-71. In the beginning of the decade of the 1960's grants used to constitute about 60—70 *per cent* of the total earnings of workers from the industry. This percentage progressively declined thereafter—in 1969-70 and 1970-71 it was about 8 *per cent*.

Statewise, the village leather industry is most advanced in Uttar Pradesh—the value of production in that State in 1970-71 was Rs. 2.50 crores. Next in importance is Rajasthan and Gujarat whose productions in that year were, however, only Rs. 66.99 lakhs and Rs. 56.19 lakhs. Uttar Pradesh leads in production because leather industry as a whole, including that in the organised sector, is concentrated in that State. The size of the State and the cattle population therein, the presence of a large number of traditionally skilled artisans in convenient localities, the assistance extended by the State Government by appointing paid secretaries to organise the village artisans—all these have contributed to the relative growth of the village leather industry in that State. No other State Government has so far extended the assistance of paid secretaries for organising the village leather artisans.

In its report (1968) the Khadi and Village Industries Committee had recommended that, instead of relying too much on subsidies, incentives for village industries should mainly be in the form of technical assistance (for upgrading of skills and production techniques), services (adequate supply of raw materials) and marketing facilities. A number of marketing depots have been set up. Their primary function is supply of raw materials needed by the artisans/co-operatives. These depots also undertake sale, to a small extent, of the finished products of the industry. About half a dozen centres have also been set up in important cities during the last two years for sale of the footwear and finished products of the industry. Thus marketing facilities provided so far for the finished products of the village leather industry are inadequate, while no marketing facilities have been provided for sale of the semi-finished products of the flaying centres, tanneries etc. As a rule, the facilities provided in the tanneries are co-operatively owned; the individuals bring hides and skins owned by them, get them tanned and thereafter sell them or make finished leather goods therefrom. The semi-finished products of the flaying centres, tanneries etc. and also, often, the finished leather goods are sold locally and, therefore, the village leather artisans do not get a good price from their sale.

The growth of the village leather industry can be attributed to the following :—

(1) Provision of improved equipments (such as bone digester and carcass cooker for carcass utilisation, shaving, staking, glazing and buffing equipments for chrome tanning, upper stitching and cementing implements for footwear marking), together with necessary financial assistance.

(2) Diversification of production through introduction of new schemes such as chrome tanneries, footwear, leather bags and other finished leather goods.

(3) Setting up of marketing depots for supply of raw materials needed by the industry.

The quality and price of leather goods produced by the village leather units assisted by the Commission compare favourably with those of the products of the organised sector. As a matter of fact, the former are often cheaper. Further growth of the village leather industry is inhibited by, amongst others, the lack of marketing facilities for semi-finished and finished products.

45. *Village palm gur and other palm products industry.*—Of nine sugar yielding varieties of palm, only four are found in India. They are (i) palmyra, (ii) wild date, (iii) sago and (iv) coconut.

Once upon a time manufacture of gur, sugar and candy from the juice of date and palmyra palms was widely known and undertaken in Bengal and Madras. With the advent of sugarcane era, this flourishing village industry rapidly declined. Revival of this industry began in 1935 when the All India Village Industries Association, soon after its formation, included palm gur in the village industries development programme. In 1937 when popular ministries were formed in the Provinces, prohibition policy was actively encouraged. In Madras and Bombay development of palm gur was encouraged by the State Governments as a counterpart to prohibition and for providing alternative employment to the displaced toddy tappers. With the attainment of independence in 1947, development of this village industry was taken up on an organised scale. Tamil Nadu, West Bengal, Kerala and Andhra Pradesh are the traditional palm gur producing States. After 1947 efforts were made to develop this industry in States other than the traditional States where the technique of gur production from juice obtained from palm trees was not known and production not undertaken. The development activities were transferred to the erstwhile All India Khadi and Village Industries Board after its formation in February 1954.

It is estimated that there are about 10 crore palm trees (excluding coconut palm) in the country of which 60 *per cent* are tappable. Palmyra (64 *per cent*) dominates over date (36 *per cent*) and sago (0.44 *per cent*).

Palm trees are heavily concentrated in Tamil Nadu (39 *per cent*) followed—at a considerable distance—by Andhra Pradesh and Bihar (13 to 14 *per cent*). About 53 *per cent* of palmyra, 72 *per cent* of date and 7 *per cent* of sago palms are tappable.

The palm gur industry is essentially seasonal in character. Palm trees can be tapped for juice only in a certain season, which varies with the variety of palm on the one hand and the location on the other. The maximum length of the tapping season varies from 4 to 8 months. At the beginning and the end of the season the yield is small.

In areas where prohibition is in force, there is, as a rule, a system of issuing licences either on individual basis to artisans, as in Tamil Nadu, or to co-operatives or registered institutions as in Maharashtra and Gujarat. Even in non-prohibition areas in some States (like Bihar) licences have to be obtained for tapping palm trees for neera and gur manufacture, although there are no restrictions for tapping the same trees for toddy purposes. In almost all the States the individual tappers and their co-operatives face several difficulties, mainly due to the excise rules, the conditions governing issue and renewal of licences and transportation of neera for sale in different areas. There are wide variations in the rates of tree-tax levied and the rates of tree rents charged for leasing the different varieties of palms for tapping for neera and gur purposes.

The development programme of palm gur industry undertaken by the Commission comprises of :—

(i) Organisation of production units, granting of loan for purchase of improved equipment, construction of work sheds etc.

(ii) Training of artisans, supervisors, etc.

(iii) Publicity.

(iv) Commercial operations (*i.e.*, processing and sale of neera etc.).

Total financial assistance disbursed by the Commission (including assistance disbursed by the Khadi and Village Industries Board prior to setting up of the Commission from April 1957) for village industries upto 1970-71 was Rs. 83.68 crores (grant Rs. 24.58 crores; loan Rs. 59.10 crores). Annually, the financial assistance was Rs. 5.20 crores in 1960-61 while the average disbursement in 1969-70 and 1970-71 was Rs. 5.86 crores. The share of financial assistance for palm gur increased progressively from Rs. 19 lakhs (3.7 *per cent*) in 1960-61 to Rs. 124 lakhs (25 *per cent*) in 1964-65 and Rs. 128 lakhs (17 *per cent*) in 1966-67 and thereafter dwindled—the average of 1969-70 and 1970-71 being only Rs. 14 lakhs (2.4 *per cent*). Correspondingly, production of (i) palm gur and other palm products and (ii) palm gur by the units assisted by the Commission reached a peak during the mid sixties and thereafter rapidly declined as would be seen from the following :—

Year	Palm gur and other palm products (Rs. lakhs)	Palm gur (Rs. lakhs)	Quantity (Lakh quintals)
1961-62	272	268	6.31
1962-63	371	367	6.02
1963-64	681	666	8.43
1964-65	718	692	8.56
1965-66	790	749	9.41
1966-67	806	735	9.03
1967-68	705	652	5.05
1968-69	689	612	4.85
1969-70	597	519	5.73
1970-71	599	492	4.75

That in recent years this level of production has been achieved despite the virtual drying up of fresh financial assistance and that the grants given by the Commission formed only 0.6 to 0.8 *per cent* of the value of annual production are noteworthy. The value of production of village industries by the units assisted by the Commission was Rs. 85.60 crores in 1970-71. The palm gur industry, which till then had received (Rs. 880 lakhs) 11 *per cent* of the assistance given by the Commission for all village industries, accounted for 7 *per cent* of this value. After village oil, gur and khandsari, processing of cereals and pulses and village leather, this value was the highest amongst the village industries assisted by the Commission. Value of edible products (neera, candy and sugar) other than palm gur and non-edible products (palmyra fibre and stalks, mats, other utility and fancy articles made out of palmyra leaves) is 10-15 *per cent* of the total value of all palm products; the rest is accounted for by palm gur. In 1970-71 the units assisted by the Commission produced about 3.1 *per cent* in terms of total potential output of palm gur in the country.

In 1957-58 when the Commission started, the grant element was about 45 *per cent* of its annual disbursement for village industries, the rest being loan. There has been progressive reduction of the grant element which in recent years has been about 20 *per cent*. The grant element for palm gur industry used to be 2—3 times the loan element in the beginning, but now it is about the same as that for village industries in general, *viz.*, 20 *per cent*.

In 1970-71 total employment in all the village industry units assisted by the Commission is understood to have been 1.04 lakh persons full-time and 8.75 lakh persons part-time. Employment in the palm gur sector was 3.03 lakh wholly part-time. Tamil Nadu is said to have provided employment to 2.20 lakh artisans. Of the total earnings of Rs. 14.14 crores from village industries in 1970-71, palm gur accounted for as much as Rs. 3.47 crores. The average income per day per worker in the palm gur industry increased from Rs. 2.40 during the Second Plan to Rs. 3.00-4.00 during the Fourth Plan.

Like other village industries, the dominant organisational form in palm gur industry is co-operatives. Of 23,300 village industry co-operatives, 3,500 (third highest after village leather and village oil) are in the village palm sector in which, in addition to the primary societies, there are State federations. At the all-India level there used to be the Akhila Bhartiya Tad Gud Sahakari Mahasang which became defunct in 1965-66. Due primarily to mismanagement, the State federations in Maharashtra, Kerala and Mysore are under liquidation while the managements of the Bihar, Tamil Nadu, Madhya Pradesh, Rajasthan and Uttar Pradesh federations have been superseded. The question of supersession of the management of the West Bengal federation is under consideration. The Commission disburses the financial assistance to the State Boards. Unlike in other village industries, the State Boards in turn have been disbursing the assistance to the State federations which then pay to the primary societies (*i.e.*, the last are not financed directly by the State Boards).

Upto 1968 the Commission's pattern of assistance for development did not specify the individual development schemes; the result of this defective pattern was that a substantial portion of the funds disbursed by the Commission was utilised on establishment expenditure. This has been set right from 1969.

The inability of the State Boards/State federations to sustain the substantial programme of expansion initiated during the early sixties and relaxation of prohibition in certain states have given a serious set-back to this village industry the training programme for which was not need-based.

While over the year the Commission has been able to introduce certain technological improvements which have materially improved productivity of many of the village industries, it has not succeeded in doing so in the palm gur industry.

Certain States :

Tamil Nadu has been the leading producer of palm gur and West Bengal the second. In 1961-62 the share of the former was 38 *per cent* and of the latter 29 *per cent.* In recent years (1969-70 and 1970-71) Tamil Nadu's share has increased to 65-75 *per cent* while West Bengal's share slumped to 15-20 *per cent.* Despite scrapping of prohibition in Tamil Nadu in 1971-72, production (2.44 lakh quintals) in that State in that year was more than in 1961-62 (2.39 lakh quintals). On the other hand, in West Bengal where there has been no prohibition, the industry received a serious set-back in 1963-64 from which it has not yet recovered—the annual production (quantity) from then has been only about half or less than half of what it was in 1961-62 and 1962-63 (1.82 lakh and 1.93 lakh quintals). Since 1967-68 the industry in that State has shown some signs of recovery—annual production recording rise from the all-time low of 0.61 lakh quintals in that year to 0.93 lakh quintals in 1970-71. In 1971-72 production was 0.91 lakh quintals.

Gur produced from date palm is quite popular and there is an extensive village date palm gur industry in West Bengal. The Commission's coverage of that industry in that State is negligible.

In Andhra Pradesh and Kerala, the other two traditional palm gur producing States, production declined after 1966-67—production in 1970-71 being only about one-third of what it was in 1961-62.

Assistance paid in Bihar in 1969-70 and 1970-71 was Rs. 16 thousands and Rs. 39 thousands only while upto the end of 1970-71 it was Rs. 36 lakhs (grant Rs. 19 lakhs; loan Rs. 17 lakhs). Total production has been very small. It was Rs. 50 thousands in 1969-70 and Rs. 77 thousands in 1970-71. Employment was only 190 in 1969-70 and 220 in 1970-71.

and actual cost per unit for 1188 units (out of 1420 units mentioned above) are shown below :—

Dock Labour Board	Number of units	Total amount of central assistance (loans and grants)	Amount spent by the Board	Boards' share of expenditure (percentage)	Ceiling cost per unit		Actual cost per unit	
					Multi-storeyed	Double storeyed	Multi-storeyed	Double storeyed
		(Lakhs of rupees)			Rs.	Rs.	Rs.	Rs.
Bombay . .	352	14.23	28.80	67	8,450	7,100	12,224	..
Calcutta .	384	16.10	43.90	73	8,450	7,100	15,625	..
Madras . .	420	10.89	40.47	79	6,750	6,200	12,229	..
Visakhapatnam .	32	0.97	0.79	45	6,750	5,550	..	5,500

Although the scheme provides for assistance upto 55 *per cent* of cost of construction, subject to prescribed limits for each house, share of actual expenditure borne by the Boards exceeded 45 *per cent,* excepting in Visakhapatnam, due to actual cost of construction exceeding the prescribed limits. The Dock Labour Boards were not able to meet their share of expenditure from their own resources for construction of the houses. They were also not agreeable to increase the employers' contribution to the welfare fund for this purpose as that would, in their opinion, adversely affect trade.

The Housing Ministers' Conference held in June 1969 recommended assistance of 50 *per cent* loan and 50 *per cent* subsidy of the ceiling cost. The scale of assistance was revised from June 1971 to 75 *per cent* of cost, subject to prescribed ceiling for each house—50 *per cent* being loan and 25 *per cent* subsidy. From the very beginning the assistance under subsidised housing scheme for industrial workers introduced in 1952 is *cent per cent* (50 *per cent* loan and 50 *per cent* subsidy) for State Governments, Housing Boards and local bodies, 90 *per cent* (65 *per cent* loan and 25 *per cent* subsidy) for co-operative societies and 75 *per cent* (50 *per cent* loan and 25 *per cent* subsidy) for employers. The quantum of Government assistance for housing of dock labour is, even after the enhancement in June 1971, less than that for subsidised housing scheme for industrial workers executed by State Governments, Housing Boards, local bodies and co-operative societies. Out of 2.30 lakh houses sanctioned upto December 1971 for construction under that scheme for industrial workers 1.76 lakh (76 *per cent*) houses had already been constructed by them, as against 1,422 houses (22 *per cent*) constructed for dock workers out of 6,472 houses proposed to be constructed.

As against the Fourth Plan provision of Rs. 2.50 crores for dock labour housing, the actual expenditure during the first three years of the Plan was only Rs. 27.58 lakhs. Under the scheme houses have been constructed for only about 5 *per cent* of the dock labourers. According to the Reports on Survey of Labour Conditions 1960—63, save in a few industries, the estimated percentage of workers in different industries, plantations etc., allotted houses then ranged from 10 to 86.

CHAPTER VIII

OUTSTANDING AUDIT OBSERVATIONS AND INSPECTION REPORTS

47. *Outstanding Audit Observations.*—Audit observations on financial transactions of Government are communicated to the departmental authorities from time to time. Half-yearly reports of such observations which remain outstanding for more than six months are also sent by Audit to Administrative Ministries for taking necessary steps to expedite their settlement.

(i) The number of such outstanding audit observations in the Ministries/departments noted below and their attached and subordinate offices is large :—

Ministries/Departments	Total number of observations made upto March 1972 but outstanding on 31st August 1972	Total amount (Lakhs of rupees)	Number of observations made prior to April 1969	Amount (Lakhs of rupees)
1	2	3	4	5
A. Civil Departments				
Agriculture	4,585	316.34	1,071	45.28
Defence	134	12.58	13	0.10
Education and Social Welfare .	2,958	83.33	417	11.44
External Affairs	8,784	149.33	5,899	96.11
Finance	14,284	293.41	3,260	29.13
Foreign Trade	771	48.97	100	9.73
Health and Family Planning . .	2,779	210.85	356	11.52
Home Affairs	23,881	1359.29	3,393	304.25
Industrial Development . .	1,489	14.04	365	2.76
Information and Broadcasting .	2,359	151.67	234	2.29
Irrigation and Power . . .	4,160	1408.84	1,015	341.44
Labour and Rehabilitation . .	7,064	233.81	2,386	83.44
Shipping and Transport . .	1,993	2916.21	263	2042.08
Steel and Mines	7,401	141.66	1,913	38.80
Tourism and Civil Aviation . .	4,031	493.18	711	12.49

1	2	3	4	5
Works and Housing . . .	25,252	5721.15	3,250	508.98
Culture	1,497	31.45	473	12.92
Science and Technology . .	1,239	34.66	44	6.43

B. Departmentally managed commercial and quasi-commercial undertakings

Agriculture	12	6.43	5	6.41
Information and Broadcasting .	87	0.50	2	0.01

(ii) The following is a broad analysis of the outstanding observations :—

Nature of observations	Number of items	Amount (Lakhs of rupees)
A. Civil Departments		
(*a*) Want of sanctions to establishment or continuance of establishment	1,105	39.38
(*b*) Want of sanctions to miscellaneous and contingent expenditure	4,009	476.29
(*c*) Want of sanctions to estimates or excess over sanctioned estimates	3,451	2065.08
(d) Want of detailed bills, vouchers, payees' receipts, or other documents.	52,522	5038.99
(e) Recoverable advances not recovered and adjusted within the prescribed period	29,449	180.61
(*f*) Want of agreements	1,014	1466.36
(*g*) Non-recovery of overpayments or amounts disallowed in audit	1,131	38.20
(*h*) Payments not in conformity with contracts . . .	52	19.82
(*i*) Financial propriety	157	. .
(*j*) Want of sanction to write off of losses or irrecoverable amounts	36	44.22
(*k*) Other reasons	21,735	4251.80
B. Departmentally managed commercial and quasi-commercial undertakings		
(*a*) Want of sanctions to estimates or excess over sanctioned estimates	11	0.09
(*b*) Want of detailed bills, vouchers, payees' receipts or other documents	24	6.64
(*c*) Recoverable advances not recovered and adjusted within the prescribed period	35	0.12
(d) Non-recovery of overpayments or amounts disallowed in audit.	4	. .
Other reasons	25	0.08

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

48. *Outstanding Inspection Reports.*—The audit done in central office is supplemented by local inspection. All important financial irregularities and defects in initial accounts noticed during local audit and inspections are included in inspection reports and sent to departmental officers for necessary action. Besides, copies of the inspection reports and half-yearly statements of outstanding inspection reports are also forwarded to the administrative Ministries.

(i) The Ministries with comparatively large outstandings are shown below :—

Ministries/Departments	Year of issue of the earliest outstanding Reports	Number of outstanding	
		Reports	Paragraphs in the Reports
1	2	3	4
A. Civil Departments			
Agriculture	1951-52	555	2208
Education and Social Welfare	1951-52	1538	5035
External Affairs	1949-50	292	1350
Finance	1950-51	741	1982
Foreign Trade	1959-60	241	1124
Health and Family Planning	1957-58	208	800
Home Affairs	1954-55	1098	3975
Industrial Development	1960-61	180	482
Irrigation and Power	1960-61	555	5017
Labour and Rehabilitation	1952-53	961	5339
Law and Justice	1957-58	114	249
Shipping and Transport	1954-55	232	651
Steel and Mines	1962-63	120	625
Tourism and Civil Aviation	1956-57	238	1125
Works and Housing	1952-53	1712	14904
B. Departmentally managed commercial and quasi-commercial undertakings			
Agriculture	1959-60	24	53
Finance	1961-62	28	56
Health and Family Planning	1959-60	36	86

1	2	3	4
Home Affairs	1959-60	67	232
Information and Broadcasting	1960-61	79	161
Irrigation and Power	1957-58	16	160
Labour and Rehabilitation	1964-65	12	53
Shipping and Transport	1965-66	14	30
Works and Housing	1964-65	24	88

(ii) The more important types of irregularities noticed during inspection and local audit are briefly summarised below :—

	Number of offices in which irregularities were noticed
A. Civil Departments	
1. Public works offices—	
(*i*) Wasteful and infructuous expenditure due to defective plans, designs and abandonment of works	58
(*ii*) Extra cost to Government due to rejection of lowest tenders or delay in accepting tenders	41
(*iii*) Excess payments due to non-observance of the conditions of contracts or non-provision of necessary safeguards in contracts .	48
(*iv*) Splitting up of purchase orders	43
(*v*) Unauthorised financial aids to contractors	89
(*vi*) Delay in effecting recovery of security deposits from contractors and payment of contractors' bills	77
(*vii*) Arrears in maintenance and/or non-maintenance of initial accounts of road metal, material-at-site accounts, etc.	114
(*viii*) Other irregularities	387

	Number of offices in which irregularities were noticed
2. Treasuries and other Civil Offices—	
(*i*) Non-observance of rules relating to custody and handling of cash, posting and maintenance of cash books, muster rolls, physical verification of cash, reconciliation of departmental receipts and remittances with the treasury records, recording of measurements, etc.	566
(*ii*) Securities from persons handling cash and stores not obtained or, if obtained, not for the prescribed amount	232
(*iii*) Stores accounts not maintained properly and periodical verification not done	504
(*iv*) Defective maintenance and/or non-maintenance of log books of staff cars, etc.	126
(*v*) Local purchase of stationery in excess of authorised limits and expenditure incurred without proper sanction	151
(*vi*) Delay and/or non-recovery of receipts, advances and other charges, etc.	488
(*vii*) G. P. fund accounts of Class IV staff not maintained properly .	184
(*viii*) Payment of grant-in-aid in excess of actual requirements . .	211
(*ix*) Other types of irregularities	1615

B. *Departmentally managed commercial and quasi-commercial undertakings*

(*i*) Wasteful and infructuous expenditure due to defective plans, designs and abandonment of works.	9
(*ii*) Extra cost to Government due to rejection of lowest tenders or delay in accepting tenders	5
(*iii*) Excess payments due to non-observance of the conditions of contracts or non-provision of necessary safeguards in contracts . .	5

		Number of offices in which irregularities were noticed
(iv)	Non-observance of rules relating to the custody and handling of cash, posting and maintenance of cash books, muster rolls, physical verification of cash, reconciliation of departmental receipts and remittances with the treasury records, recording of measurements, etc.	10
(v)	Delay in recovery and/or non-recovery of receipts, advances and other charges, etc.	18
(vi)	Store accounts not maintained properly and periodical verification not done.	33
(vii)	Other types of irregularities.	244

N. Gangadharan

NEW DELHI; (P. P. GANGADHARAN)

The 26 MAR 1973 *Accountant General, Central Revenues.*

Countersigned.

A. Baksi

NEW DELHI; (A. BAKSI)

The 27 MAR 1973 *Comptroller and Auditor General of India.*

APPENDIX I

(*Vide* Paragraph 7)

MAIN INVESTMENTS AND DIVIDEND

Name of undertaking/concern		Investment			Dividend credited to Government	
		During 1970-71	During 1971-72	Upto 1971-72	During 1970-71	During 1971-72
1	2	3	4	5	6	7
					(Lakhs of rupees)	
I. *Statutory Corporations*						
	Air India Corporation . .	500	1000	4182	80	82
	Indian Airlines Corporation .	1233	100	4277	..	..
	Oil and Natural Gas Commission . .	276	610	13313	..	..
	Life Insurance Corporation .	..	..	500	44	50
	Central Warehousing Corporation	77	203	1085	26	28
II. (a) *Government Companies*						
	Indian Oil Corporation. .	..	..	7108	498	498
	Neyveli Lignite Corporation .	..	..	8000	..	..
	Heavy Electricals . .	..	..	5000	..	..
	Hindustan Steel . . .	..	3737	59437	..	..
	Heavy Engineering Corporation	..	5950	15950	..	..
	Hindustan Antibiotics . .	..	..	205	25	..
	Hindustan Cables . .	109	63	701	..	..
	National Newsprint and Paper Mills	..	..	250	..	..
	State Trading Corporation .	..	..	200	108	164
	Minerals and Metals Trading Corporation . . .	..	..	300	21	30
	National Coal Development Corporation . . .	1510	..	12203	..	..
	Fertilizer Corporation . .	1900	2198	13753	..	..
	Hindustan Machine Tools .	..	492	1692	..	..
	Hindustan Shipyard . .	100	130	914	..	..
	Indian Telephone Industry .	..	..	406	36	48
	Ashoka Hotels . . .	2	..	..	..	..
	Mogul Lines . . .	..	..	295	8	..
	National Instruments . .	..	..	326	..	..
	Hindustan Insecticides . .	..	..	125	8	9
	Bokaro Steel . . .	5704	19000	60000	..	..
	National Mineral Development Corporation . .	1194	1369	5897	..	..
	Shipping Corporation of India	..	..	2345	117	141

1	2	3	4	5	6	7
(b) *Other Companies*						
	Indian Explosives . .	..	..	274	6	47
	Singareni Collieries . .	..	..	272	3	..
	Oil India	—90	—179	2162	308	302
	British India Corporation .	..	..	106	..	5
	Fertilizers and Chemicals, Travancore . . .	517	760	2678	..	..
III.	International Finance Corporation	..	..	211	..	..
IV.	Atomic Energy Department .	1118	2444	23268	..	..
V.	Other items . . .	16658	13828	70971	371	807
	Total	30808	51705	318406	1659	2211

APPENDIX II

(*Vide* Paragraph 17)

LOANS TO STATE GOVERNMENTS FOR WHICH THE TERMS AND CONDITIONS HAVE NOT BEEN SETTELD

Ministry	Assam	Jammu and Kashmir	Madhya Pradesh	Tamil Nadu	Total
				(Lakhs of rupees)	
Home Affairs .	..	..	40.50	..	40.50
Education and Social Welfare . .	1.59	5.84	..	1.25	8.68
Industrial Development	..	..	3.55	11.91	15.46
Irrigation and Power .	..	..	111.77	..	111.77
Agriculture (Department of Agriculture)	..	..	1.70	..	1.70
Total . . .	1.59	5.84	157.52	13.16	178.11

APPENDIX III

(*Vide* Paragraph 18)

MINISTRY-WISE ANALYSIS OF THE LOANS AND ADVANCES TO GOVERNMENT OWNED CORPORATIONS, AUTONOMOUS BODIES AND PRIVATE BODIES ETC. OF WHICH THE TERMS AND CONDITIONS HAVE NOT BEEN SETTLED

Ministry	To whom loan paid	No. of loans	Total amount of loans	Earliest period to which the loans relate
			(Lakhs of rupees)	
Steel and Mines (Department of Steel) .	Hindustan Steel Ltd.	1	200.00	1971-72
	Heavy Engineering Corporation Ltd.	6	1486.38	1971-72
	Triveni Structurals Ltd.	4	27.00	1971-72
	Bharat Heavy Plate and Vessels Ltd.	1	80.56	1971-72
Education and Social Welfare . . .	S. V. R. College of Engineering and Technology, Surat.	8	26.01	1966-67

APPENDIX IV

(*Vide* Paragraph 19)

ARREARS IN RECOVERY OF LOANS AND ADVANCES GIVEN TO PARTIES OTHER THAN STATE GOVERNMENTS

To whom loan was paid	Amount outstanding on 31st March 1972 Principal	Interest	Earliest period to which the arrears relate
	(Lakhs of rupees)		
(Ministry of Industrial Development)			
Hindustan Machine Tools Ltd., Bangalore .	122.21	85.74	1971-72
Bharat Heavy Electricals Ltd.	212.31	523.29	1971-72
Nepa Mills, Nepa Nagar . . .	4.38	4.00	1971-72
Machine Tools Corporation	13.77	7.21	1970-71
Faridabad Industrial and Quarrying Company Ltd.	0.41	0.22	1959-60
Dogra Steel Industries Ltd., Faridabad . .	0.86	0.46	1959-60
Universal Trade Emporium	0.05	Nil	1969-70
National Instruments Ltd.	56.69	76.38	1968-69
Khadi and Village Industries Commission, Bombay	25.00	9.53	1971-72
Loans to Individuals	0.55	0.07	1971-72
National Small Industries Corporation Ltd. .	78.54	35.48	1971-72
Tannery and Footwear Corporation Ltd., Kanpur	Nil	1.03	1971-72
Hindustan Photo Films Manufacturing Company Ltd.	Nil	1.11	1971-72
Jessop and Company Ltd. . . .	Nil	9.38	1971-72
Salt Commissioner, Jaipur	1.48	0.22	1970-71
	516.25	754.12	

To whom loan was paid	Amount outstanding on 31st March 1972 Principal	Interest	Earliest period to which the arrears relate
			(Lakhs of rupees)
Ministry of Steel and Mines			
(Department of Steel)			
Triveni Structurals Ltd.	Nil	30.29	1970-71
Mining and Allied Machinery Corporation .	485.53	373.72	1970-71
	485.53	404.01	
(Department of Mines)			
Singareni Collieries Ltd.	263.66	64.51	1967-68
Sikkim Mining Corporation	8.60	12.67	1967-68
Indian Bureau of Mines Consumer's Cooperative Society, Nagpur	0.02	0.01	1967-68
Orissa Mining Corporation	45.10	106.05	1966-67
National Mineral Development Corporation Ltd.	Nil	2.40	1970-71
	317.38	185.64	
Ministry of Irrigation and Power			
Bharat Sevak Samaj.	1.84	0.29	1968-69
Department of Communications			
Telepost Cooperative House Construction Society Ltd., Madras	Nil	3.12	1964-65
Ministry of Shipping and Transport			
(Transport Wing)			
Central Inland Water Transport Corporation .	678.95	329.73	1964-65
Delhi Transport Undertaking	682.63	477.74	1961-62
The Delhi Educated Persons Cooperative Transport Society Ltd.	1.05	0.27	1962-63
Malabar Steam Ship Company, Bombay . .	9.59	5.93	1970-71
	1372.22	813.67	
Ministry of Health and Family Planning			
Tibbia College	2.00	Nil	1955-56
Municipal Corporation of Delhi . . .	60.53	40.57	1964-65
Water Supply and Sewage Disposal Undertakings	247.49	347.81	1967-68
Director General Health Services Canteen .	0.02	Nil	1970-71
	310.04	388.38	

To whom loan was paid	Amount outstanding on 31st March 1972 Principal	Interest	Earliest period to which the arrears relate
			(Lakhs of rupees)
Ministry of Edu… …ation and Social Welfare			
Various Educational Institutions and Eng… …ineering Colleges	66.98	20.65	1958-59
Vidya Bhawan Society, Udaipur	0.80	1.12	1966-67
Rabindranath Tagore Centenary Commit… …ee	5.86	6.57	1965-66
Co-operative crafts schools	2.43	2.26	1963-64
Council of Scientific and Industria… Research	0.06	Nil	1969-70
…stitute …i, New Delhi	0.27	0.18	1971-72
	76.40	30.78	
Ministry of Works and Housing			
…ogical Institute of Textile, Bhiwani, Haryana	0.17	Nil	1970-71
M/s. Sen Raibagh and Company	0.24	0.15	1971-72
M/s. Jayas Textiles	0.11	0.03	1971-72
Delhi Transport Undertaking (Housing)	1.17	1.01	1969-70
C.P.W.D. Workcharged Staff Consumer's Co-operative Society	0.14	0.21	1968-69
Middle Income Group Housing Scheme	3.97	2.54	1961-62
Low Income Group Housing Scheme	2.58	5.75	1956-57
Village Housing Projects Scheme	0.97	1.33	1962-63
Municipal Corporation of Delhi	7.48	9.65	1965-66
M/s. Orissa Industries	0.51	0.13	1964-65
M/s. Orissa Textile Mills Ltd.	..	0.01	1969-70
M/s. Orissa Cement Ltd.	..	0.10	1967-68
	17.34	20.91	
Ministry of Petroleum and Chemicals			
Indian Drugs and Pharmaceuticals Ltd.	2207.38	1239.14	1968-69
Pyrites Phosphate and Chemicals Ltd.	28.50	1.11	1971-72
	2235.88	1240.25	
Ministry of Foreign Trade			
Handicrafts Emporium, Madras	1.02	0.47	1964-65
Shilpi Kendra Bombay	0.02	0.02	1970-71
All India Handloom Fabric Marketing Co-operative Society Ltd., Bombay	38.18	Nil	1968-69
India United Mills Ltd., Bombay	Nil	32.46	1971-72
Tea Board Calcutta	Nil	1.14	1970-71
	39.22	34.09	
Ministry of Home Affairs			
Central Government Employee's Consumers Co-operative Society Ltd.	Nil	0.27	1967-68
Municipal Corporation of Delhi	2.71	1.81	1968-69
	2.71	2.08	

To whom loan was paid	Amount outstanding on 31st March 1972 Principal	Interest	Earliest period to which the arrears relate
	(Lakhs of rupees)		
Ministry of Labour and Rehabilitation (Department of Rehabilitation)			
United Council of Relief and Welfare, New Delhi	0.03	Nil	
Municipal Corporation of Delhi	Nil	0.[illegible]	
Staff Canteen of Department of Rehabilitation.	0.04	[illegible]	
Educational loans Abroad	0.62		
Rehabilitation Industries Corporation, Calcutta.	218.41	18.98	1970-71
	219.10	19.49	
(Department of Labour and Employment)			
Labour Commissioner's Office Canteen	0.02	Nil	1971-72
Madras Dock Labour Board	1.33	0.58	1970-71
Visakhapatanam Dock Labour Board	Nil	0.10	1971-72
	1.35	0.68	
Ministry of Agriculture (Department of Agriculture)			
Central Fisheries Corporation	5.33	1.38	1970-71
National Agricultural Cooperative Marketing Federation, New Delhi	Nil	0.24	1969-70
	5.33	1.62	
Ministry of Defence			
Consumers Cooperative Society	0.34	0.02	1971-72
Loans to individuals	23.34	1.75	1970-71
	23.68	1.77	
Ministry of Information and Broadcasting			
Departmental Canteen	0.02	Nil	1971-72
Loans to individuals	0.02	Nil	1962-63
	0.04	Nil	

To whom loan was paid	Amount outstanding on 31st March 1972 Principal	Interest	Earliest period to which the arrears relates
	(Lakhs of rupees)		
Delhi Administration			
Municipal Corporation of Delhi	64.69	69.90	1969-70
Ministry of Finance			
Departmental Canteen	0.08	Nil	1970-71
Loans given by Rehabilitation Finance Administration Unit	The Ministry stated that the total number of loans outstanding at the end of 1971-72 was 2533. The amount was Rs. 159.45 lakhs as principal and Rs. 105.15 lakhs as interest.		

APPENDIX V

(*Vide* Paragraph 24)

Extent of utilisation of supplementary grants/appropriations

Sl. No.	grant/appropriation	Amount of grant/ appropriation		Actual expenditure	Saving (Columns 3+4−5)
		Original	Supplementary		
1	2	3	4	5	6

Particulars of four important cases where supplementary grants/appropriations proved unnecessary :—

(Lakhs of rupees)

	Ministry of Finance				
1.	116—Capital Outlay on Mints	28.82	11.86	14.85	25.83
	Ministry of Home Affairs				
2.	52—Other Revenue expenditure of the Ministry of Home Affairs .	1,296.30	37.07	1,285.67	47.70
	Ministry of Industrial Development				
3.	56—Other Revenue Expenditure of the Ministry of Industrial Development . . .	1,574.46	89.08	1,555.03	108.51
	Ministry of Shipping and Transport				
4.	136—Other Capital Outlay of the Ministry of Shipping and Transport .	1,504.91	450.01	1,321.30	633.62

APPENDIX VI

(*Vide* Paragraph 26)

Savings under voted grants

Sl. No.	Grants	Total grant	Expenditure	Saving	Percentage of saving
1	2	3	4	5	6

Voted grants where the savings exceeded 20 per cent of the total grant are given below :—

(Lakhs of rupees)

Sl. No.	Grants	Total grant	Expenditure	Saving	Percentage of saving
1.	114—Capital Outlay on the India Security Press .	63.08	9.12	53.96	85.5
2.	116—Capital Outlay on Mints	40.68	14.85	25.83	63.5
3.	112—Other Capital Outlay of the Ministry of Defence . . .	460.00	174.75	285.25	62.0
4.	12—Other Revenue Expenditure of the Ministry of External Affairs .	6199.63	2563.91	3635.72	58.6
5.	138—Capital Outlay on Aviation . .	1337.27	671.55	665.72	49.8
6.	67—Other Revenue Expenditure of the Ministry of Labour and Rehabilitation. . . .	9.67	5.15	4.52	46.7
7.	145—Other Capital Outlay of the Ministry of Communications .	219.80	134.56	85.24	38.8
8.	135—Capital Outlay on Ports	1096.20	704.84	391.36	35.7
9.	55—Salt . . .	90.36	60.27	30.09	33.3
10.	136—Capital Outlay of the Ministry of Shipping and Transport .	1954.92	1321.30	633.62	32.4
11.	36—Ministry of Health and Family Planning .	149.81	104.34	45.47	30.4
12.	45—Territorial and Political Pensions . . .	28.30	20.00	8.30	29.3

1	2	3	4	5	6
13.	65—Labour and Employment	2552.60	1852.82	699.78	27.4
14.	118—Commuted Value of Pensions . . .	1151.20	836.19	315.01	27.4
15.	117—Capital Outlay on Kolar Gold Mines .	136.64	101.46	35.18	25.7
16.	113—Capital Outlay of the Ministry of Education and Social Welfare .	144.55	107.56	36.99	25.6
17.	26—Miscellaneous Adjustments between the Central and State and Union Territory Governments . .	55.04	41.30	13.74	25.0
18.	129—Capital Outlay of the Ministry of Information and Broadcasting .	1088.44	827.15	261.29	24.0
19.	100—Other Revenue Expenditure of the Department of Culture .	336.44	263.45	72.99	21.7
20.	108—Lok Sabha . . .	276.27	219.22	57.05	20.7
21.	27—Prepartition payments .	0.54	0.43	0.11	20.4

APPENDIX VII

(*Vide* paragraph 33)

STATEWISE DISTRIBUTION OF AREAS SURVEYED AND ESTIMATED POPULATION AT RISK

State	Population (million)	Total number of districts	Districts surveyed	Population at risk (million)
Andhra Pradesh	36	20	12	14.44
Assam	11.9	11	5	1.00
Bihar	46.4	17	9	21.30
Gujarat	20.6	19	10	4.57
Kerala	16.9	9	9	4.00
Madhya Pradesh	32.4	43	30	6.20
Maharashtra	39.6	26	6	4.50
Mysore	23.6	19	3	1.73
Orissa	17.5	13	8	7.83
Tamil Nadu	33.7	13	12	13.00
Uttar Pradesh	73.7	54	28	47.00
West Bengal	34.92	16	13	10.00
Andaman Islands	..	..	..	0.01
Laccadive Islands	..	..	..	0.02
Pondicherry	0.4	..	..	0.37
Goa	0.6	..	..	0.31

APPENDIX VIII

(*Vide* paragraph 33)

LOCATION OF CONTROL UNITS EXISTING IN 1970 AND POPULATION COVERED.

State	Units	Population estimated (1970)
1	2	3
Andhra Pradesh	Ramachandrapuram	24,110
	Mandapetta	25,890
	Kamareddy	20,000
	Visakhapatnam	2,36,600
	Hyderabad	16,26,454
Assam	Gauhati	1,30,900
Bihar , ...	Gaya	1,96,430
	Patna (East & West)	4,73,900
	Ranchi	1,59,140
	Muzaffarpur	1,41,760
	Darbhanga	1,33,920
	Bhagalpur	1,87,000
	Monghyr	1,16,700
Maharashtra	Nagpur M.C.	6,43,186
	Bhandara	36,000
	Chanda	67,000
	Bassein	29,370
	Nagpur (Rural)	60,000
Gujarat	Surat (M.C.)	3,48,554
	Surat (Rural)	1,07,344
	Broach	95,730
	Junagadh	96,580
	Jamnagar	1,81,600
Kerala	Alleppey	1,80,484
	Kasargode	35,925
	Badagara	57,080
	Cannanore	63,650
	Chavakkad	37,575
	Ernakulam	1,52,429
	Kozhikode	2,50,270
	Mattancherry	1,09,000
	Quilon	1,18,320
	Palghat	1,00,906
	Ponnani	29,870
	Tellicherry	58,200
	Trivandrum	3,11,760
	Taliparamba	20,000

APPENDIX X

(*Vide* paragraph 36)

STATEMENT SHOWING CASES OF LOSSES, IRRECOVERABLE REVENUE, DUTIES, ADVANCES, ETC. WRITTEN OFF/WAIVED AND EX-GRATIA PAYMENTS MADE DURING THE YEAR.

In 3,319 cases, Rs. 105.35 lakhs representing mainly losses due to theft, fire, etc., irrecoverable revenue, duties, advances, etc., remissions of revenue and abandonment of claims to revenue, etc. were written off/waived, and in 165 cases *ex-gratia* payments aggregating Rs. 108.08 lakhs were made during the year as detailed below :—

Name of the Ministry/Department	Writes off of losses, irrecoverable revenue, duties, advances etc.		Waiver of recovery		Remissions of revenue and abandonment of claims to revenue		Ex-gratia payments	
	No. of cases	Amount (Rs.)	No. of cases	Amount (Rs.)	No. of cases	Amount. (Rs.)	No. of cases	Amount (Rs.)
1	2	3	4	5	6	7	8	9
Atomic Energy	35	18,512	1	4	..	..	..	..
Agriculture	666	51,15,045	..	..	..	..	..	..
Education and Social Welfare .	4	3,109	..	..	..	..	..	..
External Affairs	18	13,785	5	1,285	..	..	..	..
Foreign Trade	..	..	..	..	..	..	82	1,05,82,574*
Finance	21	16,431	6	572	14	14,253	..	..
Health and Family Planning .	12	11,000	2	427	..	..	..	..
Home Affairs	108	8,02,366	2	1,075	..	..	..	..
Industrial Development . .	29	6,313	4	1,661	..	..	..	..

*Mainly represent payments to individuals/firms for properties confiscated by Government of Pakistan during and after 1965 conflict.

1	2	3	4	5	6	7	8	9
Information and Broadcasting	24	19,153	2	202	..	..	.	..
Irrigation and Power	251	8,37,723	34	32,397	3	4,409	..	..
Labour and Rehabilitation	84	1,27,071	1	5,728	168	1,16,910	..	..
Steel and Mines	97	1,58,887	..	..	..	..	..	..
Shipping and Transport	1,612	26,10,801	1	2,295	26	3,566	71	1,93,862
Supply	4	1,97,182	1	450	1	511	12	31,719
Science and Technology	26	1,681	2	60,314	..	..	..	..
Tourism and Civil Aviation	21	22,880	..	..	1	43	..	..
Works and Housing	32	3,25,494	1	1,524	..	..	..	..
TOTAL	3,044	1,02,87,433	62	1,07,934	213	1,39,692	165	1,08,08,155

APPENDIX XI

(*Vide* paragraph 40)

GRANTS GIVEN BY THE MINISTRIES/DEPARTMENTS TO NON—GOVERNMENT INSTITUTIONS OR BODIES (EXCLUDING STATUTORY BODIES)AND TO INDIVIDUALS

Ministry/Department	Amount (Lakhs of rupees)
Agriculture	34,83.96
Atomic Energy	11,74.47
Culture	1,68.06
Education and Social Welfare	25,63.95
Electronics	3,49.06
Finance	1,36.46
Foreign Trade	3,81.04
Health and Family Planning	9,48.79
Home Affairs.	6,94.88
Industrial Development	2,51.16
Information and Broadcasting	0.36
Irrigation and Power	43.35
Labour and Rehabilitation	27.83
Petroleum and Chemicals	12.35
Planning	8.14
Science and Technology	4,40.09
Shipping and Transport	1,07.71
Steel and Mines	0.24
Tourism and Civil Aviation	47.52
Works and Housing	10.20
Others	0.73
TOTAL	1,08,50.35

1 AGCR/72—11.

APPENDIX

(*Vide* paragraph

SCHOOL OF PLANNING AND

STATEMENT SHOWING THE ANNUAL SALARY AND ANNUAL GROSS

SCHOOL OF PLANNING AND ARCHITECTURE,

Members of Faculty	1965-66 Annual Salary	1965-66 Annual Gross Income			1966-67 Annual Salary	1966-67 Annual Gross Income			1967-68 Annual Salary	1967-68 Annual Gross Income		
		*Instt. Pr.	Indv. Pr.	Total		Instt. Pr.	Indv. Pr.	Total		Instt. Pr.	Indv. Pr.	Total
A Director	—On U.N. assignment abroad—								33	..	..	..
Department of Architecture												
B	14	..	19	19	15	..	16	16	16	..	18	18
C	10	..	19	19	11	..	16	16	12	..	18	18
D	16	..	3	3	18	..	7	7	19	..	8	8
E	14	..	5	5	15	..	4	4	15	..	7	7
F (7-4-1966)	..	..	..	..	13	..	15	15	15	..	12	12
G	10	..	4	4	12	..	8	8	12	..	6	6
H (6-1-1967)	..	..	..	..	2	..	..	..	13	..	..	..
I	11	..	..	..	12	..	1	1	12	..	2	2
J	10	..	..	..	13	..	..	..	14	..	..	..
K (30-11-1970)	..	..	..	..	..	..	..	..	..	..	..	..
L	11	..	9	9	12	5	6	11	12	11	19	30
M	8	..	..	..	8	..	..	..	9	..	..	..
N	3	..	..	..	12	..	..	..	12	..	28	28
O	2	..	..	..	9	..	2	2	10	..	10	10
P (1-8-1968)	..	..	..	..	..	..	..	..	..	..	..	..
Department of Town and Country Planning												
Q	20	..	..	..	22	3	..	3	22	3	..	3
R	14	..	14	14	15	..	33	33	15	..	40	40
S (13-10-1966)	..	..	..	..	4	..	..	..	10	..	..	..
T (29-10-1968)	..	..	..	..	..	..	..	..	..	..	..	..
Department of Housing and Community Planning												
U	26	..	..	..	27	..	4	4	25	1	..	1
V	13	..	..	..	14	..	..	..	15	..	..	..
W	15	..	8	8	17	..	1	1	16	..	..	..
X (13-11-1968)	..	..	..	..	..	..	..	..	..	..	..	..

*Instt. Pr.—Institutional Practice

Indv. Pr.—Individual Practice

XII

41)

ARCHITECTURE, NEW DELHI

INCOME (FEES) RECEIVED BY THE MEMBERS OF THE FACULTY OF THE NEW DELHI (WHO ARE PRESENTLY IN POSITION)

(Rupees in Thousands)

1968-69				1969-70				1970-71				Average	
Annual Salary	Annual Gross Income			Annual Salary	Annual Gross Income			Annual Salary	Annual Gross Income			Annual Salary	Annual Gross Income
	Ins-tt. Pr.	Indv. Pr.	Total		Ins-tt. Pr.	Indv. Pr.	Total		Ins. tt. Pr.	Indv. Pr.	Total		
33	3	..	3	33	21	..	21	33	31	..	31	33	14
16	..	33	33	16	..	22	22	14	..	60	60	15	28
16	..	33	33	14	..	22	22	16	..	60	60	13	28
19	..	6	6	20	4	5	9	21	..	2	2	18	6
16	..	..	..	16	..	37	37	17	..	50	50	16	17
15	5	17	22	16	10	11	21	17	4	14	18	15	18
13	..	4	4	14	..	14	14	15	7	10	17	13	9
13	..	..	..	14	4	..	4	15	1	..	1	11	1
12	..	3	3	14	6	1	7	15	6	1	7	13	3
15	..	2	2	15	..	3	3	16	..	5	5	14	2
..	..	..	..	..	..	..	..	4	..	1	1	4	1
13	5	12	17	14	40	29	69	15	13	14	27	13	27
9	..	3	3	10	..	5	5	11	..	2	2	9	2
13	..	5	5	13	5	29	34	14	..	35	35	11	17
10	..	14	14	11	..	17	17	12	2	22	24	9	11
8	..	16	16	15	3	15	18	16	7	15	22	13	19
23	6	5	11	25	2	24	26	26	10	3	13	23	9
16	..	17	17	16	..	14	14	18	..	16	16	16	22
11	4	..	4	12	1	..	1	14	..	..	..	10	1
6	3	..	3	7	..	..	..	5	..	..	..	6	1
26	..	..	..	26	2	..	2	26	..	3	3	26	2
15	..	..	..	16	2	..	2	18	5	..	5	15	1
16	..	..	..	17	..	2	2	18	..	3	3	17	2
4	..	..	..	12	..	3	3	13	..	14	14	10	6

APPENDIX XIII

(*Vide* paragraph 43)

CURRENCY NOTE PRESS

Balance sheet as at 31st March, 1971

Liabilities	1969-70	1970-71	Assets	1969-70	1970-71
	Rs.	Rs.		Rs.	Rs.
Government Capital			*Fixed Assets (Net)*	1,89,24,712	1,87,28,238
At the close of the year . .	4,58,49,406	5,10,03,222	Cash in hand	7,03,601	6,75,821
Add profit for the year . .	1,17,42,305	1,46,34,883	Employees Securities Investment in national saving certificate .	1,55,481	1,46,145
	5,75,91,711	6,56,38,105			
Sundry Creditors . . .	67,57,510	81,06,553	Sundry debtors	1,08,270	1,41,799
Employees Security deposit .	1,64,900	1,60,639	Postage stamps	7,445	4,149
			Advances to staff and workmen .	3,13,854	3,07,479
Undischarged liability					
Audit fee	93,750	1,23,543	Advances to suppliers . .	11,168	71,011
			Claims for refund pending with collector of Customs and Railways	15,25,841	3,35,964
			Stores & Stock		
			Work-in-progress . . .	1,70,99,734	2,19,78,576
			Finished stock	5,97,140	2,75,080
			Paper and Ink	2,41,41,300	2,97,38,308
			Misc. stores & packing cases .	10,14,340	16,13,959
			Stores in transit . . .	4,985	12,311
TOTAL . .	6,46,07,871	7,40,28,840	TOTAL . .	6,46,07,871	7,40,28,840

CURRENCY NOTE PRESS

Manufacturing Account for the year 1970-71

Dr. Cr.

To	1969-70 Rs.	1970-71 Rs.	By	1969-70 Rs.	1970-71 Rs.
Opening balance of works-in-progress	2,14,74,634	1,70,99,734	Closing balance of Works-in-progress	1,70,99,734	2,19,78,576
Raw material consumed . .	4,76,82,898	4,88,18,856	Cost of production transferred to Trading Account. . .	6,70,64,271	6,00,00,223
Wages, allowances, gratuity and Govt. contribution to workmen contributory provident fund	1,31,93,980	1,41,78,412			
Cost of electricity, Engraving, Water & Medical facilities .	6,69,908	8,23,521			
Maintenance & repairs . .	3,96,861	3,33,660			
Labour Welfare fund . .	10,349	10,664			
Miscellaneous expenses . .	1,95,915	1,71,231			
Depreciation	5,39,460	5,42,721			
TOTAL . .	8,41,64,005	8,19,78,799	TOTAL . .	8,41,64,005	8,19,78,799

CURRENCY NOTE PRESS

Dr. *Trading and Profit and Loss Accounts for the year* 1970-71 Cr.

To	1969-70	1970-71	By	1969-70	1970-71
	Rs.	Rs.		Rs.	Rs.
Opening balance of finished stock	6,51,900	5,97,140	Sale of Reserve Bank of India Notes	4,68,08,092	4,67,07,110
Cost of production transferred from Manufacturing Account . .	6,70,64,271	6,00,00,223	Sale of Govt. of India Re. 1 Notes	3,42,15,750	3,05,25,000
Gross profit carried over . . .	1,39,77,461	1,69,09,827	Work done by Currency Note Press for India Security Press .	72,650	..
			Closing balance of finished stock	5,97,140	2,75,080
	8,16,93,632	7,75,07,190		8,16,93,632	7,75,07,190
Maintenance & repairs to residential Buildings . . .	1,68,345	78,352			
Depreciation of residential buildings	69,351	74,702	Gross profit brought down .	1,39,77,461	1,69,09,827
Share of Canteen Loss . .	44,519	72,565	Miscellaneous receipts. . .	2,22,483	3,05,932
Write off of losses under stores & packing cases . . .	742	732	Rent of buildings . . .	1,32,086	1,25,664
Interest on Capital . . .	21,93,079	24,10,389			
Rebate paid on special Mahatma Gandhi Notes . . .	..	1,494			
Profit carried over to adjusting account	1,18,55,994	1,47,03,189			
TOTAL . .	1,43,32,030	1,73,41,423	TOTAL . .	1,43,32,030	1,73,41,423

Profit and Loss Adjusting Account

Dr.					Cr.
To	1969-70	1970-71	By	1969-70	1970-71
	Rs.	Rs.		Rs.	Rs.
Adjustments relating to previous years	2,44,515	3,29,833	Adjustments relating to previous years	1,30,826	2,61,527
Net Profit Carried over to Balance sheet . . .	1,17,42,305	1,46,34,883	Net profit brought down from Profit and loss Accounts .	1,18,55,994	1,47,03,189
TOTAL . .	1,19,86,820	1,49,64,716	TOTAL . .	1,19,86,820	1,49,64,716

CURRENCY NOTE PRESS

Statement of Stores Account for the year 1970-71

Particulars	Papers	Ink	Miscellaneous Stores, Coal, Timber and Iron goods, etc.	Packing cases
	Rs.	Rs.	Rs.	Rs.
Opening balance as on 1-4-1970	2,39,63,273	1,78,027	9,91,615	22,725
Receipts	5,17,74,510	10,27,297	30,67,744	6,01,509
	7,57,37,783	12,05,324	40,59,359	6,24,234
Issues	4,62,51,136	9,53,663	24,54,473	6,15,161
Closing balance as on 31st March, 1971	2,94,86,647	2,51,661	16,04,886	9,073

MGIPRRND—TSS II—1 AGCR/72—12-3-73—2,800