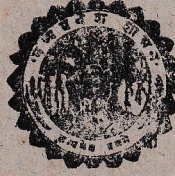


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REPORT
OF THE
COMPTROLLER
AND
AUDITOR GENERAL OF INDIA
FOR THE YEAR 1977-78
(CIVIL)

GOVERNMENT OF MADHYA PRADESH



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ERRATA

Report of the Comptroller and Auditor General of India for the year 1977-78 (Civil)
Government of Madhya Pradesh

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PREFATORY REMARKS

This report has been prepared both in Hindi and English for submission to the Governor under Article 151 of the Constitution. It relates mainly to matters arising from the Appropriation Accounts for the year 1977-78 together with other points arising from the audit of the financial transactions of the Government of Madhya Pradesh. It also includes certain points of interest arising from the Finance Accounts for the year 1977-78.

2. The Report containing the observations of Audit on Statutory Corporations, Boards and Government Companies and the Report containing the observations of Audit on Revenue Receipts are presented separately.

3. The cases mentioned in the Report are among those which came to notice in the course of test audit of accounts during the year 1977-78 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 1977-78 have also been included, wherever considered necessary.

4. The points brought out in this Report are not intended to convey or to be understood as conveying any general reflection on the financial administration by the departments/bodies/authorities concerned.

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CHAPTER I
GENERAL

1.1. Summary of transactions

The receipts and expenditure of the Government of Madhya Pradesh for the year 1977-78 are given below with corresponding figures of the previous year :—

Particulars (1)	1976-77 (2)	1977-78 (3)
	<i>(Rupees in crores)</i>	
(1) Revenue—		
(i) Revenue raised by the State Government	4,18.85	4,37.15
(ii) Receipts from the Government of India	1,95.20	2,16.43
Total—Revenue receipts	6,14.05	6,53.58
(iii) Revenue expenditure—		
Non-Plan	4,29.56	5,00.04
Plan	72.66	84.94
Total—Revenue expenditure	5,02.22	5,84.98
Revenue surplus (+)	+1,11.83	+68.60
(2) Public Debt—		
(i) Internal debt of the State Government—		
(a) Market loans—		
Receipts	10.59	9.95
Repayments	5.12	4.28
Increase (+)	+5.47	+5.67
(b) Loans from autonomous bodies—		
Receipts	7.06	3.37
Repayments	2.60	2.69
Increase (+)	+4.46	+0.68
(c) Ways and means advances from the Reserve Bank of India—		
Receipts	1,02.21	3,22.27
Repayments	1,00.09	2,95.46
Increase (+)	+2.12	+26.81
Total—Internal debt of the State Government (net)—		
Increase (+)	+12.05	+33.16

Particulars (1)	1976-77 (2)	1977-78 (3)
(Rupees in crores)		
(ii) Loans and advances from the Government of India—		
Receipts	73.84	85.00
Repayments	32.46	42.64
Increase (+)	+41.38	+42.36
Total—Public debt(net)—		
Increase (+)	+53.43	+75.52
(3) Capital expenditure—		
Non-Plan	2.04	—0.04
Plan	1,27.67	1,35.95
Increase (—)	—1,29.71	—1,35.91
(4) Loans and advances by the State Government—		
Recoveries	27.49	18.19
Disbursements	1,17.09	1,09.68
Increase (—)	—89.60	—91.49
(5) Transfer to Contingency Fund—		
Increase (—)	—5.00	—5.00
(6) Contingency Fund (net)—		
Increase (+)	+6.35	+1.32
(7) Public Account—		
Receipts	7,12.66	6,71.76
Disbursements	6,47.05	6,14.92
Increase (+)	+65.61	+56.84
Net surplus (+)	+12.91	—30.12
Net deficit (—)		
(8) Cash balance—		
Opening cash balance	—19.28	—6.37
Net surplus (+) as above	+12.91	—30.12
Net deficit (—) as above		(C)
Closing cash balance	—6.37	—36.49

(C) There was a difference of Rs. 12.92 crores between the figure reflected in the Accounts (Rs-36.68 crores) and that intimated by the Reserve Bank of India (Rs- 49.60 crores) regarding 'Deposits with Reserve Bank' included in the Cash Balance. After reconciliation and adjustment in the accounts to the end of January 1979, the difference of Rs. 0.03 crore now remains to be reconciled (April 1979).

1.2. Revenue surplus/deficit

(a) *Revenue receipts.*—The actuals of revenue receipts of the Government for 1977-78 as compared with (i) the budget estimates and (ii) the budget estimates *plus* additional taxation (less concessions in taxation) during the year along with the corresponding figures for 1975-76 and 1976-77 are shown below :—

Year (1)	Budget (2)	Budget <i>plus</i> addi- tional taxa- tion (less concessions in taxation) (3)	Actuals (4)	Variation between columns (4) and (3)	
				Amount of increase(+)/ decrease(—) (5)	Percentage (6)
(Rupees in crores)					
1975-76	4,56.34	4,62.75	5,46.78	+84.03	18.2
1976-77	5,86.86	6,06.52	6,14.05	+7.53	1.2
1977-78	6,91.59	6,78.92	6,53.58	—25.34	3.7

(b) *Expenditure on revenue account.*—The expenditure on revenue account during 1977-78 as compared with (i) the budget estimates and (ii) the budget estimates *plus* supplementary provision and the corresponding figures for the preceding two years are shown below :—

Year (1)	Budget (2)	Budget <i>plus</i> supplemen- tary (3)	Actuals (4)	Variation between columns (4) and (3)	
				Amount (5)	Percentage (6)
(Rupees in crores)					
1975-76	4,21.25	4,66.87	4,28.32	—38.55	8
1976-77	4,93.47	5,77.14	5,02.22	—74.92	13
1977-78	6,10.66	6,61.26	5,84.98	—76.28	12

(c) The year ended with a revenue surplus of Rs.68.60 crores as against the surplus of Rs.80.93 crores anticipated in the budget.

The figures of revenue surplus for the year under review and the corresponding figures for the last two years are given below :—

Year (1)	Revenue surplus (2)
1975-76	1,18.46
1976-77	1,11.83
1977-78	68.60

*Reduction over the budget is due to tax concessions during the year.

1.3. Revenue receipts

During 1977-78, revenue receipts (Rs.6,53.58 crores) showed increase of Rs.39.53 crores (6.4 per cent) over those in 1976-77 (Rs.6,14.05 crores). The increase is analysed below :—

(1)	Receipts		Increase(+)
	1976-77	1977-78	Decrease(—)
	(2)	(8)	(4)
	(Rupees in crores)		
REVENUE RAISED BY THE STATE GOVERNMENT—			
<i>Tax Revenue—</i>			
(i) Taxes on income and expenditure	1.70	1.46	—0.24
(ii) Taxes on property and capital transactions	33.28	36.39	+3.11
(iii) Taxes on commodities and services	2,14.07	2,18.88	+4.81
Total—Tax Revenue	2,49.05	2,56.73	+7.68
<i>Non-Tax Revenue—</i>			
(i) Interest receipts, dividends and profits	30.12	18.92	—11.20
<i>(ii) Other Non-Tax Revenue—</i>			
(a) General Services	8.61	8.72	+0.11
(b) Social and Community Services	9.98	9.48	—0.50
(c) Economic Services	1,21.09	1,43.30	+22.21
Total—Other Non-Tax Revenue	1,39.68	1,61.50	+21.82
Total—Non-Tax Revenue	1,69.80	1,80.42	+10.62
Total—Revenue raised by the State Government	4,18.85	4,37.15	+18.30

RECEIPTS FROM THE GOVERNMENT OF INDIA—

<i>(i) Share of net proceeds of Union Taxes—</i>			
(a) Taxes on Income other than Corporation Tax	47.61	49.31	+1.70
(b) Estate Duty	0.70	0.73	+0.03
(c) Union Excise Duties	81.36	86.61	+5.25
<i>(ii) Other receipts—</i>			
A—Grants for non-Plan Schemes—			
(a) Grants in lieu of Tax on Railway passenger fare,	1.61	1.61	..
(b) Grants for other different purposes and schemes	3.30	2.30	—1.00
B—Grants for State Plan Schemes—			
(a) Grants under Proviso to Article 275 (1) of the Constitution	12.65	17.65	+5.00
(b) Other grants	19.04	25.37	+6.33

(1)	Receipts		Increase(+) Decrease(-)
	1976-77 (2)	1977-78 (3)	(4)
	(Rupees in crores)		
C—Grants for Central Plan Schemes	4.69	13.14	+8.45
D—Grants for Centrally Sponsored Plan Schemes—			
(a) Grants under proviso to Article 275(1) of the Constitution	..	0.49	+0.49
(b) Other grants	24.24	19.22	—5.02
Total—Receipts from the Government of India	1,95.20	2,16.43	+21.23
Grand total (Revenue receipts)	6,14.05	6,53.58	+39.53

Sales tax (Rs. 1,23.22 crores) was the largest item under "Tax Revenue" and formed about 40 per cent of the total tax collected. Forest (Rs. 1,03.80 crores) was the biggest source of revenue under "Non-Tax Revenue", the receipts being about 58 per cent of such revenue.

Receipts from the Government of India during 1977-78 (Rs. 2,16.43 crores) were 33 per cent of the total revenue receipts in the year.

Increase of Rs. 21.23 crores in the receipts from Government of India during 1977-78 was due to larger share of net proceeds of Union Taxes (Rs. 6.98 crores) and to more assistance received for State Plan Schemes (Rs. 11.33 crores) and Central Plan Schemes (Rs. 8.45 crores). The increase was counterbalanced by less grants for Centrally Sponsored Plan Schemes (Rs. 4.53 crores) and non-Plan grants for different purposes (Rs. 1.00 crore).

More information on the subject will be found in the Report of the Comptroller and Auditor General of India for the year 1977-78, Government of Madhya Pradesh—Revenue Receipts.

1.4. Expenditure on Revenue Account

Expenditure on revenue account during 1977-78 (Rs. 5,84.98 crores) showed increase of Rs. 82.76 crores as compared with 1976-77 (Rs. 5,02.22 crores). The increase was mainly under:—

Major head of account (1)	Actuals		Increase during 1977-78 (4)	Reasons for increase (5)
	1976-77 (2)	1977-78 (3)		
	(Rupees in crores)			
245—Other Taxes and Duties on Commodities and Services	7.99	12.51	4.52	Due mainly to increased contribution to 'Octroi Compensation Fund'.
249—Interest Payments	40.29	48.77	8.48	Due to larger payment of interest on— (a) Internal debt (Rs. 1.86 crores),

Major head of account	Actuals 1976-77	Actuals 1977-78	Increase during 1977-78	Reasons for increase
(1)	(2)	(3)	(4)	(5)
<i>(Rupees in crores)</i>				
249—Interest Payments— <i>concl.</i>				(b) Small savings, provident funds, etc. (Rs.4.05 crores), (c) Loans from Central Government (Rs.2.29 crores), and (d) Other obligations (Rs. 0.28 crore).
255—Police	31.58	35.82	4.24	Due mainly to payment of increased rates of dearness allowance, uniform allowance and fixed travelling and conveyance allowances.
259—Public Works	—2.05	1.65	3.70	Due mainly to payment of increased rates of dearness allowance and purchase of new machinery, equipments and stores.
277—Education	1,06.42	1,21.45	15.03	Due mainly to payment of increased rates of dearness allowance and filling up of vacant posts.
280—Medical	24.69	28.60	3.91	Due mainly to filling up of vacant posts, purchase of medicines, equipments and payment of increased rates of dearness allowance.
288—Social Security and Welfare	29.13	34.47	5.34	Due mainly to increased expenditure on various schemes for the welfare of scheduled castes, scheduled tribes and backward classes and on special nutrition programme and payment of increased rates of dearness allowance.

Major head of account (1)	Actuals		Increase during 1977-78 (4)	Reasons for increase (5)
	1976-77 (2)	1977-78 (3)		
(Rupees in crores)				
289—Relief on account of Natural Calamities	2.44	11.27	8.83	Due mainly to more expenditure on relief works.
305—Agriculture	20.89	24.07	3.18	Due mainly to payment of increased rates of dearness allowance, more expenditure on aerial spraying of pesticides in endemic areas and on works under 'Drought Prone Areas Programme'.
313—Forest	46.02	60.41	14.39	Due mainly to reorgani- sation of forest divi- sions, implementation of 'Social Forestry Programme', expansion of State Trading in Timber and <i>Khair</i> and payment of increased rates of dearness allowance.
314—Community Deve- lopment.	11.76	14.17	2.41	Due mainly to general elections to panchayats, payment of grants to panchayats for cons- truction of panchayat bhawans and payment of increased rates of dearness allowance.
334—Power Projects	8.10	10.70	2.60	Due mainly to payment of subsidy to 'Madhya Pradesh Electricity Board' under 'Rural Electrification Progra- mme.'

Significant decrease in revenue expenditure occurred under :—

Major head of account (1)	Actuals		Decrease during 1977-78 (4)	Reasons for decrease (5)
	1976-77 (2)	1977-78 (3)		
(Rupees in crores)				
229—Land Revenue	19.27	11.93	7.34	Due mainly to abolition of 'Gramin Vikas Kar;

281—Family Welfare	16.54	6.74	9.80	Due mainly to less payment of compensation for I.U.C.D. and sterilisation operations.
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1.5. Capital expenditure

(a) The capital expenditure during the three years ended 1977-78 as compared with (i) the budget estimates and (ii) the budget estimates *plus* supplementary provision was as shown below :—

Year	Budget	Budget <i>plus</i> supplementary	Actuals	Variation between columns (4) and (3)	
				Amount	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
(Rupees in crores)					
1975-76	80.75	85.80	84.07	-1.73	2
1976-77	1,00.11	1,26.74	1,29.71	+2.97	2
1977-78	1,32.38	1,43.10	1,35.91	-7.19	5

(b) An analysis of the capital expenditure during and to end of 1977-78 is given below :—

Heads	Expenditure during 1977-78	Progressive expenditure to end of 1977-78
(1)	(Rupees in crores)	
Capital expenditure—		
Public Works	0.63	7.23*
Other Administrative Services	0.12	0.37*
Social and Community Services	7.43	1,15.49*
General Economic Services	8.00	71.48*
Agriculture and Allied Services	35.25	2,01.27*
Industry and Minerals	1.55	27.79*
Water and Power Development	70.65	4,33.3 6
Transport and Communications	12.28	1,27.97
Total—Capital expenditure	1,35.91	9,84.96

(c) Sources from which capital and other expenditure was met.—The capital expenditure, the net outgo under loans and advances by the State Government and appropriation from the Consolidated Fund to the Contingency Fund during 1977-78 were as follows :—

	Amount (Rupees in crores)
(i) Net capital expenditure	1,35.91
(ii) Net outgo under loans and advances by the State Government	91.49
(iii) Appropriation to the Contingency Fund	5.00
Total	2,32.40

* Differs from the total of progressive expenditure to end of 1976-77 and expenditure during 1977-78 due to allocation of "Pre-1974-75 Outlay not allocated" to appropriate sectors and *pro forma* adjustments.

The above expenditure was met from the following sources :—

Heads (1)	Amount (2) (Rupees in crores)
Net addition to—	
Market loans	5.67
Loans from autonomous bodies	0.68
Advances from the Reserve Bank of India	26.81
Loans from the Government of India	42.36
Small savings, provident funds, etc.	37.77
Contingency Fund	1.32
Reserve funds—	
Sinking Funds	1.83
Other Reserve Funds	—12.50
Net effect of transactions under deposits, advances and suspense and miscellaneous and remittances	9.48
Decrease in cash balance	30.12
Decrease in investments	20.26
Revenue surplus	68.60
Total	2,32.40

1.6. Loans and advances by the Government

(a) The actuals of disbursement of loans and advances by the Government during 1977-78 as compared with (i) the budget estimates and (ii) the budget estimates plus supplementary provision along with the corresponding figures for 1975-76 and 1976-77 are shown below :—

Year (1)	Budget (2)	Budget plus supplemen- tary (3)	Actuals (4)	Variation between columns (4) and (3)	
				Amount (5)	Percentage (6)
(Rupees in crores)					
1975-76	1,02.31	1,08.22	94.56	—13.66	13
1976-77	1,32.37	1,45.18	1,17.09	—28.09	19
1977-78	1,28.28	1,37.17	1,09.68	—27.49	20

(b) The budget estimates and actuals of recoveries of loans and advances for 1977-78 and preceding two years are given below :—

Year (1)	Budget (2)	Actuals (3)	Variation	
			Amount (4)	Percentage (5)
(Rupees in crores)				
1975-76	40.47	39.53	—0.94	2
1976-77	45.13	27.49	—17.64	39
1977-78	30.75	18.19	—12.56	41

(c) The balance of loans outstanding on 31st March 1978 (Rs. 5,31.41 crores) was more by Rs.91.49 crores as compared to that outstanding at the beginning of the year (Rs.4,39.92 crores). The increase was due to more loans granted by Government mainly for "Water and Power Development" (Rs.73.34 crores), "Social and Community Services" (Rs.8.87 crores), "General Economic Services" (Rs.4.41 crores), "Industry and Minerals" (Rs.1.80 crores), "Loans to Government Servants" (Rs.1.67 crores) and "Agriculture and Allied Services" (Rs. 1.46 crores). The increase was partly offset by less loans under "Transport and Communications" (Rs.0.06 crore).

The balance of loans to Madhya Pradesh Electricity Board outstanding on 31st March 1978 was Rs.3,95.18 crores. This does not include the capital expenditure of Rs. 9.88 crores incurred by the State Government on Gandhi Sagar Power Station which was taken over by the Board on 1st April 1961 as the loan component of the capital expenditure had not been determined (October 1978) by the Government. The Board has, however, taken the value of the Station as Rs.9.43 crores and adjusted it in its accounts as loan pending final assessment by the Government.

Further details of loans and advances are given in statement nos. 5 and 18 of the Finance Accounts 1977-78.

(d) *Delay in recovery of loans and advances.*—Detailed account of certain classes of loans and advances are maintained by the Audit Office while those of others are maintained by the departments of the State Government. Recovery of Rs.4.49 crores (principal: Rs. 2.37 crores and interest : Rs.2.12 crores) in the case of former and Rs.2.62 crores (principal: Rs.2.58 crores and interest: Rs.0.04 crore) on the basis of information received (January 1979) in the case of the latter was outstanding at the end of March 1978. Of the total amount reported to be in default in respect of loans, the detailed accounts of which are maintained by the departments, Rs.2.34 crores (principal: Rs. 2.30 crores and interest: Rs. 0.04 crore) were outstanding for recovery for more than three years on 31st March 1978.

Further details are given in statement no. 5 of the Finance Accounts 1977-78.

1.7. Debt position of the Government

The debt and other obligations of the Government at the end of March 1978 compared with the corresponding amounts at the end of each of the two preceding years are given below :—

(1)	1975-76 (2)	1976-77 (3)	1977-78 (4)
	(Rupees in crores)		
Public debt	6,02.18	6,55.61	7,31.13
Other debt and obligations	2,21.06	2,63.35	3,00.02
Total	8,23.24	9,18.96	10,31.21

1.8. Public Debt

(a) An analysis of the public debt outstanding at the end of 1977-78 compared with the corresponding amounts at the end of the two preceding years is given below :—

(1)	1975-76 (2)	1976-77 (3)	1977-78 (4)
	(Rupees in crores)		
(i) Long-term borrowings—			
(i) Internal debt—			
(a) Loans raised by the Government in open market	90.40	95.87	1,01.54

(1)	1975-76 (2)	1976-77 (3)	1977-78 (4)
(Rupees in crores)			
(b) Loans from autonomous bodies	27.99	32.45	33.13
(ii) Loans from the Government of India	4,83.79	5,25.17	5,67.53
(2) Temporary borrowings—			
<i>Internal debt—</i>			
Ways and means advances from the Reserve Bank of India	..	2.12	28.93
Total	6,02.18	6,55.61	7,31.13

(b) *Open market loans.*—During the year, the Government floated a loan of Rs.9.96 crores (6 per cent Madhya Pradesh State Development Loan, 1987) at a discount of half per cent. The loan bears interest at the rate of 6 per cent per annum and is redeemable at face value in 1987. The amount subscribed was Rs.9.93 crores (in cash Rs.8.85 crores; by conversion Rs. 1.08 crores). Of the subscription received in cash Rs.1.54 lakhs are lying in 'deposit account' pending issue of scrips.

Five and half per cent Madhya Pradesh State Development Loan, 1977 fell due for discharge during 1977-78. Rupees 4.13 crores were repaid during the year leaving a balance of Rs.0.73 crore at the end of the year.

(c) *Loans from autonomous bodies.*—These comprise loans obtained by the Government from various autonomous bodies such as the Life Insurance Corporation of India, the National Agricultural Credit Fund of the Reserve Bank of India, the State Bank of India and other banks, the National Co-operative Development Corporation, the Housing and Urban Development Corporation and the Rural Electrification Corporation. During the year, the Government received Rs.3.37 crores as loan from such bodies and repaid Rs.2.69 crores. The balance of such loans outstanding at the end of the year was Rs.33.13 crores. The Government paid Rs.1.83 crores as interest to various autonomous bodies on the loans received. Further details of loans from autonomous bodies are given in statement nos.17 and 17-A of the Finance Accounts 1977-78.

(d) *Loans from the Government of India.*—Loans from the Government of India outstanding on 31st March 1978 (Rs.5,67.53 crores) formed 77.62 per cent of the total Public Debt of the State.

Full particulars of loans from the Government of India are available in statement nos. 17 and 17-A of the Finance Accounts 1977-78.

(e) *Ways and means advances from the Reserve Bank of India.*—Under an agreement with the Reserve Bank of India, the Government of Madhya Pradesh has to maintain with the Bank a minimum balance of Rs. 80 lakhs on each day. If the daily cash balance of the Government with the Bank falls short of this minimum the deficiency is made good by taking ways and means advances (ordinary and special) from the Reserve Bank according to the limits fixed by it from time to time or by selling holdings, if any, of Government of India treasury bills. The Bank charges interest on these advances at one per cent below the bank rate in force to two per cent above the Bank Rate depending upon the number of days for which ways and means advance is taken. If even after taking the maximum advances, the cash balance falls below the agreed minimum, the deficiency is left uncovered but the Bank

charges interest on the shortfalls in the minimum balance at one per cent below the Bank Rate and on overdrafts for the minus balances at the Bank rate upto and including the seventh day and at three per cent above the Bank Rate thereafter. Ways and means advances of Rs. 2.12 crores were outstanding at the beginning of the year. During the year, the Government availed of ordinary ways and means advances amounting to Rs. 39.24 crores from the Reserve Bank of India. Besides ordinary ways and means advances, special ways and means advances amounting to Rs. 84.38 crores were also availed of from the Bank. Out of the total advances of Rs. 1,25.74 crores, advances to the extent of Rs. 1,09.74 crores were repaid during the year leaving a balance of Rs. 16 crores. Interest of Rs. 0.87 crore was paid in 1977-78 on these advances.

The Government availed of overdrafts of Rs. 1,98.65 crores during the year. Of these, Rs. 1,85.72 crores were repaid leaving a balance of Rs. 12.93 crores. The interest paid on overdrafts during the year amounted to Rs. 0.44 crore.

The extent to which the Government was able to maintain the agreed minimum balance with the Bank during 1977-78 is shown below:—

(i) Number of days on which minimum balance was maintained without obtaining any advance.	4
(ii) Number of days on which the minimum balance was maintained by taking ways and means advances (ordinary and special)	145
(iii) Number of days on which there was shortfall from minimum balance after taking the above advances but no overdraft was taken	Nil
(iv) Number of days on which overdrafts were taken	216

I. 9. Other debt and obligations

In addition to the public debt, the balance under small savings, provident funds, etc., and the balances at the credit of earmarked and other funds as also certain deposits which have not been invested but are merged in the general cash balance of the Government constitute a liability of the Government, which at the end of 1977-78 stood at Rs. 3,00.08 crores against Rs. 2,63.35 crores at the beginning of the year. An analysis of the liability at the end of 1976-77 and 1977-78 is given below:—

Particulars (1)	Total other debt and obligations outstanding at the end of—	
	1976-77 (2)	1977-78 (3)
	(Rupees in crores)	
<i>Other debt and obligations—</i>		
<i>(a) Interest bearing—</i>		
(1) Small savings, provident funds, etc.	1,70.72	2,08.49
(2) Civil deposits	(a)	(a)
(3) Deposits of State Electricity Board and security deposits from consumers of electricity	7.22	7.22
(4) Other deposits—		
Deposits of Government companies and corporations	0.02	0.02
(5) Miscellaneous deposits—		
Deposits of Madhya Pradesh Government Servants' Family Benefit Fund	12.35	15.90
Total—Interest bearing	1,90.31	2,31.63

(a) Actual is Rs. 19,803.

Particulars (1)	Total other debt and obligations outstanding at the end of—	
	1976-77 (2)	1977-78 (3)
(Rupees in crores)		
(b) Non-Interest bearing—		
(1) Civil deposits	31.95	37.24
(2) Deposits of local funds	0.46	0.98
(3) Earmarked funds and deposits	40.62	30.21
(4) Other miscellaneous deposits	0.01	0.02
Total—Non-Interest bearing	73.04	68.45
Total—Other debt and obligations	2,63.35	3,00.08

1.10. Arrangements for amortisation

The following arrangements have been made for amortisation of various loans:—

(a) *Open market loans.*—Upto 1974-75, the terms notified while raising open market loans provided for suitable periodic contributions from revenue for the discharge of liabilities arising out of the loans. While the terms notified for the loans floated since 1975-76 do not specifically provide for such contributions, the Government has decided to make amortisation arrangements for such loans similar to those for the loans raised prior to 1975-76.

Following arrangements exist for the amortisation of all open market loans:—

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

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

The balances in these funds at the commencement and close of 1977-78 were as shown below:—

(1)	Balance on 1st April 1977 (2)	Additions dur- ing the year (3)	Withdrawals during the year (4)	Balance on 31st March 1978 (5)
(Rupees in lakhs)				
Depreciation funds	7,08.05	1,36.09	80.23	7,63.91
Sinking funds	24,95.52	4,55.27	3,28.29	26,22.50
Total	32,03.57	5,91.36	4,08.52	33,86.41

Out of these funds, Rs. 9,84.97 lakhs stood invested in securities of the Government of India. The balance stood merged in the general cash balance of the Government.

(b) *Loans from the Government of India.*—The Government has made amortisation arrangements only for the repayment of one interest-free loan (balance on 31st March 1978: Rs. 1.83 lakhs) received for the Industrial Housing Scheme. The balance at the credit of the sinking fund for the discharge of the liability arising from this loan at the beginning and the close of the year was Rs.2.20 lakhs. No sum was invested therefrom during the year.

(c) *Loans from autonomous bodies.*—The Government has not considered it necessary to make amortisation arrangements for loans taken from autonomous bodies and the repayment of these loans is made from the general cash balance of the State in prescribed periodic instalments by making provisions therefor in the State's budget.

1.11. Service of debt and other obligations

The table below shows the net burden on revenue of interest charges on public debt and other obligations in 1977-78 as compared with that in the preceding two years:—

(1)	1975-76 (2)	1976-77 (3)	1977-78 (4)
	(Rupees in crores)		
(1) Interest paid on debt and other obligations	39.27	40.29	48.77
(2) Less—			
(i) Interest received on loans and advances by the Government	17.88	23.76	17.23
(ii) Interest realised on investment of cash balance	1.31	1.71	—0.34
(iii) Interest transferred to accounts of multi-purpose river schemes and treated as capital expenditure	2.66	2.65	..
(3) Net burden of interest charges on revenue	17.42	12.17	31.88
		Percentages	
(4) Percentage of gross interest to gross debt	4.77	4.38	4.73
(5) Percentage of gross interest to total revenue receipts	7.18	6.56	7.46
(6) Percentage of net interest to total revenue receipts	3.18	1.99	4.88

In addition, there were certain other miscellaneous interest receipts (Rs.0.10 crore) and if these are taken into account, the net burden of interest on the revenue during 1977-78 would be Rs. 31.78 crores or 4.86 per cent of the total revenue.

The Government also received during the year Rs. 1.93 crores by way of dividends on investments in commercial and industrial undertakings including statutory corporations, companies, banks and various co-operative institutions.

1.12. Investments of the Government

In 1977-78, the Government invested (net) Rs.14.27 crores in the shares/debentures

(A)	(B)
of statutory corporations (Rs.1.60 crores), Government companies (Rs. 5.11 crores) and co-operative and other institutions (Rs.7.56 crores).	

(A) Includes investment of Rs. 1,30,00 lakhs	}	Out of advances from the Contingency Fund.
(B) Includes investment of Rs. 10.50 lakhs		

The total net investment of the Government in the share capital and debentures of different statutory corporations, Government companies, joint stock companies, banks and co-operative institutions at the end of 1975-76, 1976-77 and 1977-78 was Rs. 69.57 crores, Rs. 80.48 crores and Rs. 94.75 crores respectively. The dividend and interest received therefrom during these years was Rs. 1.22 crores (1.7 per cent), Rs. 1.86 crores (2.3 per cent) and Rs. 1.93 crores (2 per cent) respectively.

Details of these investments and dividends received are given in statement no. 14 of the Finance Accounts, 1977-78.

1.13. Guarantees given by the Government

(a) Guarantees are given by the Government for due discharge of certain liabilities like loans raised, credit facilities obtained by statutory corporations, Government companies, joint stock companies, co-operative institutions, local bodies, firms, individuals, etc. These guarantees constitute a contingent liability on the State revenues.

(b) Unless exempted specifically, guarantee fee is charged for the guarantees given under the rules framed by the Government in February 1977. The proceeds of the fees so realised are credited to the revenue of the Government.

(c) The total guarantees on 31st March 1978 were for Rs. 6,49.39 crores against which the sums guaranteed and outstanding on that date, according to the information received, were Rs. 1,97.72 crores.

(d) The amounts guaranteed on behalf of the Madhya Pradesh State Financial Corporation by the Government, to the end of 1977-78 under sections 6(1), 7(1) and 8 (2) of the State Financial Corporations Act, 1951, were Rs. 1,93.50 lakhs, Rs. 6,92.60 lakhs and Rs. 50.00 lakhs against which Rs. 1,60.00 lakhs, Rs. 7,03.01 lakhs (including interest of Rs. 10.41 lakhs) and Rs. 50.00 lakhs respectively were outstanding on 31st March 1978.

(e) The maximum amount covered by the guarantees given on behalf of the Madhya Pradesh Electricity Board by the Government under section 66 of Electricity (Supply) Act, 1948, to the end of 1977-78 was Rs. 1,83,40.00 lakhs against which the sum outstanding on 31st March 1978 was Rs. 75,23.47 lakhs.

In addition, the Government has given guarantee with unlimited liability on behalf of the Madhya Pradesh Electricity Board for payment of cost of stores purchased through the Director General of Supplies and Disposals and for payment of freight and other dues to the Railway Board.

(f) The maximum amount of guarantees given on behalf of the Madhya Pradesh Housing Board under section 63 of *Madhya Pradesh Griha Nirman Mandal Adhiniyam*, 1972, to the end of 1977-78 was Rs. 26,66.83 lakhs against which a sum of Rs. 13,80.04 lakhs was outstanding on 31st March 1978.

(a) Based on information received from the Government; according to the information furnished by the Corporation, the maximum amount guaranteed was Rs. 1,60.00 lakhs. The discrepancy is under reconciliation.

(*) Based on the information received from the Government; according to the information furnished by the Corporation, amount of Rs. 50.90 lakhs was outstanding on 31st March 1978. The discrepancy is under reconciliation.

(@) Based on information received from the Government; according to the information furnished by the Board, the amount outstanding on 31st March 1978 was Rs. 1,63,30.16 lakhs. The discrepancy is under reconciliation.

(g) Apart from the cases of guarantees mentioned at sub-paragraphs (d) to (f) above the Government had guaranteed (to third parties) the repayment of loans raised, debentures and bonds issued, advances received, cash credit facilities/accommodation on hypothecation of stocks, etc., on behalf of eight Government companies/statutory corporations, four joint stock companies, 15 co-operative institutions, 70 municipalities, one town improvement trust, various panchayats and *mandi* committees, firms and several individuals.

The maximum amount guaranteed on their behalf to the end of 1977-78 was Rs. 4,29,95.97 lakhs, against which the amount actually outstanding as on 31st March 1978 was Rs. 99,55.71 lakhs.

The Government has also given a guarantee with unlimited liability on behalf of the Madhya Pradesh State Road Transport Corporation for payment of cost of stores/supplies received through the Director General, Supplies and Disposals.

No law under Article 293 of the Constitution has been passed by the State Legislature laying down the limits within which the Government may give guarantees on the security of the Consolidated Fund of the State.

Further details of the guarantees are given in statement no. 6 of the Finance Accounts, 1977-78.

(h) *Guarantee Reserve Fund.*—The Government constituted a Guarantee Reserve Fund in 1970-71. The Fund is intended to meet contingent liabilities arising as a result of guarantees given in favour of various institutions, organisations and local bodies being invoked. Accretions to the Fund are made from the revenue at *ad hoc* rates without fixing any percentage with reference to the guarantees given by the Government. To the end of 1974-75 the Government had contributed Rs. 70 lakhs from the revenue to the Fund. No further contribution was made to the Fund.

Investments of the balance in the Fund are made from time to time and interest realised on the sums invested is credited to the Fund. The total investment from the Fund at the end of 1977-78 was Rs. 4.89 lakhs (made in 1970-71) and interest of Rs. 0.28 lakh earned thereon during the year was credited to the Fund. The balance in the Fund on 31st March 1978 was Rs. 2.08 lakhs.

(i) *Payment in fulfilment of guarantee.*—No case of invocation of guarantee given by Government was reported during 1977-78. Rupees 1,01.58 lakhs were awaiting recovery from various parties at the end of 1977-78 on account of payments made by Government towards guarantees invoked in earlier years. Complete details are available in statement No. 6 of the Finance Accounts, 1977-78.

CHAPTER II

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

2.1. Summary :

(a) The following table compares the total expenditure during the year with the total of grants and charged appropriations:—

(1)	Grants/ charged appropriations	Expendi- ture	Saving	Percent- age	
(2)	(3)	(4)	(5)		
(Rupees in crores)					
<i>Voted—</i>					
Original	8,86.42	9,61.44	8,86.59	74.85	8
Supplementary	70.02				
Amount transferred to the Contingency Fund under the Madhya Pradesh Contingency Fund (Amendment) Act, 1977.	5.00				
<i>Charged—</i>					
Original	3,87.06	4,73.19	4,19.22	53.97	11
Supplementary	86.13				
Total		14,34.63	13,05.81	1,28.82	9

The overall saving of Rs. 1,28.82 crores was the result of saving of Rs. 1,34.95 crores in 38 grants in revenue section (Rs. 46.56 crores), 25 grants in capital section (Rs. 34.39 crores), 26 charged appropriations in revenue section (Rs. 12.93 crores) and 7 charged appropriations in capital section (Rs. 41.07 crores) partly offset by excess of Rs. 6.13 crores in 1 grant in revenue section (Rs. 4.01 crores), 2 grants in capital section (Rs. 2.09 crores), 4 charged appropriations in revenue section (Rs. 0.01 crore) and 1 charged appropriation in capital section (Rs. 0.02 crore).

(b) Further details are given below:—

(1)	Revenue	Capital	Loans and advances	Public debt	Transfer to Contingency Fund	Total
(2)	(3)	(4)	(5)	(6)	(7)	
(Rupees in crores)						
Authorised to be spent (grants and charged appropriations)						
Original	6,88.63	1,56.40	1,28.25	3,00.20	..	12,73.48
Supplementary	50.60	10.72	8.89	85.94	..	1,56.15

	Revenue	Capital	Loans and advances	Public debt	Transfer to Contingency Fund	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)
	(Rupees in crores)					
Amount transferred to the Contingency Fund under the Madhya Pradesh Contingency Fund (Amendment) Act, 1977	..	..	..	..	5.00	5.00
Total	7,39.23	1,67.12	1,37.14	3,86.14	5.00	14,34.63
Actual expenditure (grants and charged appropriations).	6,83.76	1,62.27	1,09.68	3,45.10	5.00	13,05.81
Shortfall	55.47	4.85	27.46	41.04	..	1,28.82

2.2. Excess over grants/charged appropriations requiring regularisation

(a) Grants.—The excess of Rs. 4,01,81,004 in one grant in Revenue Section and of Rs. 2,09,04,107 in two grants in Capital Section, as detailed below, requires regularisation under Article 205 of the Constitution:—

Serial number	Number and name of grant	Total grant	Expenditure	Excess
(1)	(2)	(3)	(4)	(5)
		Rs.	Rs.	Rs.

Revenue Section:

1.	10—Forest	56,64,01,500	60,65,82,504	4,01,81,004
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Excess was due mainly to collection of more *tendu patta* (Rs. 1.95 crores) and additional expenses on re-organised forest circles (Rs. 1.83 crores)

Capital Section:

1.	21—Expenditure pertaining to Housing and Environment Department.	6,90,55,300	6,92,42,005	1,86,705
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Reason for the excess have not been intimated (January 1979).

2.	23—Irrigation works	1,18,23,91,200	1,20,31,08,602	2,07,17,402
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Reasons for the excess have not been intimated (April 1979).

(b) Charged appropriations.—The excess of Rs. 67,909 in four charged appropriations in Revenue Section and of Rs. 1,93,578 in one charged appropriation in Capital Section, as detailed below, also requires regularisation:—

Serial number	Number and name of charged appropriation	Total appropriation	Expenditure	Excess
(1)	(2)	(3)	(4)	(5)
		Rs.	Rs.	Rs.

Revenue Section:

1.	2—Other expenditure pertaining to General Administration Department	17,000	19,740	2,740
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Reasons for the excess have not been intimated (January 1979).

Serial number (1)	Number and name of charged appropriation (2)	Total appropriation (3) Rs.	Expenditure (4) Rs.	Excess (5) Rs.
✓ 2.	10—Forest	2,87,000	3,43,044	56,044
	Excess was due to payment of more decretal amount than anticipated.			
3.	13—Agriculture	3,000	11,520	8,520
	Reasons for the excess have not been intimated (January 1979).			
✓ 4.	23—Irrigation works	30,000	30,605	605 ✓
	Excess was due to payment of more decretal amount than anticipated.			

Capital Section :

1.	21—Expenditure pertaining to Housing and Environment Department.	7,20,800	9,14,378	1,93,578
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Excess was due mainly to payment of more decretal amounts in some disputed land acquisition cases.

2.3. Supplementary grants/charged appropriations

The supplementary provision of Rs. 1,56.15 crores (12 per cent of the original provision) was obtained in 34 grants (Rs. 70.02 crores) and 14 charged appropriations (Rs. 86.13 crores).

The details of significant cases of unnecessary, excessive and inadequate supplementary grants/charged appropriations are given below :—

(i) In the following cases the supplementary grants (exceeding Rs. 10.00 lakhs each) of Rs. 4,45.23 lakhs remained wholly unutilised as the expenditure did not come up even to the original provision :—

Serial number (1)	Number and name of grant (2)	Original grant (3)	Supplementary grant (4)	Expenditure (5)	Saving (6)
(Rupees in lakhs)					
1.	8—Land Revenue and District Administration.	22,62.16	47.00	22,24.12	85.04

Shortfall was due mainly to late implementation of certain schemes, less payment of *pateli mehantana* and compensation to land-holders, non-opening of training schools, acquisition of less land than anticipated and non-commencement of consolidation work in a district.

2.	13—Agriculture	31,84.09	16.90	28,01.90	3,99.09
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Shortfall was due mainly to non-payment of subsidy on seeds, fertilisers and pesticides, late implementation of the scheme for intensive agricultural extension with the assistance of the World Bank, non-payment of interest subsidy to the Madhya Pradesh Electricity Board for construction of tubewells, decision of the Government to give assistance to

Serial number	Number and name of grant	Original grant	Supplementary grant	Expenditure	Saving
(1)	(2)	(3)	(4)	(5)	(6)
		(Rupees in lakhs)			
		agriculturists for construction of tubewells through the Lift Irrigation Corporation and less expenditure on certain schemes consequent on less grants from the Government of India.			
3.	15—Dairy Development	7,21.29	55.20	7,13.98	62.51
		Shortfall was reported to be due mainly to non-purchase of milk powder and equipment, late implementation of certain milk supply schemes and handling of less quantity of milk than envisaged by the milk supply schemes.			
4.	27—Education	1,22,96.41	1,07.86	1,20,92.18	3,12.09
		Short fall was due mainly to non-creation of certain offices, posts remaining vacant, non-purchase of furniture and equipment and economy measures.			
5.	31—Expenditure pertaining to Planning, Economics and Statistics Department	1,07.84	14.46	1,06.71	15.59
		Shortfall was due mainly to posts remaining vacant, less expenditure on training schemes and non-implementation of certain schemes.			
6.	40—Ayacut Development	4,50.39	50.00	2,85.69	2,14.70
		Shortfall was due mainly to non-implementation of agricultural extension schemes and applied research programmes and vacant posts.			
Capital Section:					
1.	12—Electricity	90,74.00	1,00.00	73,33.57	18,40.43
		Shortfall was due mainly to less payment of loan to the Madhya Pradesh Electricity Board.			
2.	24—Public Works	16,80.29	12.23	15,59.19	1,33.33
		Shortfall was reported to be due mainly to non-execution of some works due to non-issue of administrative approval by the concerned departments/non-availability of land, slow progress of work and decision of the Government not to start certain new works.			
3.	40—Ayacut Development	25.00	41.58	17.80	48.78
		Shortfall was due mainly to non-commencement of construction of drainage in Chambal command area and non-purchase of machinery for modernisation of Chambal canal, reasons for which have not been intimated April 1979).			

(ii) *Supplementary grants/charged appropriations which proved excessive.*—Following are the important cases where the supplementary grants/charged appropriation (exceeding Rs. 10.00 lakhs each) proved excessive:—

Serial number	Number and name of grant/charged appropriation	Original grant/charged appropriation	Supplementary grant/charged appropriation	Expenditure	Saving
(1)	(2)	(3)	(4)	(5)	(6)

(Rupees in lakhs)

Revenue Section:

1.	11—Expenditure pertaining to Commerce and Industry Department	4,18.27	1,48.56	4,80.42	86.41
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Shortfall was due mainly to finalisation of less claims for investment subsidy, transfer of all sericulture schemes to the Madhya Pradesh State Textile Corporation and non-purchase of machinery.

2.	12—Electricity	9,40.81	4,42.00	10,80.29	3,02.52
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Shortfall was reported to be due to less payment of subsidy to the Madhya Pradesh Electricity Board reasons for which have not been intimated (April 1979).

3.	20—Public Health Engineering	22,03.34	4,56.27	23,50.71	3,08.90
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Shortfall was due mainly to less expenditure under Sewerage and water Supply schemes and non-commencement of some schemes owing to non-availability of certain materials.

4.	23—Irrigation Works	28,06.90	6,80.81	29,57.38	5,30.33
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Reasons for the short fall have not been intimated (January 1979).

5.	30—Expenditure pertaining to Panchayat and Community Development Department	12,93.94	1,70.00	13,61.18	1,02.76
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Shortfall was due mainly to less expenses on *Panchayati Raj* Institutions consequent on less recovery of land revenue, less demand for grants for local development works in tribal areas, vacant posts and non-sanction of staff for realisation of cess on land revenue.

Capital Section:

1.	Public Debt	3,00,19.90	85,93.68	3,45,09.99	41,03.59
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Shortfall was reported to be due mainly to less repayment of 'ways and means advances' to the Reserve Bank of India and non-preferment of claims by some scrip holders.

Serial number	Number and name of grant	Original grant	Supplementary grant	Expenditure	Saving
(1)	(2)	(3)	(4)	(5)	(6)
				(Rupees in lakhs)	
2.	8—Land Revenue and District Administration.	2,25.00	1,01.16	2,61.72	64.44

Shortfall was due mainly to non-release of loans to co-operative credit societies which had defaulted in repayment of loans already paid to them.

3.	11—Expenditure pertaining to Commerce and Industry Department.	4,49.40	53.43	4,67.57	35.26
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Shortfall was due mainly to non-approval of financial assistance to Co-operative Spinning Mill, Burhanpur by the National Co-operative Development Corporation and less investment in the Madhya Pradesh Industries Corporation.

4.	13—Agriculture	16,49.32	6,66.99	18,09.47	5,06.84
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Shortfall was due mainly to non-receipt of financial assistance from the Government of India for investment in share capital of Land Development Corporation, non-sanctioning of some irrigation schemes, less demand for fertilisers and pesticides, less works of soil conservation and land development undertaken in tribal areas and non-receipt of anticipated debits for the cost of fertilisers.

5.	20—Public Health Engineering	4,22.17	3,05.88	6,20.37	1,07.68
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Reasons for the shortfall have not been intimated (April 1979).

(iii) *Inadequate grants.*—In the following cases, the supplementary grants (exceeding Rs. 10.00 lakhs in each case) of Rs. 9,63.23 lakhs proved inadequate; the final uncovered excess was Rs. 6,08.98 lakhs (reasons for the excess, to the extent received, are given in paragraph 2.2)

Serial number	Number and name of grant	Original grant	Supplementary grant	Expenditure	Excess
(1)	(2)	(3)	(4)	(5)	(6)
				(Rupees in lakhs)	

Revenue Section :

1.	10—Forest	52,51.06	4,12.96	60,65.83	4,01.81
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Capital Section :

1.	23—Irrigation Works	1,12,73.64	5,50.27	1,20,31.08	2,07.17
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2.4. Unutilised provision

(i) Rupees 1,34.95 crores remained unutilised comprising a saving of Rs. 80.95 crores in voted provisions (Rs. 46.56 crores in revenue section in 38 grants and Rs. 34.39 crores in capital section in 25 grants) and Rs. 54 crores in charged appropriations (Rs. 12.93 crores in revenue section in 26 charged appropriations and Rs. 41.07 crores in capital section in 7 charged appropriations).

(ii) In 22 grants (Revenue: 13 and Capital: 9) and 2 charged appropriations (Revenue) the savings (more than Rs. 25.00 lakhs in each case) were more than 10 per cent of the total provision. The details of these grants and charged appropriations are given in Appendix I

(iii) Some of the major schemes where the provision remained substantially/wholly unutilised, other than those mentioned in paragraph 2.3, are given below:—

Serial number	Grant number and head/scheme	Provision	Saving (and its percentage)	Reasons for saving and remarks
(1)	(2)	(3)	(4)	(5)
		(Rupees in lakhs)		
1.	9—Other expenditure pertaining to Revenue and land Reforms Department	65.00	55.11 (85)	Reasons for the saving have not been intimated (January 1979).
	A.—Special Relief			
	a.—Public Health, Water supply and Sanitation			
	1.—Provision of drinking water (Major head 289)			
2.	19—Medical, Public Health and Family Welfare—	60.00	49.54 (83)	Saving was due to non selection of sites for opening of 125 mini Primary Health Centres and late appointment of staff in 25 mini Primary Health Centres.
	1.—Tribal Areas Sub-Plan—			
	A.1.2—Mini Primary Health Centres—			
	Normal Plan Schemes (Major head 280)			
3.	19—Medical, Public Health and Family Welfare—	1,59.74	1,54.98 (97)	Saving was stated to be due mainly to non-fulfilment of targets fixed for sterilisation.
	I.—State Plan Scheme—			
	f.—Compensation—			
	Sterilisation (Major head 281)			
4.	19—Medical, Public Health and Family Welfare—	5,45.55	5,04.01 (92)	Saving was reported to be due mainly to non-fulfilment of targets fixed for sterilisation.
	II.—Centrally Sponsored Schemes—			
	f.—Compensation—			
	(ii) Sterilisation (Major head 281)			
5.	23—Irrigation works—	4,62.47	3,37.52 (73)	Reasons for the saving have not been intimated (April 1979).
	a.—Minor Irrigation—			
	a.5.—Works in scarcity areas (Major head 506)			

Serial number	Grant number and head/scheme	Provision	Saving (and its percentage)	Reasons for saving and remarks
(1)	(2)	(3)	(4)	(5)
		(Rupees in lakhs)		
6.	23—Irrigation works— d.—Tribal Areas Sub-Plan— d(1).—Minor and Micro— Minor Irrigation Schemes— (i) Normal Plan Schemes (Major head 506)	6,05.99	2,72.55 (45)	Reasons for the saving have not been intimated (April 1979).
7.	23—Irrigation works— E.—Ravi Shankar Sagar Project— II.—Phase— E.a.1—Construction works (Major head 532)	2,25.00	2,25.00 (100)	Reasons for the saving have not been intimated (April 1979).
8.	23—Irrigation works E.—Ravi Shankar Sagar Project— II.—Phase— E.e.—Ravi Shankar Sagar Irrigation Scheme— Major Works— (Major head 532)	1,98.15	1,98.15 (100)	Reasons for the saving have not been intimated (April 1979).
9.	23—Irrigation works— Tribal Areas Sub-Plan— (i) Normal Plan Schemes— n.—Medium Project— Construction (Major head 533)	3,69.74	3,14.95 (85)	Reasons for the saving have not been intimated (April 1979).

2.5. Advances from the Contingency Fund

The corpus of the Contingency Fund, which was raised from Rs. 15.00 crores to Rs. 20.00 crores during the year, is placed at the disposal of the Government to meet unforeseen expenditure pending authorisation by the State Legislature. Advances from the Fund can be made only to meet unforeseen expenditure not provided in the budget and which is of such emergent character that its postponement till the vote of the Legislature is taken would be undesirable.

The Government issued 186 sanctions during 1977-78 advancing Rs. 25,59.47 lakhs from the Contingency Fund. Against these sanctions, advances amounting to Rs. 15,02.23 lakhs were drawn, out of which Rs. 6,01.07 lakhs were not recouped to the Fund till the close of the year.

It was also noticed that—

- (i) sixty-six sanctions for Rs. 8,15.52 lakhs were neither operated upon nor cancelled;

(ii) two sanctions for Rs. 0.45 lakh were not operated upon and were subsequently cancelled; and

(iii) actual expenditure against 13 sanctions (Rs. 31.99 lakhs) was less than 50 per cent of the sanctioned amount.

In the following cases the amount of advance sanctioned was either not drawn or substantially in excess of the amount drawn:—

Serial number	Head of account	Purpose for which advance sanctioned	Amount of advance sanctioned]	Amount drawn
(1)	(2)	(3)	(4)	(5)
			(Rupees in lakhs)	
1.	313—Forest	Plantation Scheme	62.00	4.03
2.	282—Public Health, Sanitation and Water Supply	Malaria Eradication Scheme	26.39	..
3.	282—Public Health, Sanitation and Water Supply	Accelerated Rural Water Supply Scheme	1,00.00	15.19
4.	339—Tourism	Purchase of elephants for Konta National Garden	1,00.00	..
5.	483—Capital Outlay on Housing	Construction of quarters for Government employees under Rental Housing Scheme	14.00	..
6.	532—Capital Outlay on Multi-purpose River Projects	Choak Drainage in Chambal Command Area	28.64	0.94
7.	482—Capital Outlay on Public Health, Sanitation and Water Supply	Water supply for <i>Sinhastha Mela</i> , Ujjain	10.00	0.17
8.	482—Capital Outlay on Public Health, Sanitation and Water Supply	Water Supply Scheme, Mandideep and Gwalior City	11.50	..

2.6. Drawal of funds in advance of requirements

The financial rules provide that no money should be drawn from the treasury unless it is required for immediate payment. Significant cases of drawal of funds in advance of requirements are mentioned below:—

Fisheries Department.—(i) Amounts totalling Rs. 2.86 lakhs were withdrawn by the Assistant Director of Fisheries, Sidhi, on 30th and 31st March 1978 for construction of dry *bundhs*, guarding of waste weir and purchase of boats, etc. The amount was deposited in a savings bank account in the State Bank of India, Sidhi in the name of the Collector Sidhi. The Director intimated that Rs. 0.42 lakh had been spent till October 1978 and the balance of Rs. 2.44 lakhs was refunded into the treasury in October 1978.

(ii) Further, amounts aggregating Rs. 1.15 lakhs were drawn by the Assistant Director of Fisheries, Sidhi on 31st March 1978 for purchase of two vehicles and three bank drafts were

obtained on the basis of *pro forma* invoices received from the supplier. The amount was adjusted as final expenditure in the accounts although the vehicles had not been received till the date of audit (May 1978). The department has since intimated (August 1978) that the vehicles had been received and the bank drafts released to the suppliers.

2.7. Non-receipt of explanations for savings/excesses

After the close of each financial year, the detailed Appropriation Accounts showing the final grants/appropriations, the actual expenditure and the resultant variations are sent to the controlling officers requiring them to explain the variations in general and those in important heads in particular.

In regard to the Appropriation Accounts for 1977-78, explanations for variations in respect of 253 heads were called for, out of which explanations for 188 heads were either not received at all or were incomplete. In particular, the Forest, Agriculture, Irrigation, Public Works and Education departments have not furnished the explanations in a large number of cases. Such delays in submission of material for the Appropriation Accounts result in the Audit Report remaining incomplete in certain essential respects.

CHAPTER III
CIVIL DEPARTMENTS
AGRICULTURE DEPARTMENT

3.1. Drought Prone Areas Programme

Introductory.—In order to provide a permanent solution to the problem of frequent drought in the drought prone areas of the State, a Centrally sponsored programme called the Drought Prone Areas Programme (DPAP) was launched in Sidhi, Dhar, Jhabua and Betul districts in 1971. The programme envisaged taking up of minor irrigation, soil conservation, afforestation and road development works which, apart from mitigating the effect of droughts were expected to provide employment in the rural areas. The scope of the programme was enlarged in November 1973 to include agriculture, animal husbandry and fisheries development. The programme was extended to Barwani and Rajpur tehsils of Khargone district and Beohari tehsil of Shadhol district in 1972-73.

2. *Central assistance.*—Central assistance for the programme which was to be hundred per cent during the Fourth Plan period (1969-74) was stopped in August 1973. The Government of India advised (October 1973) the State Government that unutilised amounts available out of Central assistance released upto July 1973 could be utilised for completion of irrigation works in progress. During the Fifth Plan period (1974-79) Central assistance was available at 50 per cent of the approved expenditure on the programme and on an *ad hoc* basis in the case of medium irrigation works. Central assistance received for the programme aggregated Rs. 15,12.59 lakhs (Fourth Plan 1969-74: Rs. 5,27.34 lakhs and Fifth Plan 1974-75 to 1977-78: Rs. 9,85.25 lakhs).

3. *Provision of funds and expenditure.*—The position in this regard is summarised in the following table:—

Serial number	Sector	Fourth Plan (1969-74) provision	Expenditure during the Fourth Plan (*)	Fifth Plan (1974-79) provision	Expenditure during the Fifth Plan (to end of 1977-78)(*)	Total provision in Fourth and Fifth Plans (1969-79)	Expenditure during 1969-78
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
				(Rupees in lakhs)			
1.	Irrigation (including lift irrigation and ground water survey)	6,22.69	6,53.09	16,35.56	13,68.07	22,58.25	20,21.16
2.	Agriculture (including soil conservation)	1.20	0.66	2,35.80	77.90	2,37.00	78.56
3.	Afforestation	14.28	18.94	1,96.00	1,28.08	2,10.28	1,47.02
4.	Animal husbandry	..	..	2,48.55	1,72.27	2,48.55	1,72.27
5.	Fisheries	..	..	53.80	11.47	53.80	11.47
6.	Co-operation	..	..	22.20	7.43	22.20	7.43
7.	Roads	1,61.83	70.79	..	..	1,61.83	70.79
8.	Uncommitted	..	..	88.09	..	88.09	..
	Total	8,00.00	7,43.48	24,80.00	17,65.22	32,80.00	25,08.70
	Central assistance received	5,27.34	..	9,85.25	..	15,12.59	..

(*) Departmental figures

4. *Agency for execution.*—(i) The programme was implemented through various State Departments, co-ordinated at the State and the district levels by the Agriculture Department and the Collectors respectively.

(ii) In March 1974, the Government of India directed that separate programme authorities/agencies should be created for each district for designing, execution and evaluation of the programme during the Fifth Plan period.

Accordingly, four programme agencies were got registered in 1975 under the Madhya Pradesh Societies Registration Act, 1959 but these agencies had not been (May 1979) delegated with any administrative and financial powers nor given powers to operate bank accounts. The district level departmental implementing officers have been drawing funds and accounting for the expenditure under the normal financial and treasury rules. Rules for the working of the agencies have also not been framed and the agencies have not been provided with any personnel except for some additional clerical staff provided in the Collectorate.

5. *Test-check.*—The records relating to implementation of the programme during 1970-71 to 1977-78 were test-checked in July-August 1978 and the results are contained in the paragraphs which follow.

6. *Minor and medium irrigation projects.*—(a) (i) *Progress of works.*—Details of the projects taken up, completed and in progress, as at the end of June 1978, were as follows:—

(Amounts in lakhs of rupees)

Plan period	Projects taken up		Projects completed		Projects in progress	
	Number	Estimated cost	Number	Works expenditure upto June 1978	Number	Works expenditure upto June 1978
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Fourth Plan (1969-74)	239	9,81.61	227	7,39.35	12	1,37.18
Minor irrigation projects						
Fifth Plan (1974-79)	93	9,44.67	40	2,35.88	53	2,34.72
Minor irrigation projects						
Fifth Plan	4	5,01.40	..	..	4	3,51.83
Medium irrigation projects						
Total	336	24,27.68	267	9,75.23	69	7,23.73

(ii) Ten out of the 12 projects taken up during the Fourth Plan period (1969-74) and under construction (designed irrigation potential: 2,623 hectares) are anticipated to be completed between December 1978 and June 1979. Work on the remaining two projects suspended due to breaches in tank bunds which occurred in 1975 and 1976 had not been resumed for want of Government approval for restoration of the works, which was awaited (April 1979).

(iii) Excavation of intake well and approach channel for one of the above projects (Chikhaldia lift irrigation scheme, Dhar) was taken up by the Executive Engineer in February 1972 without obtaining the Superintending Engineer's approval to the site (which was required) and without detailed estimate for the scheme being got sanctioned. Work was stopped in April 1973 as suitable strata were not met with in excavation due to which no agency was

coming forward for completing the bore hole. The Superintending Engineer ordered shifting of the location of the intake well to another site and later to a third site in May and November 1974 respectively taking into account the behaviour of the river from which water was to be lifted. Expenditure on excavation for the well and the approach channel at the original site upto September 1974 amounting to Rs. 0.55 lakhs (as furnished by the Sub-divisional Officer to the Chief Technical Examiner in October 1974) became infructuous.

The laying of electric line for the scheme was completed by the Madhya Pradesh Electricity Board in February 1977. The Department could not, however, take electric connection within the stipulated period due to non-completion of intake well, delivery pipe line, etc., but it had to pay to the Board Rs. 0.23 lakh as minimum charges upto June 1978 as per contractual terms though no power was consumed; liability for such charges will continue till completion of the scheme (anticipated to be December 1979).

(b) *Irrigation from completed schemes.*—(i) The yearwise figures of the irrigation potential created and the area actually irrigated in respect of the completed projects are given below:—

Year (1)	Potential created (2)	Actual irrigation (3)	Percentage of shortfall (4)
		(Hectares)	
1971-72	2,454	451	81.6
1972-73	2,780	686	75.3
1973-74	7,588	3,038	60.0
1974-75	10,830	4,696	56.6
1975-76	16,914	6,476	61.7
1976-77	22,469	9,491	57.8
1977-78	38,253	10,280	73.1

Four projects (designed potential: 313 hectares) completed between 1974 and 1977 at a total cost of Rs.3.69 lakhs had provided no irrigation since their completion due reportedly, in respect of two works to non-installation of pumps by cultivators and in the case of another to non-drawal of water by cultivators. Reasons for no irrigation from the fourth project are awaited (December 1978). In the case of two projects (cost: Rs. 2.95 lakhs, potential: 153 hectares) the irrigation was 4 hectares only.

The shortfall in irrigation was attributed (July-August 1978) by the departmental officers, besides the reasons mentioned above, to inadequate flow in *nalla*, lack of land shaping and non-development of water courses. The guidelines issued (November 1973) by the Government of India for the programme had contemplated land shaping to be undertaken under soil conservation measures and area development for utilisation of irrigation potential to be taken up simultaneously with the completion of the irrigation schemes. The Departmental officers could not, however, state the reasons for not taking up these measures.

(ii) On commissioning of the water lifting pumps of the Banka Khodri lift irrigation scheme (in Betul district) (estimated cost: Rs. 12.99 lakhs; irrigation potential: 500 acres), leakage was noticed (December 1976) in the pipe system of the second stage rising main. The leakage was attributed to the use of unsuitable pipes (purchased from a Government undertaking at Itarsi for Rs. 1.54 lakhs) and incomplete cement concrete cover given at pipe joints by a contractor. Dismantling of the existing pipe line (constructed at a cost of Rs.2.37 lakhs) and laying of a row of C. I. pipes along a new alignment in substitution of

R.C.C. pipes were taken up after obtaining approval (July 1977) of the Chief Engineer but this also entailed (i) remodelling of four cross drainage works and one village road bridge at an estimated cost of Rs. 0.20 lakh and (ii) providing reverse slopes in the canal already constructed from chains 45 to 0 at an estimated cost of Rs. 0.10 lakh. The work is now expected to be completed by June 1979 and meanwhile minimum charges for power consumption are being paid to the Madhya Pradesh Electricity Board from December 1976 (amount paid upto July 1978: Rs. 0.57 lakh).

(iii) Seventeen tanks constructed in Dhar district during December 1970 to August 1977 at a total cost of Rs. 26.67 lakhs were found leaking either from the basin or foundation or *nalla*. As a result, irrigation could be provided from these tanks during 1976-77 and 1977-78 (upto June 1978) for 224 acres only as against the potential of 1,529 acres per year. It was stated (July 1978) that investigations into the causes of the leakages and remedial action were in progress and that the defects were likely to be remedied by March 1980 at an estimated cost of Rs. 2.30 lakhs in case of six tanks and by June 1979 in the case of the remaining eleven tanks, for which the cost of repairs was yet to be estimated.

(iv) In the case of three irrigation tanks, the details of which are given below, no irrigation could be provided due to breaches :—

Name of tank	Estimated cost (Rupees in lakhs)	When completed	When breach took place
(1)	(2)	(3)	(4)
(1) Gumlihat tank (Jhabua)	3.42	June 1974	12.9.1975
	122		

Breach was attributed (September 1975) *inter alia* to non-removal of previous layer from the seat of the dam and inadequate watering and compaction of earthwork on dam due to lack of proper supervision during construction. Breach had not been closed for want of is sanction to repair estimates (July 1978).

(2) Chumpia tank (Dhar)	2.77	March 1976	1.8.1976
	180		

Breach was attributed to failure of foundations due to inadequate compaction of earthwork. Loss was estimated at Rs. 0.37 lakh. Reasons for inadequate compaction had not been investigated nor responsibility for loss fixed. Special repair estimate for Rs. 0.99 lakh awaiting sanction (July 1978).

(3) Kherli tank (Dhar)	2.46	March 1976	31.8.1976
	137		

Work was taken up without technical sanction. Reasons for the breach had not been investigated (December 1978). Rupees 1.30 lakhs asked for restoration of the bund had not been sanctioned by the Government pending clarification as to how the work had been taken up without technical sanction.

(v) The Pathai tank project in Betul district (designed potential: 270 acres) completed in April 1974 at a cost of Rs.5.16 lakhs, provided irrigation during 1976-77 and 1977-78 for 5 acres and 16 acres respectively. The Executive Engineer attributed the shortfall in irrigation to the tank being located in rain shadow area and had asked (April 1978) the Sub-divisional

Officer to submit feasibility report for diverting another *nalla* having sufficient water during rainy season to feed the tank. Further developments in the matter are awaited (December 1978).

6. *Soil conservation measures.*—(a) The soil conservation measures contemplated in the programme included water harvesting tanks contour/*burmunda* bunding, bench terracing, land shaping and dry farming. During the Fourth Plan period against the proposed outlay of Rs. 1.20 lakhs for soil conservation works, only Rs. 0.66 lakh were spent on soil surveys. District-wise targets and achievements in respect of soil conservation works taken up during Fifth Plan period were as follows:—

District (1)	Fifth Plan targets		Achievement upto June 1978	
	Physical (2) (Hectares) †	Financial (3) (Rupees in lakhs)	Physical (4) (Hectares)	Financial (5) (Rupees in lakhs)
1. Betul	3,500	20.00	2,515	5.63
2. Dhar	14,606	48.00	9,936*	13.03
3. Jhabua	16,658	90.11	14,396	35.81
4. Khargone	4,641	8.65	2,337	4.33
5. Shahdol	372	0.60	132	0.70
6. Sidhi	5,811	40.74	1,720	10.50
Total	45,588	2,08.10	31,036	70.00

In all the districts, the measures under the programme were started only from 1975-76. The funds provided included Rs. 12.25 lakhs for the construction of 49 water harvesting tanks (Jhabua: 28 and Sidhi: 21) against which not a single tank had been taken up, reasons for which were not on record.

(b) *Watershed approach and treatment of Government land.*—As per the guidelines issued by the Government of India in November 1973, and further clarifications issued in October 1975, soil and moisture conservation measures were to be based on the 'watershed approach' on all the lands in the sub-watershed areas (private, community and government land including forest), leaving no gaps in between the works.

According to the Deputy Director, Agriculture, the watershed approach of treating land was started from 1975-76 in Jhabua and Sidhi districts and from 1976-77 in Betul and Dhar districts. The works were, however, carried out on private lands only. In 43 blocks of Deosar and Singruli Sub-divisions of Sidhi district, work on 172 hectares could not be taken up due reportedly to unwillingness of the cultivators. Community and Government lands were not taken up for treatment reportedly for want of instructions from the State Government about the taking up of works on such land as also about recovery of cost of works on such lands.

(c) *Dry land farming.*—The programme envisaged taking up of dry land farming measures in areas where soil conservation treatment had already been undertaken since even with full utilisation of irrigation resources, there would be left in the programme areas large areas dependent on rainfall or sub-soil moisture and dry land farming was to be the mainstay of such areas.

* As furnished by the Deputy Director, Agriculture, Dhar to Audit and the Government. Block wise details furnished by the Assistant Soil Conservation Officers showed coverage of 8,570 hectares only. The difference has not been reconciled (January 1979).

No dry land schemes were taken up under the programme. As stated by the Deputy Directors, Agriculture, such schemes were executed from normal budget provisions under other development programmes. It was seen, however, that Rs. 18.90 lakhs had been provided in the programme for taking up dry farming measures in 3,358 hectares in Dhar district but the provision remained unutilised as no dry farming measures were undertaken.

(d) The object of the programme was to increase the rate of development of the drought prone areas. Therefore, while according administrative approval to the annual programmes, the Government of India had laid down a condition that the works taken up under the programme should not result in the substitution or slowing down of normal development programmes. Test-check (July-August 1978) of the details furnished in respect of Dhar, Jhabua and Sidhi districts, however, showed that in eight soil conservation sub-divisions (having 40 survey parties), while expenditure on soil conservation works taken up under the D.P.A.P. was on the increase from 1975-76, the expenditure on such works executed under the normal development programmes showed a marked declining trend as indicated below:—

Year (1)	Expenditure on soil conservation works executed under		
	Normal development programme (1)	Drought prone areas programme (3)	Total (4)
	(Rupees in lakhs)		
1974-75	28.83	..	28.83
1975-76	15.36	4.93	20.29
1976-77	0.44	17.99	18.43
1977-78	0.74	26.14	26.88

7. *Afforestation.*—During the Fourth Plan period, against provision of Rs.14.28 lakhs for afforestation schemes, expenditure of Rs. 18.94 lakhs was incurred.

In July 1973, the State Government had directed that, the Government of India having reduced the allotment under the programme from Rs. 4 crores to Rs. 2 crores, the works in hand should be completed and no new work of minor irrigation, road and pasture development should be taken up. However, the Forest Divisions stopped all works under the programme and no steps were taken even to tend the planted saplings or sustain the nursery plantation and consequently there was high mortality of plants as would be seen from the following figures:—

Division/Nature of plantation (1)	Expenditure incurred up to July 1973 (2) (Rupees in lakhs)	Extent of mortality of plants (3) (Percentage)	Estimated loss (4) (Rupees in lakhs)
1. East Sidhi—			
Ordinary	1.65	100	1.65
Bamboo	0.32	60	0.19
2. West Sidhi—			
Ordinary	10.06	40 to 80	1.86
Bamboo	0.56	60	0.33
3. Betul North—			
Ordinary	20.12	33	Not assessed
4. Betul South—			
Ordinary	18.45	32	Not assessed

8. *Animal husbandry.*—(a) The proposed outlay and expenditure upto June 1978 on schemes taken up in the following six districts during the Fifth Plan period (1974-79) were as under :—

District	Proposed outlay as per district plan	Expenditure upto June 1978			Total
		Advances for dairy development	Expenditure on distribution of milch animals	Expenditure on additional supply of medicines	
(1)	(2)	(3)	(4)	(5)	(6)
			(Rupees in lakhs)		
1. Betul	1,10.32	66.32	..	0.18	66.50
2. Dhar	19.11	50.58	1.60	0.34	52.52
3. Jhabua	64.36	5.40	5.22	0.27	10.89
4. Khargone	22.96	33.12	6.57	..	39.69
5. Shahdol	3.00	..	0.40	..	0.40
6. Sidhi	17.98	..	2.20	0.07	2.27
Total	2,37.73	1,55.42	15.99	0.86	1,72.27

The expenditure included Rs. 1,55.42 lakhs advanced (March 1978) to the Madhya Pradesh Dairy Development Corporation, Bhopal for establishing Milk dairy schemes on 'Amul' pattern in the four programme districts of Betul, Dhar, Jhabua and Khargone (total estimated cost: Rs. 2,46.50 lakhs). Under the approved programme, the dairy schemes were to be set up in 3 years, the estimated expenditure for the first, second and third years being Rs. 78.65 lakhs, Rs. 79.31 lakhs and Rs. 88.54 lakhs respectively. However, the estimated expenditure for the first two years was released in the first year itself; besides, the Corporation is reported to have spent Rs. 10.06 lakhs only till the end of August 1978.

The Government stated (May 1978) that additional funds were provided to the Corporation in order to give ample opportunities for preparing well thought out plans for implementation. Reasons for not regulating release of funds according to immediate requirements were, however, not stated.

(b) *Distribution of milch animals.*—To supplement the income of small and marginal farmers and to increase the supply of milk a scheme for providing two Murrah buffaloes or two Haryana cows to each farmer was taken up (1975-76) under the programme. Subsidy of 25 per cent to small farmers and 33½ per cent to marginal farmers was admissible and the remaining funds were to be arranged from commercial banks as loan. The subsidy was admissible on actual purchase price limited to Rs. 5,000 for two animals and in addition Rs. 100 on account of capital expenditure on articles like utensils. The programme envisaged that 10,434 milch animals would be provided (financial provision: Rs. 62.22 lakhs) during the Fifth Plan (1974-79) to small and marginal farmers in six programme districts. Rupees 15.99 lakhs were drawn upto June 1978 for providing 1,302 animals but 379 only (details of animals purchased and distributed in Khargone district not furnished) were provided upto July-August 1978. The shortfall was attributed to delays in financing loans by banks and non-availability of required number of animals in time.

In Sidhi district Rs. 1.35 lakhs and Rs. 0.06 lakh were drawn in March 1977 and February 1978 respectively for giving subsidy for purchase of animals and deposited in savings bank accounts in the name of Assistant Director Veterinary Services, Sidhi, with commercial banks but only Rs. 0.36 lakh could be utilised and the balance Rs. 1.05 lakhs was credited into the treasury in August 1978.

9. *Credit management.*—The programme envisaged increase in the availability of cheap loan facilities to small and marginal farmers. Interest-free loans were to be provided by the Department to enable farmers to become members of primary credit co-operative societies by purchasing shares to avail of the financing facilities of the latter. To encourage the societies to extend loan facilities the programme provided for payment of contributions to the risk funds of the societies for meeting bad debts arising out of increased assistance given to small and marginal farmers.

The programme was implemented from 1975-76 and achievements of Fifth Plan (1974-79) targets upto June 1978 were as under:—

(1)	Target for Fifth Plan period		Achievement	
	Physical (2)	Financial (3)	Physical (4)	Financial (5)
	(Rupees in lakhs)		(Rupees in lakhs)	
1. Interest-free loan to new members	30,534 members	8.06	10,838 members	3.46
2. Contribution to risk fund	522 societies	13.55	393 societies	3.97

The shortfall was attributed (September 1978) to failure of co-operative banks to enrol new members and to extend credit facilities.

10. *Development of roads.*—According to the guidelines issued (October 1970) by the Government of India, village and district roads were to be taken up in the programme area in order to open up the area and to increase agricultural production. Twentytwo roads (total estimated cost: Rs. 2,00.94 lakhs and length: 4,10.7 kilometres) were taken up for construction. In July 1973, when the roads had been partly constructed and expenditure of Rs. 70.79 lakhs had been incurred, the Government of India stopped Central assistance and advised the State Government to complete the remaining work from State funds.

Four roads (2 each in Sidhi and Betul districts), work on which was stopped in July 1973, after incurring expenditure of Rs. 15.19 lakhs, were not taken up for completion from out of State funds. On 5 roads in Dhar district some expenditure was incurred out of State funds in 1975-76 but not thereafter, the expenditure upto 1975-76 being Rs. 15.21 lakhs. The roads had not been completed (January 1979).

The remaining thirteen roads (estimated cost: Rs. 1,25.33 lakhs and length: 2,27.7 kilometres) were taken up (two roads in Jhabua: 1974-75, five roads in Dhar: 1975-76, three roads in Sidhi: 1975-76, 1976-77, 1978-79 respectively and three roads in Betul: one in 1975-76 and two in 1976-77) for completion from State funds. No road had, however, been completed (August 1978), the total expenditure on these roads upto June 1978 being Rs. 86.13 lakhs. The cost of completing the balance work was estimated (August 1978) by the Executive Engineer as Rs. 94.52 lakhs. Loss due to earthwork washed away in 10 incomplete roads was estimated by the Divisions at Rs. 2.32 lakhs but the loss on this account in the remaining incomplete roads had not been assessed by the Divisions.

11. In response to audit enquiries, the department stated that no evaluation of the implementation of the programme had been undertaken by the Department.

12. *Summing up.*—(1) The D. P. A. P. agencies created in four districts in 1975 for designing, execution and evaluation of the programme had not been delegated with any administrative or financial powers nor given powers to operate bank accounts. Excepting some additional clerical staff provided in the Collectorate no personnel had been provided for the agencies.

(2) While 227 projects (designed irrigation potential 22,030 hectares) had been completed (August 1978), twelve minor irrigation projects (designed irrigation potential: 2,623 acres) taken up under the programme during the Fourth Plan period had not been completed (December 1978); work on 2 of these had been suspended in 1975 and 1976 due to breaches in the executed bunds and it had not been resumed for want of approval for restoration works.

(3) 26.9 per cent of the potential created by the minor irrigation projects completed under the programme was utilised in 1977-78, the low utilisation being attributed to inadequate flow in *nallas*, lack of landshaping, non-development of water courses, unwillingness of cultivators to draw water and non-installation of pumps to lift water. Command area development works for utilisation of the potential created had not been undertaken.

(4) Though the programme contemplated taking up of water harvesting tanks and funds for construction of 49 such tanks had been provided, no work had been taken up till the time of audit in July-August 1978.

(5) Under the watershed approach adopted for soil conservation works under the programme, all land on sub-watershed, whether private, community or government land including forest land, was to be taken up for treatment but only private land had been taken up for treatment under the programme reportedly for want of instructions for taking up such work on other lands.

(6) Though the programme gave considerable importance to dry land farming measures, the provision made for the purpose in Dhar district remained unutilised and in other districts such measures had not been undertaken.

(7) Forest plantations showed high mortality, in some cases upto 100 per cent, due to stoppage of tending of plants and nursery plantation in July 1973, as a sequel to orders issued for reduction of expenditure consequent on reduced allotment of funds for the D. P. A. P.

(8) Funds for setting up milk dairy schemes were released to the Madhya Pradesh Dairy Development Corporation much in advance of requirements. Against the estimated requirement of Rs. 78.65 lakhs for the first year of execution of the schemes, Rs. 1,55.42 lakhs were released in March 1978, of which only Rs. 10.06 lakhs had been utilised till August 1978.

(9) To provide supplementary income to small and marginal farmers, the programme envisaged provision of assistance for the purchase of 10,434 milch buffaloes and cows during the Fifth Plan period, against which funds for providing assistance for 1,302 animals had been drawn but assistance for purchase of 379 animals only had been given till June 1978.

(10) The programme envisaged grant of interest free loans by Government to 30,534 small and marginal farmers for purchasing shares of primary credit co-operative societies to enable them to get cheap credit facilities; such assistance had been provided to 10,838 members only upto June 1978.

(11) Out of 22 roads taken up under the programme upto July 1973, work on four roads on which Rs. 15.19 lakhs had been spent was suspended consequent on a decision to stop Central assistance for road works under the programme from July 1973. None of the remaining 18 roads taken up under the programme had been completed though some expenditure on some of them was incurred out of State funds after stoppage of the Central assistance.

(12) No evaluation of the programme had been undertaken by the Department.

The matters mentioned above were reported to the Government in October 1978: reply is awaited (January 1979).

AGRICULTURE DEPARTMENT

3.2. Plant Protection Programme

The State has a crop area of 2.14 lakh hectares and each year at least 20 to 25 per cent of its production potential is reported to be affected by pests, insects, rodents and various crop diseases. With a view to preventing, controlling and minimising crop losses caused by pests, etc., various plant protection measures are taken up by the Department on seasonal and annual basis. The main activities taken up under the plant protection programme are (i) surveillance and forecasting of emergence of pest infestation; (ii) procurement and distribution of pesticides and plant protection equipment; (iii) organising control operations and (iv) organising promotional campaigns and educating cultivators in plant protection activities.

The expenditure on the programme during 1973-74 to 1977-78 was as follows :—

Year	Total expenditure on the programme	Part of expenditure met out of Central assistance
(1)	(2)	(3)
	(Rupees in lakhs)	
1973-74	86.81	0.11
1974-75	37.75	0.22
1975-76	73.62	7.09
1976-77	1,07.08	20.83
1977-78	44.46	7.87
Total	3,49.72	36.12

The large expenditure during 1976-77 (Rs. 1,07.08 lakhs) was stated to be due to heavy pest infestation and aerochemical operations undertaken during that year.

2. The records in the Directorate and in 11 selected districts (Bilaspur, Bhopal, Chhindwara, Indore, Jabalpur, Narsinghpur, Rajgarh, Rewa, Raipur, Sehore and Shivpuri) pertaining to the implementation of the programme during the years 1973-74 to 1977-78 were test-checked in May-July 1978 and the results are brought out in the succeeding paragraphs.

3. *Surveillance*.—Even though 19 districts had been declared (September 1970) as areas endemic to pest infestation and surveillance throughout the year was considered necessary to combat the pest menace, no surveillance unit was established in the State upto 1976-77. During 1976-77, the Government sanctioned one surveillance unit at Bhopal for endemic areas under wheat and pulses in Bhopal, Jabalpur and Sagar divisions. A surveillance unit for paddy area in Bilaspur, sanctioned during 1977-78, had not become operative (November-

1978) for want of required staff. There was no arrangement for surveillance operations in respect of rice, jowar, maize, cotton, sugar-cane, mustard, wheat and pulses in the remaining 15 endemic districts.

4. *Operations.*—Plant protection operations include treatment of seeds, crops and fields. Targets and achievements during the last five years in respect of seed treatment, crop treatment and field treatment operations are given in the tables below :—

A. *Seed treatment*—

Year	Target	Achievement	Percentage of shortfall
(1)	(2)	(3)	(4)
(In lakhs of hectares)			
1973-74	19.30	10.36	46.33
1974-75	11.23	10.00	10.06
1975-76	15.00	13.95	7.00
1976-77	19.00	12.70	33.16
1977-78	20.00	10.54	47.30

B. *Crop treatment*—

1973-74	26.20	16.62	39.66
1974-75	20.97	11.90	43.27
1975-76	22.50	16.85	25.11
1976-77	26.00	16.28	37.39
1977-78	30.50	17.23	43.51

C. *Field treatment*—

1973-74	10.20	7.49	26.60
1974-75	10.80	8.01	25.80
1975-76	12.50	9.90	28.80
1976-77	15.00	10.83	27.80
1977-78	15.50	8.66	44.13

The Director of Agriculture attributed (May 1978) the shortfall in treatment in various years to lesser incidence of pest infestation and diseases. While the Department could not produce any recorded data about the extent and area of pest infestation in the State in any of the years, scrutiny of available records relating to 12 districts (Balaghat, Bastar, Bilaspur, Durg, Guna, Jabalpur, Jhabua, Raigarh, Raipur, Rajnandgaon, Sidhi and Surguja) which were affected during the *Kharif* season and 17 districts which were affected during the *rabi* season of 1977-78 showed that in these districts 7.70 lakh hectares had been affected but control operations had been carried out in 4.78 lakh hectares, leaving nearly 3 lakh hectares uncovered.

5. *Mobile plant protection units.*—Mobile plant protection units were set up with the object of (i) carrying out demonstrations in the fields of cultivators and educating them about various crop diseases and their control; (ii) carrying out control operations in the fields of cultivators on custom service and (iii) providing a striking force to combat epidemics. There are at present 15 such units in the State. Scrutiny of the performance during last five years of two units at Bhopal and Indore (established during 1961-62) and three other units at Bilaspur, Gwalior and Raipur (established during 1972-73) brought out the following:—

(i) The Bhopal unit on which Rs. 2.20 lakhs were spent during the last 5 years remained attached to the Directorate of Agriculture throughout the period. Similarly, the Indore

unit on which Rs. 2.42 lakhs were spent during the last 5 years remained merged with the set up of the Divisional Joint Director. Details of the mobile plant protection work done by the units were not on record.

(ii) The units at Bilaspur, Gwalior and Raipur took up mobile plant protection work for the days mentioned below :—

Unit	1973-74	1974-75	1975-76	1976-77	1977-78
(1)	(2)	(3)	(4)	(5)	(6)
	(Number of days)				
Bilaspur	41	47	68	..	47
Gwalior	9	22	38	36	25
Raipur	..	..	31	30	..

(iii) No demonstrations and other educative programmes were arranged by these units except the one at Bilaspur which organised 93 demonstrations during 1973-74 (32) and 1974-75 (61). The Joint Directors, Gwalior and Raipur attributed (September-October 1977) the absence of demonstrations to non-allotment of funds for the purpose.

(iv) None of the units rendered any custom service to individual cultivators during these five years although, in June 1972, while seeking sanction for the units the Director of Agriculture had assessed good demand from cultivators for obtaining spraying service on payment.

(v) The Raipur unit did not have mobile vans/vehicles. While in the Bilaspur unit about two-thirds of the mileage done by the vehicles was for plant protection work, in Gwalior about 50 per cent only of the total mileage done was for plant protection work.

Thus, while the Bhopal and Indore units, on which Rs. 2.20 lakhs and Rs. 2.42 lakhs were spent during the last 5 years, did no plant protection work, the Raipur unit on which Rs. 0.81 lakh had been spent during the last 5 years did no plant protection work during 1973-74, 1974-75 and 1977-78 and the Bilaspur unit on which Rs. 0.66 lakh had been spent during the last 5 years did no plant protection work during the 1976-77. The average number of days during which the Gwalior unit on which Rs. 1.41 lakhs had been spent during the last 5 years did plant protection work was 26 only.

6.. *Aerochemical operation* :—(i) The State Government had declared Bilaspur, Durg, Raigarh and Surguja districts as "endemic areas" in respect of paddy crop. Under a centrally sponsored scheme aerial spray of insecticides/pesticides in Bilaspur and Raipur districts was undertaken in 1975-76 (cost: Rs. 24.33 lakhs) and 1976-77 (cost: Rs. 62.08 lakhs).

(ii) The following table indicates the extent to which the areas affected were treated:—

(1)	1975-76		1976-77	
	Raipur (2)	Bilaspur (3)	Raipur (4)	Bilaspur (5)
	(Hectares)			
Area affected by pest	2,25,313	3,90,105	2,49,428	3,15,143
Targets for aerial spray	20,000	20,000	42,000	1,30,00
Area actually covered by—				
(i) Ground spray]	1,35,860	1,52,754	1,15,803	2,48,648
(ii) Aerial spray	10,013	21,061	30,429	61,712

It was observed in audit that in 1975-76, the spraying operations had been taken up late in October 1975 (Raipur: 21st to 28th October 1975 and Bilaspur: 7th to 23rd October 1975) when the crops had already matured.

The Joint Director at Raipur attributed (May 1978) the shortfall in respect of Raipur to reluctance of the cultivators to adopt plant protection measures owing to their poor financial position, the cost of spraying operations being recoverable from the cultivators.

(iii) *Evaluation.*—Evaluation of the effects of aerial spray done in 1975-76 by teams consisting in Raipur district of representatives of the local Agriculture Collage and the Director of Agriculture and in Bilaspur district of the Deputy Director of Agriculture (Plant Protection) and Plant Protection Officer of the Central Plant Protection Station, Bilaspur showed that the areas treated had 12.7 insects per hill (sample area) in Raipur and 3 insects per hill in Bilaspur as against pre-treatment population of 12.8 and 25 insects per hill respectively. Evaluation of spraying done in 1976-77 showed the percentage of insect mortality as 86 for nymphs (small insects) and 94 for adults in Bilaspur district, 47 for nymphs and 78 for adults in Dhamtari block, 28 for nymphs and 45 for adults in Kurud block and 16 for nymphs and 18 for adults in Fingeshwar block of Raipur district.

(iv) The following points were also noticed about the spraying operations :—

(a) The pesticides used in aerial spraying in Raipur district in October 1976 included 2,000 liters of Dimecron (21 per cent of Dimecron used during the year) received in September 1976 from Bhand and Morena districts after the lapse of its expiry date in 1975 and May 1976 respectively. The manufacturer, to whom samples of the pesticides were sent for analysis, reported (November 1976) that one sample out of five was found to be sub-standard.

(b) A team of experts consisting of the Joint Director of Agriculture, (Intensive Agricultural District Programme), Raipur and two experts of the Agriculture College, Raipur, after surveying the affected areas, had recommended (8th October 1975) that Malathion Ultra Low Volume (ULV) should be used for spraying in view of more effectiveness. Similarly, a team of Central and State Government Plant Protection experts, after surveying various blocks of Bilaspur, had recommended (September 1975) the use of a contact pesticide like ULV for spraying.

The Assistant Director, Plant Protection, Government of India, deputed to supervise the operations during 1976-77, after conducting various field tests/trials with Dimecron reported (September 1976) that aerial operation with Dimecron from a height of 25 meters was against the norms prescribed (January 1975) by the Central Insecticide Board which permitted spray of Dimecron from a height of 2 to 3 metres only while spray of ULV could be undertaken from height of 8 to 16 metres.

The Director of Agriculture, to whom the matter was referred in September 1977, state (November 1977) that there were no trial results of ULV against sucking pest of paddy on which comparison could have been made and without such results ULV could not have been used on a large scale. However, no reasons were on record as to why trials were not conducted with ULV.

(v) *Recovery of cost of operations.*—The cost of operation was recoverable from cultivators as *taccavi* loans with interest at 7 per cent per annum within nine months of the operation. For this purpose, *taccavi* cases were to be prepared immediately after the conclusion of operations and sent to the revenue authorities who were to carry out necessary adjustment as loan and effect recovery from the beneficiaries. However, in Bilaspur district *taccavi* cases amounting to Rs. 12.30 lakhs for 1975-76 and Rs. 22.38 lakhs for 1976-77 were found adjusted in March 1977. *Taccavi* cases amounting to Rs. 14.35 lakhs (Rs. 2.04 lakhs for 1975-76 and Rs. 12.31 lakhs for 1976-77) are yet to be adjusted (November 1978); reasons for non-adjustment were not on record.

7. *Training and promotional activities.*—The Plant Protection Training Centre, established in 1969 at Obaidullaganj, trained during 1973-74 to 1977-78 124 Agriculture Extension Officers, 798 Village Level Workers and 185 cultivators as against 60 Agriculture Extension Officers, 300 Village Level Workers and 200 cultivators to be trained by the centre each year as per the Government orders of August 1971.

The Director of Agriculture attributed (May 1978) the shortfall in training to the officials being otherwise pre-occupied in work and the cultivators not attending the courses inspite of persuasion.

8. *Statutory and Regulatory functions.*—Under the provisions of the Insecticides, Act, 1968 and the Madhya Pradesh *Varaspati Rog Tatha Virashe Kset Adhinyam*, 1973 and the rules framed thereunder, an authorised inspector is required to inspect all premises licenced for manufacture of pesticides not less than twice a year and all establishments selling pesticides not less than 3 times a year. He is also required to draw samples of the pesticides/formulations manufactured/formulated and to send them for test analysis. At the end of July 1978 there were 17 licensees for manufacture of pesticides in the State, but during the last five years not a single sample of pesticide manufactured/formulated had been drawn and sent for analysis. The number of inspections conducted were "nil" during 1974 to 1976, 1 (out of 48 required to be inspected) during 1977.

The number of inspections conducted of establishments selling insecticides in the 11 selected districts was as follows ;—

Year	Number of dealers	Number of inspections	
		Required to be conducted	Actually conducted
(1)	(2)	(3)	(4)
1974	521	1,563	Nil
1975	675	2,025	19
1976	813	2,439	28
1977	1,020	3,060	45

The Inspectors are also required to draw samples of pesticides stocked by dealers for sale and send them for chemical analysis to a recognised laboratory. Out of 1,509 samples sent during 1971-72 to 1977-78 for testing at the Pesticides Testing Laboratory, Obaidullaganj, 470 samples could not be tested due to non-availability of facilities for testing these varieties of pesticides at the laboratory. Out of 1,039 samples tested, 97 were declared sub-standard. Examination of the records of the district authorities (Raipur, Indore, Bhopal, Sehore and Bilaspur districts) revealed that out of 23 of these cases pertaining to these districts no action had been taken in 9 cases.

9. *Purchase of pesticides.*—(i) During the years 1973-74 to 1977-78, the Director of Agriculture purchased pesticides costing Rs. 1,90.67 lakhs. Purchases for the eleven districts covered by test check (these had stock of value Rs. 29.10 lakhs as on 1st April 1973) amounted to Rs. 1,21.95 lakhs. Out of this quantity, pesticides costing Rs. 61.54 lakhs were distributed to cultivators for ground operations and those costing Rs. 56.18 lakhs were used in aerochemical operations undertaken during 1975-76 and 1976-77 leaving pesticides of value Rs. 33.33 lakhs in stock at the end of 1977-78. Out of the closing stock, pesticides of value Rs. 21.91 lakhs had outlived their shelf lives, the normal shelf life of pesticides prescribed by the Central Insecticides Board being 2 years. Of these, pesticides of value Rs. 13.35 lakhs were over 5 years in age.

(ii) Points noticed in the scrutiny of purchase records are mentioned below :—

(a) *Purchase of Dimecron 100 EC.*—In response to an enquiry by the Director of Agriculture for immediate supply of Dimecron 100 EC, the accredited local distributor of the manufacturer quoted (27th September 1975) a basic rate of Rs. 146 per litre F.O.R. destination excluding applicable taxes and excise duty. The Department, however, purchased 10,000t litres of Dimecron at Rs. 184 per litre from the Madhya Pradesh Agro-Industries Development Corporation (the Corporation here inafter) which arranged (October 1975) the supply direct from the manufacturers to the Deputy Director, Agriculture, Bilaspur. As compared to the rate of Rs. 153.13 per litre (basic rate of Rs. 146 per litre plus taxes) payable had the purchases been made direct from the manufacturer, the purchase through the Corporation involved the Department in an extra expenditure of Rs. 3.09 lakhs (which was eventually to be borne by the cultivators for whose benefit the spraying was undertaken).

In July 1975 and September 1975, the Director of Agriculture had also procured two other pesticides (47,871 tonnes of Parthion 2 per cent and 4,995 litres of Malathion 50 EC) through the Corporation at Rs. 2,500 per tonne and Rs. 37 per litre respectively although under the prevailing rate contracts, these pesticides were available @ Rs. 1,815 per tonne and Rs. 28.18 per litre respectively. The purchase of these pesticides through the Corporation instead of from the firm with which rate contracts were entered into by the Department resulted in extra expenditure of Rs. 0.77 lakh.

The Director of Agriculture justified (June 1977) the purchases on the ground that the purchase committee at its meeting on 20th September 1975 had pointed out that the policy of the Government was to gradually withdraw from purchase of pesticides and that the Madhya Pradesh Agro-Industries Development Corporation and private sector units should take up supply of pesticides.

However, it was seen that the purchases had been made for distribution through the Department and the object of the Corporation and private sector units taking up supplies had not been subserved.

10. *Testing of pesticides.*—The testing laboratory at Obaidullaganj, referred to in subpara 8 was set up in August 1971 (expenditure incurred upto March 1978 Rs. 2.30 lakhs) but has not been recognised by the I.S.I. for testing various pesticides and consequently, the Department could not utilise it for testing of samples of pesticides purchased, for which it was primarily established. The Government has approved (March 1978) a proposal to equip the laboratory upto the I.S.I. standards and shift it to Jabalpur but follow-up action is yet to be taken (April 1979).

The supply contracts for pesticides had clauses under which the suppliers were, in the event of failure of samples on an analysis of the active ingredients, to replace stocks at their cost or were to be paid reduced rates in doubtful cases. In view of non-recognition of the laboratory by the I.S.I. the Department gets samples of pesticides purchased by it tested by I.S.I. and other recognised laboratories. There were, however, considerable delays, in some cases extending upto three years, in receipt of test reports from these laboratories. It was noticed that :—

(i) Samples in respect of purchases worth Rs. 34.74 lakhs were not analysed chemically before releasing payments therefor;

(ii) Analysis reports in respect of pesticides worth Rs. 2.72 lakhs purchased during 1974-75 to 1976-77 were still awaited (October 1978);

(iii) Pesticides worth Rs. 5.40 lakhs distributed/sold to cultivators prior to receipt of test report were found subsequently on receipt of analysis reports to be substandard and

(iv) Samples from a consignment of 2,150 litres of Dimethoate (supplied by an Indore firm in October 1975 due for expiry in September 1976) were returned in December 1976 by the I.S.I. without testing as the firm was not licensed by it and testing of further samples drawn in February 1977 showed the chemical as sub-standard but by that time 453 litres had already been used. The firm refused to replace the balance quantity of 1,697 litres (Value: Rs. 0.79 lakhs) on the ground that samples were drawn after expiry date.

11. *Other points.*—(i) *Accounts of pesticides distributed.*—Pesticides are sold to cultivators by departmental officials on cash basis and also distributed against permits issued by co-operative banks, which remit the cost of the pesticides into the treasury on receipt of intimation of issue of pesticides from the department by adjusting the cost as loans to the cultivators concerned. In Raipur and Indore divisions, the Madhya Pradesh Co-operative Marketing Federation was appointed as the sole selling agent in May 1966.

It was noticed from the stores and stock accounts in five districts, where the records were test-checked that sale proceeds of Rs. 2.01 lakhs had not been remitted into the treasury by departmental officials; remittance of sale proceeds had been outstanding in some cases as early as since 1966-67.

Similarly, in respect of issues through co-operative banks, in four districts Rs. 1.43 lakhs were outstanding to be recovered from the banks, the oldest dues being of 1966-67.

The Department had supplied to the Federation pesticides valuing Rs. 25.38 lakhs during 1966-67 to 1970-71 for sale in Indore and Raipur districts. However, the accounts of the pesticides had not been reconciled with the figures of the Federation and the amounts due from it had also not been assessed (November 1978).

(ii) *Plant protection equipment lying out of order.*—Eleven units had 9,417 items of plant protection equipment like power sprayers, hand sprayers, paddle pumps, etc., as on 31st March 1978 (purchase cost not available), of which 2,870 were in working condition, 3,344 were lying out of order for minor repairs and the remaining, 3,203 were beyond repairs. Each sprayer, on an average, was utilised for 5 to 10 days only in a year. The Government had ordered (April 1976) that all equipment lying out of order and the repairs of which would involve heavy expenditure should be disposed of through auction. No action for the disposal of such equipment had been taken so far (November 1978).

12. *Summing up.*—(a) The Department, though responsible for constant surveillance, demonstration of plant protection techniques and operational training of officials and cultivators, did not have any arrangements for surveillance upto 1976-77. Even now there is no arrangement for surveillance operations in respect of crops other than wheat and pulses in any of the 19 endemic districts and of wheat and pulses crops in 15 endemic districts.

(b) Mobile plant protection units which were responsible for arranging demonstrations and other educative programmes did not conduct any demonstrations nor undertake any educative programmes.

(c) The training facilities available for officials and cultivators were not adequately utilised and the training institute could train only 41.3, 53.2 and 18.5 per cent respectively of the targeted number of extension officers, village level workers and cultivators.

(d) Due to unplanned purchases and issues, pesticides valuing Rs. 21.91 lakhs which had outlived their self-lives had accumulated with the Department.

(e) Purchases of pesticides through the Agro-Industries Development Corporation at rates higher than competitive rates obtained resulted in extra expenditure of R. 3.86 lakhs on the scheme, which was eventually to be borne by the cultivators for whose benefit the scheme was undertaken.

(f) The Department did not have adequate arrangements for testing of pesticides resulting in purchase and distribution of sub-standard pesticides.

(g) The Department did not keep a watch over recovery of sale proceeds of pesticides. In five districts where accounts were test-checked sale proceeds amounting to Rs. 3.44 lakhs of pesticides had yet to be accounted for by departmental officials/paid by co-operative banks. The Madhya Pradesh State Co-operative Marketing Federation had also yet to account for sale proceeds of pesticides worth Rs. 25.38 lakhs supplied to it during 1966-67 to 1970-71 in respect of Indore and Raipur districts for which information was made available.

(h) The aerochemical operations undertaken during 1975-76 and 1976-77 did not prove effective as reported by the teams which evaluated the effects. Moreover, out of 6.15 lakh hectares affected by pest attack in 1975-76, 3.19 lakh hectares were treated and out of 2.49 lakh hectares affected in Raipur district in 1976-77, 1.46 lakh hectares were treated.

(i) A pesticide not found suitable for combating pest of paddy was used in aerial spraying inspite of adverse findings, because of non-availability of trial data on alternate pesticide suggested.

The matters mentioned above were referred to Government in September 1978; reply is awaited (December 1978).

3.3. Development of Pulses

A Centrally sponsored scheme was launched by the Government of India in May 1972 for increasing the production of pulses by adopting a package of new practices and increasing the area under pulses. The scheme was continued during the Fifth Plan period.

The scheme envisaged (i) large scale laying of composite demonstrations on farmers' fields with the prescribed package of practices, primarily intended for motivating the farmers to adopt the new practices, (ii) multiplication of breeder's seed/foundation seed of improved varieties of pulses, (iii) coverage of additional areas under package approach by distribution of certified seed, plant protection chemicals and equipment and (iv) equipping laboratories for mass scale production of rhizobium culture, an important input consisting of bacterial cells artificially inoculated and used for treating seed with a view to increasing the yield. The scheme also envisaged payment of subsidies for various inputs and provision of separate staff for implementation of the scheme at State level and in the selected intensive pulses cultivation districts.

2. Points noticed in test-check (February to July 1978) of records of implementation of the scheme during the period from 1972-73 to 1977-78 in 6 out of 14 districts where the scheme was taken up are mentioned in the succeeding paragraphs.

3. *Financial outlay.*—Details of annual programme outlays approved by the Government of India, funds sanctioned by the State Government and expenditure incurred, as reported by the Director of Agriculture, are shown below:—

Year	Outlay approved by the Government of India	Amount released by the Government of India	Funds sanctioned by the State Government	Actual expenditure
(1)	(2)	(3)	(4)	(5)
	(Rupees in lakhs)			
1972-73	25.17	10.08	13.96	1.56
1973-74	36.23	16.40	33.82	10.35
1974-75	24.43	18.58	23.07	15.75

Year	Outlay approved by the Government of India	Amount released by the Government of India	Funds sanctioned by the State Government	Actual expenditure
(1)	(2)	(3)	(4)	(5)
(Rupees in lakhs)				
1975-76	30.50	21.69	28.60	22.39
1976-77	31.94	31.70	31.42	28.23
1977-78	45.94	54.28	44.88	44.64
	1,94.21	1,52.73	1,75.75	1,22.92

4. *Targets and achievements.*—Particulars of area covered under demonstrations, breeder's seed, foundation seed, certified seed and plant protection chemicals during the years 1974-75 to 1977-78 (data in respect of the year 1972-73 and 1973-74 not being available), as reported by the department, are given below:

Particulars	1974-75	1975-76	1976-77	1977-78
(1)	(2)	(3)	(4)	(5)
Demonstrations				
<i>(in hectares)</i>				
Target	3,580	3,050	5,900	8,300
Actuals	2,620	3,290	5,269	6,289
Breeder's seed				
<i>(in hectares)</i>				
Target	226	100	114	75
Actuals	128	100	114	24
Foundation seed				
<i>(in hectares)</i>				
Target	N.A.	1,500	2,000	2,000
Actuals	973	1,076	960	961
Certified seed				
<i>(in quintals)</i>				
Target	N.A.	4,500	5,000	3,000
Actuals	1,038	545	3,185	2,818
Plant protection chemicals				
<i>(in hectares)</i>				
Target	N.A.	N.A.	5,00,000	5,00,000
Actuals	1,56,000	1,43,498	3,82,481	2,78,046

5. *Large scale composite demonstration.*—(i) Under the scheme, subsidy was to be paid to farmers at Rs. 375 and Rs. 275 per hectare during the Fourth and Fifth Plan periods respectively to meet the cost of 'input kit' consisting of improved seed, rhizobium culture, fertilizer and plant protection chemicals. In the six districts covered by test-check, demonstrations were laid out in 3,831 hectares and subsidy amounting to Rs. 7.83 lakhs was paid during the period under review.

Year-wise details of subsidy paid, number of farmers involved in demonstrations laid out in the selected districts and number of farmers who did not follow the prescribed package of practice were as under:—

Year (1)	Subsidy paid (2) <i>(In lakhs of rupees)</i>	Farmers involved in demonstrations (3)	Farmers who did not follow the prescribed package of practices by not using			Farmers for whom particulars of inputs used were not available (7)
			Improved seed (4) <i>(In numbers)</i>	Plant protection chemicals (5)	Rhizobium culture (6)	
1972-73	0.31	293	220	162	33	22
1973-74	0.98	624	235	43	..	22
1974-75	1.23	569	286	342	115	54
1975-76	1.48	784	315	195	237	10
1976-77	2.07	984	381	295	198	141

[Source: Result sheets sent by District Officers to the Director of Agriculture]

Action taken to ascertain the details of use of inputs by farmers mentioned in column (7) and to recover subsidy in cases where inputs had not been used was not on record.

(ii) In order to drive home to the farmers the advantages of the new technology, the laying of control plots using conventional methods along with demonstration plots was envisaged under the programme but during the years 1972-73 to 1976-77 (result sheets for 1977-78 not being available), 122 farmers did not lay any control plots, 928 farmers laid plots of unequal size and information was not available in respect of 184 farmers.

(iii) The model scheme stipulated participation of maximum number of farmers and selection of new farmers for demonstrations each year. In 88 cases, demonstrations were repeated in the plots of the same farmers and in 62 other cases, demonstrations for different crops were laid out on the same farmer's plot in the same year.

(iv) The Director of Agriculture had instructed (April 1973) that no single farmer should get subsidy for demonstration on an area of more than one hectare. It was, however, noticed that subsidy was given to 59 farmers (Bhind: 28; Jabalpur: 25; Raipur: 6) for demonstrations in areas aggregating 48 hectares; in one case of Raipur district subsidy was paid for laying demonstration in 5 hectares.

(v) According to the model scheme, the lump sum subsidy on demonstrations was to be distributed amongst various inputs as detailed below:—

Inputs (1)	4th Plan (2)	5th Plan (3)
<i>(In rupees)</i>		
Seed	80.00	75.00
Rhizobium culture	7.50	100.00
Fertiliser	187.50	
Plant protection chemicals	100.00	100.00
	375.00	275.00

The model scheme did not contemplate provision of expenditure for publicity and propaganda out of the subsidy amounts. It was, however, seen from the records that an amount of Rs. 0.39 lakh was spent out of the funds earmarked for essential inputs for demonstrations in six selected districts on propaganda and publicity.

6. *Seed multiplication programme.*—Seed multiplication was taken up at 3 stages namely, (a) breeder's seed, (b) foundation seed and (c) certified seed.

(a) *Breeder's seed.*—Production of nucleus seed, called breeder's seed, of improved varieties was entrusted to the Jawaharlal Nehru Krishi Vishwa Vidyalaya (JNKVV), Jabalpur, which was provided assistance at the rate of Rs. 500 and Rs. 350 per hectare during the Fourth and Fifth Plan periods, respectively, to meet a part of the expenditure on major inputs. The JNKVV was to hand over the entire seed produced to the Agriculture department at a mutually agreed price. The details of the area cultivated, quantity of seed produced and the amount of subsidy paid, as ascertained from the JNKVV, are indicated below:—

Year	Area cultivated	Seed produced and supplied	Subsidy paid
(1)	(2)	(3)	(4)
	(In hectares)	(In quintals)	(Rupees in lakhs)
1973-74	53	129.24	0.17
1974-75	128	238.18	0.23
1975-76	100	253.50	0.30
1976-77	114	395.34	0.49

The Director of Agriculture did not have any information regarding the quantity of seed received by the District units from the JNKVV.

However, the information furnished showed that 136 hectares only had been cultivated by the seed multiplication farms by using the seeds obtained from JNKVV over the years.

(b) *Foundation seed.*—The Government seed multiplication farms were entrusted with the work of multiplication of seed received from the JNKVV. During the Fourth and Fifth periods, subsidy at Rs. 185 and Rs. 156 respectively per hectare was paid to the farms to meet 50 per cent of the cost of major inputs. The area cultivated and the amount of subsidy paid in the selected districts are indicated below:—

Year	Area cultivated	Amount of subsidy paid
(1)	(2)	(3)
	(In hectares)	(Rupees in lakhs)
1972-73	2	Negligible
1973-74	90	0.16
1974-75	184	0.28
1975-76	219	0.32
1976-77	192	0.29
1977-78	209	0.28
Total	896	1.33

According to the model scheme and as reiterated by the Director (Pulses), Government of India (May 1976), the subsidy was to be paid to the seed multiplication farms for multiplication of seed supplied by the breeder. It was, however, noticed that out of 896 hectares, of area cultivated by the farms and for which subsidy was paid, seed supplied by the breeder (JNKVV) was used in 136 hectares only and in the remaining 760 hectares (85 per cent of total area cultivated) for which subsidy of Rs. 1.13 lakhs was paid, other seeds were used for multiplication.

The Department stated (October 1978) that due to inadequate supply from the JNKVV the Government farms were compelled to use their own seed for multiplication.

(c) *Certified seed.*—The certified seed produced by the farms was to be made available to the farmers for sowing. A subsidy of Re. 1 per kilogram of certified seed was given to the farmers with a view to reducing the cost of procurement of the certified seed.

The amount of subsidy paid to the farmers in the selected districts during the years 1973-74 to 1977-78 (no subsidy was paid during 1972-73) was as indicated below:—

Name of the districts	Subsidy paid in					Total
	1973-74	1974-75	1975-76	1976-77	1977-78	
(1)	(2)	(3)	(4)	(5)	(6)	(7)
	(Rupees in lakhs)					
Bhind	0.02	0.01	0.01	0.03	N. A.	0.07
Jabalpur	..	..	..	..	..	..
Khargone	0.01	0.05	0.03	0.10	0.04	0.23
Morena	0.02	0.02	0.01	0.01	0.05	0.11
Narsinghpur	0.01	..	..	0.03	0.02	0.06
Raipur	..	0.04	0.02	..	..	0.06
Total	0.06	0.12	0.07	0.17	0.11	0.53

(i) No subsidy was allowed to the farmers in the Jabalpur district during the entire period under review and to the farmers in Narsinghpur and Raipur districts during two years.

(ii) According to the model scheme, subsidy was payable to farmers to reduce the cost of certified seed procured from the State seed producing organisations. Subsidy (Rs. 0.53 lakh) was, however, paid on seed obtained from the Government farms which had not been certified. The Director of Agriculture stated (October 1978) that seed produced by the Government farms had been subsidised as there was no seed certification agency in the State. Proposals of the Department to continue payment of subsidy for 1978-79 on improved seed produced by Government farms was rejected by the Government of India and accordingly no subsidy was paid for 1978-79. Thus, while the JNKVV was paid subsidy of Rs. 1.19 lakhs for production of breeder seeds and 1,016.26 quintals of breeder seeds were reported to have been produced and supplied by it to the seed multiplication farms during the years 1973-74 to 1976-77, the seed supplied to the farmers by the farms for which subsidy was paid was 530 quintals only.

7. *Plant protection chemicals and equipments.*—In order to get the farmers interested in adopting plant protection measures, subsidy of Rs. 5 per hectare during the Fourth Plan and at the rate of 25 per cent of the cost of chemicals, subject to a maximum of Rs. 15 per hectare and 50 per cent on the cost of plant protection equipments was granted during the Fifth

plan period. The area covered, number of equipments distributed and subsidy paid in the selected districts are indicated below :—

Year	Area covered under plan protection chemicals	Number of equipments distributed	Subsidy paid for		Total
			Chemicals	Equipments	
(1)	(2)	(3)	(4)	(5)	(6)
	(In hectares)		(Rupees in lakhs)		
1972-73	..	*	..	*	..
1973-74	34,898	*	1.27	*	1.27
1974-75	5,940	77	0.92	0.06	0.98
1975-76	28,122	340	1.78	0.26	2.04
1976-77	..	2,252	..	2.39	2.39
1977-78	16,300	2,551	0.04	6.86	6.90
Total	85,260	5,220	4.01	9.57	13.58

Thus, while no subsidy was paid for plant protection chemicals in all the six selected districts during the years 1972-73 and 1976-77, during 1977-78 subsidy was paid only in one district *viz.*, Khargone. According to the Director of Agriculture (May 1976) payment of subsidy on chemicals was discontinued since 1976-77 with a view to utilising the available amount for subsidising the purchase of plant protection equipments.

However, it would appear that the two subsidies had not been effectively linked.

8. *Production of rhizobium culture.*—A Microbiological laboratory was established in the year 1973-74 at Obaidullaganj (district Raisen) for producing rhizobium culture. The annual expenditure, production, sale of culture packets and sale proceeds as intimated by the Assistant Soil Microbiologist in charge of the laboratory are indicated below :—

Year	Expenditure		Total	Culture		Sale proceeds
	Pay and allowances	Equipment and contingencies		Produced	Distributed	
(1)	(2)	(3)	(4)	(5)	(6)	(7)
	(Rupees in lakhs)			(Number of packets)		(Rupees in lakhs)
1973-74	..	1.03	1.03	..	..	..
1974-75	0.11	0.97	1.08	..	..	..
1975-76	0.39	1.58	1.97	7,446	5,667	0.21
1976-77	0.48	1.88	2.36	94,801	92,987	3.44
1977-78	0.47	1.35	1.82	1,05,694	1,03,054	3.81
Total	1.45	6.81	8.26	2,07,941	2,01,708	7.45

*Subsidy not payable during the Fourth Plan.

The following observations are made :—

(i) The laboratory, though established in the year 1973-74 and staff was employed from that year, commenced production only in October 1975, when power connection was given.

(ii) The laboratory has been engaged in production of culture for *kharif* and *rabi* crops for seven months in a year (April to October).

The Assistant Soil Microbiologist stated (April 1978) that during the remaining five months the staff was to be utilised for collection, isolation and screening of bacterial strains: this, however, was not being undertaken due to lack of adequate facilities in the laboratory. During 1976-77 and 1977-78 a sum of Rs. 0.40 lakh approximately was spent on pay and allowances for the period when the staff was not engaged on any work. It was also observed that the laboratory was not meeting the entire annual requirement of the Department for culture and during 1976-77 and 1977-78 culture packets numbering 30,101 (Jabalpur: 7,943 packets; and Narsinghpur: 22,158 packets) were purchased in Jabalpur and Narsinghpur districts from the JNKVV.

(iii) Out of the sale proceeds of Rs. 7.46 lakhs to the end of March 1978, credit particulars for Rs. 3.16 lakhs (42 per cent of the total sales) were not received from the Department. Heavy outstandings against four divisions namely, Bhopal (Rs. 1.49 lakhs), Ujjain (Rs. 0.47 lakh), Hosangabad (Rs. 0.31 lakh) and Gwalior (Rs. 0.28 lakh) were noticed.

9. *Impact.*—The area under pulses at the end of the Fourth Plan was 47.84 lakh hectares and the recorded production was 20.74 lakh tonnes as reported by the Director of Agriculture. The Fifth Plan envisaged an annual area growth of 1.3 per cent and production growth of 2.7 per cent *i.e.*, an annual compound growth rate of about 4 per cent. The actual production as compared to the targeted production and the area under pulses as compared to the target were as follows :—

Year	Area under pulses		Production of pulses		Average yield per hectare
	Expected	Actual	Expected	Actual	
(1)	(2)	(3)	(4)	(5)	(6)
	<i>(Hectares in lakhs)</i>		<i>(Tonnes in lakhs)</i>		<i>(In quintals)</i>
1974-75	48.46	44.52	21.30	22.33	5.016
1975-76	49.09	48.05	21.88	25.39	5.284
1976-77	49.73	45.37	22.47	18.34	4.044
1977-78	50.38	47.50*	23.08	22.00*	4.631

(Source : Administrative Reports of the Department).

Thus, the total production and the average yield per hectare during 1976-77 and 1977-78 were less than the production and average yield during the years 1974-75 and 1975-76.

10. *Other points of interest.*— (i) *Employment of staff.*—Although the Government of India had provided assistance to the State Government for engagement of separate staff for implementation of the scheme in the selected districts, no separate staff was employed exclusively for this scheme and the work of supervision and implementation of the scheme was managed by the existing staff, in addition to their other normal functions. The full expenditure on pay and allowances of such personnel was, however, charged to the scheme. Such expenditure in six selected districts amounted to Rs.9.52 lakhs.

(ii) *Loss on account of excessive purchase of rhizobium culture.*—Rhizobium culture should be utilised within three months from the date of manufacture after which its potentiality is lost. It was observed that though the production of culture was less than require-

* Estimated

ments 4,318 packets and 374 tins of culture (value:Rs. 0.17 lakh) were lying in stock for more than three months upto which the culture is potent.

11. *Summing up.*—As indicated in the preceding paragraphs, the Department incurred expenditure of Rs.1,22.92 lakhs on the scheme during the period from 1972-73 to 1977-78, the bulk of which (Rs.1,11.01 lakhs) was spent during the Fifth Plan period. The targets laid down for various programmes under the scheme were, however, not achieved. The production of pulses during 1976-77 and 1977-78 was less than that in 1974-75 and 1975-76, though the area under pulse crop during 1976-77 and 1977-78 was more than that in 1974-75.

Audit observations made on the units covered by test-check are :—

- (i) The prescribed package of practices and other requirements were not followed even in demonstrations.
- (ii) Sums were spent on propaganda and publicity at the cost of essential inputs though not envisaged in the scheme.
- (iii) The Government farms mostly used their own seeds for multiplication instead of obtaining breeder's seed from the JNKVV as envisaged.
- (iv) Though the scheme envisaged payment of subsidy only for certified seed, subsidy was paid to the farmers on uncertified seed obtained from Government farms on the ground that there was no seed certification agency in the State.
- (v) While 1,016.26 quintals of breeder's seeds were reported to have been produced and supplied by the Jawaharlal Nehru Krishi Vishwa Vidyalaya to the seed multiplication farms, the seed supplied to the farmers by the farms under the scheme was 530 quintals only.
- (vi) The facility of subsidy on plant protection chemicals and equipments was not allowed to farmers in all the years. Out of 5 districts where records were test checked, no subsidy for certified seeds was paid in one district during any of the 5 years of operation of the schemes and in 2 districts during 2 years. No subsidy for plant protection chemicals was paid in any of the districts during 1972-73 and 1976-77 and in 1977-78 except in one district.
- (vii) The staff of the Microbiological laboratory was not fully engaged and the production of culture packets by the laboratory was not sufficient to meet the entire requirement of the Department.

The points mentioned above were reported to the Government in September 1978; reply is awaited (December 1978).

3.4 Non-adjustment of expenditure on soil conservation works

Under the provisions of the Madhya Pradesh Land Improvement Schemes Act, 1957, the cost of soil conservation works executed by the Department is recoverable in whole or in part as loan from the beneficiaries. For this purpose, the Agriculture Department which executes the work is to prepare statements of *taccavi* cases and forward these to the Revenue authorities within a month of completion of work for adjustment against the loan head through the treasury and effecting recovery from the beneficiaries.

Test-check (December 1977) of the records of the Assistant Soil Conservation Officer, Vidisha, showed that adjustment of the beneficiaries' share amounting to Rs.0.57 lakh of the cost of soil conservation works executed from 1957 to 1967 had not been carried out for want of beneficiary-wise details of the amount and consequently no recoveries could be effected.

The delay in the adjustment of amounts recoverable from the beneficiaries was brought to the notice of the Department during successive local audits conducted in April 1971, December 1974 and December 1977. The matter was also reported to the Government in April 1978; reply is awaited (December 1978).

FOREST DEPARTMENT

3.5. Forest remittances

Frauds which occurred in the remittance of forest receipts into the treasury during the period February 1971 to September 1973 due to non-observance of the prescribed procedure for such remittances were mentioned in paragraph 3.2 of the Report of the Comptroller and Auditor General of India for the year 1973-74—Government of Madhya Pradesh. In its thirtyseventh report (April 1977) the Public Accounts Committee had expressed deep concern over the disregard shown to the prescribed procedure.

The monthly account rendered by each forest officer to the Accountant General is required to be accompanied by a schedule of remittances into the treasuries showing each item of remittance separately and linking the same with the relevant item in the consolidated receipt obtained from the treasury. The schedules of remittances into treasuries and the consolidated receipts obtained from the treasuries were awaited (November 1978) from several forest divisions as shown below :—

Year	Number of Forest Divisions from which awaited	Amount of remittances
(1)	(2)	(3)
		(Rupees in lakhs)
1971-72	2	34.05
1972-73	2	1,73.58
1973-74	2	2,90.10
1974-75	1	9.05
1975-76	7	2,41.47
1976-77	33	8,46.75
1977-78	61	28,93.81
	Total	44,88.81

Out of the above, arrears are considerable in the following offices :—

Serial number	Name of the office	Months for which awaited	Amount involved
(1)	(2)	(3)	(4)
			(Rupees in lakhs)
1.	Forest Division, Jabalpur	32	4,70.86
2.	South Forest Division, Shahdol	28	1,81.33
3.	Forest Division, Dindori	25	94.33
4.	Forest Division, Bilaspur	22	2,17.92
5.	Forest Division, Rajnandgaon	22	1,83.36
6.	North Forest Division, Shahdol	20	5,94.87
7.	Forest Division, Raisen	18	1,29.93
8.	Forest Division, Sagar	17	1,21.95
9.	Forest Division, Rewa	15	1,71.88
10.	Forest Circle, Jabalpur	15	0.08
11.	Forest Division, Raigarh	14	2,38.79

Serial number	Name of the office	Months for which awaited	Amount involved
(1)	(2)	(3)	(4)
			(Rupees in lakhs)
12.	Forest Division, Kanha	14	2.24
13.	Forest Division, Guna	12	72.36
14.	Forest Research Institute, Jabalpur	11	0.02
15.	Forest Division, Durg	11	1,05.09
16.	Forest Division (Lumber), Shahdol	10	41.87
17.	Forest Sales Division, Sagar	10	4,11.69
		Total	30,38.57 ✓

The matter was reported to the Government in November 1977; reply is awaited (November 1978).

3.6. Scheme for mixed plantation

Under a scheme approved (March 1976) by the Government of India, mixed plantation on waste and panchayat lands and reforestation of degraded forests were to be taken up in the State with Central grant as indicated below :—

Nature of plantation	Area of plantation	Total cost	Central grant
(1)	(2)	(3)	(4)
	(Hectares)	(Rupees in lakhs)	
1. Mixed plantation on waste and panchayat lands	500	4.00	3.00
2. Reforestation of degraded forests	500	3.50	1.75

The total cost of plantation including raising of nurseries was to be within Rs.600 (raised to Rs.1,000 in March 1977) per hectare and any expenditure beyond this limit was to be borne by the State Government. The Central grant was released in full in 1976-77.

The State Government selected (January 1977) Khilchipur tehsil for mixed plantation and Rajgarh and Khilchipur tehsils of Rajgarh district for reforestation of degraded forests and directed that preparatory work for implementation of the scheme be undertaken in 1976-77, the actual plantation being done in 1977-78.

Points noticed in the implementaion of the scheme are mentioned below:—

Mixed plantation.—844.90 hectares of land were selected for mixed plantation in 12 villages of Khilchipur tehsil 1,24,600 pits and cattle-proof trenches meant for protection of seedlings were dug and barbed wire fencing erected around some of these trenches. However, only 2,000 seedlings were planted in 1,85.30 hectares leaving 1,22,600 pits unplanted. Of the seedlings planted, 1,650 (82.5 per cent) were stated (September 1978) to have survived. Work on the plantation was, however, stopped in September 1977 following objections from (a) the Municipal Committee, Khilchipur in April 1977 that an area of 2.25 hectares belonged to it and was intended to be used as Municipal compost grounds and from (b) the Collector that the remaining area of 183.05 hectares covered under the scheme was pasture land on which grazing could not be prohibited and hence tree guards only should be provided instead of cattle-proof trenches. The scheme, on which Rs.1.56 lakhs had been spent upto March 1978, was at a standstill after planting 2,000 seedling. Further, 22,600 pits dug during 1976-77 were lying unutilised.

Reforestation of degraded forests.—245.08 hectares of land in the protected forests of Khilchipur and Rajgarh tehsils were earmarked for this purpose but plantation was undertaken on 120 hectares only. After cattle-proof trenches had been dug and barbed wire fencing erected around 2,500 pits and 9,775 trenches, work on the scheme was stopped in April 1977 following objections from the Municipal Committee, Khilchipur which had dug compost pits in the area. The Division did not produce plantation journals showing number planted, survived, etc. The amount spent on the scheme was also not separately available.

Launching of the scheme without adequate advance planning and without ascertaining the availability of land from local authorities resulted in trees not being planted in the 2,500 dug up pits.

The matter was reported to the Government in August 1978; reply is awaited (January 1979).

GENERAL ADMINISTRATION DEPARTMENT

3.7. Purchase of an Aircraft

The Government purchased in May 1977 one King Air C 90 aircraft for use of high dignitaries from a foreign aircraft manufacturer for U.S. \$ 5,48,500 C.I.F. (approximately Rs.50 lakhs). Scrutiny of records pertaining to the purchase disclosed the following :—

1. The agent of the foreign aircraft manufacturing firm had offered (November 1975) to supply one King Air C 90 aircraft to the State Government for U.S. \$ 5,48,500 C.I.F. and buy back two old aircrafts from the State Government alongwith spares for Rs.42 lakhs.

2. The basis on which the aircraft was chosen and the price fixed was not on record.

3. Government placed the order for the aircraft with the agent on 1st October 1976 but time for delivery was not specified nor was any agreement entered into with the supplier or the agent. A letter of credit was opened in November 1976 with the State Bank of India for U.S. \$ 5,48,500 in favour of the foreign manufacturer. The letter of credit was valid upto 18th January 1977 (later extended upto 18th April 1977). The aircraft was, however, delivered at Bombay on 9th May 1977.

4. The letter of credit, which had been extended upto 18th April 1977, was sought to be extended further for one month by the Government as there was likely to be delay in the delivery of the aircraft but inspite of two reminders in April 1977 the bank did not act upon the request. The documents were retired on 9th May 1977 and the bank charged interest of Rs.0.42 lakh (@ 14 per cent per annum) from 17th April to 8th May 1977.

Thus, due to failure to get a firm delivery schedule from the manufacturer, the letter of credit opened in November 1976 could actually be utilised only in May 1977. Besides, the Government had also to pay interest charges of Rs.0.42 lakh for the period from 17th April to 8th May 1977 due to the bank not extending the validity period of the letter of credit.

5. While releasing foreign exchange for the aircraft, the Government of India had stipulated that the State Government should retain only three aircraft including the new one and dispose of two of its existing aircraft. As already stated, the foreign aircraft manufacturing firm had also offered (November 1975) to purchase its two old aircraft for Rs.42 lakhs. No action had, however, been taken for the disposal of the existing aircraft (December 1978).

The Government had stated (October 1977) that action to dispose of the existing aircraft would be taken after obtaining from the Madhya Pradesh Flying Club the list of

spare parts to be supplied alongwith the old aircraft to be sold. Government further stated (December 1978) that the bank had agreed to pay interest at 4 per cent per annum on Rs.50 lakhs which had been lying with it. Further developments in both matters are awaited (January 1979).

The above observations were sent to the Government in August 1978; reply is awaited (January 1979).

HOME (POLICE) DEPARTMENT

✓ 3.8. Purchses made through Madhya Ptadesh Laghu Udyog Nigam

On the basis of tenders invited (October 1975) by the Inspector General of Police, aerial towers were got fabricated and erected by two small scale industrial units—firms 'A' and 'B' of Bhopal—at Rs. 30,500 per tower.

In December 1976, Government issued orders directing Government departments to send their requirements in respect of products of small scale industrial units direct to Madhya Pradesh *Laghu Udyog Nigam*. The *Nigam* was to distribute the orders among the small scale units. The orders did not stipulate payment of any service charges to the *Nigam* by the Governemnt Departments for this purpose. In pursuance of these orders, the Inspector General of Police intimated requirement of 9 aerial towers [150 feet high and weighing 67.5 tonnes (7.5 tonnes each) and of the same specification as those ordered in October 1975], in February 1977 (5) and in February 1978 (4) to the *Nigam*. The *Nigam* distributed the orders to the same two small scale industrial units as follows :—

Firm to which	Date of order	Total number of towers	Rate per tower (including service charges of <i>Nigam</i>)	Total cost to Police Department
(1)	(2)	(3)	(4)	(5)
Firm 'A'	14-2-1977	5	47,512	2,37,560
Firm 'B'	18-2-1978	4	43,500	1,74,000

The order on firm 'A' was placed after obtaining a single quotation and the order on firm 'B' on the basis of quotations obtained from 5 firms.

The *Nigam* was paid Rs. 4,11,560 including its service charges of Rs. 0.21 lakh for the 9 towers ordered through it.

Between October 1975 and February 1978 the price of steel specified for use in fabrication of the towers had increased by Rs.50 per tonne as per the ruling prices of the Hindustan Steel Limited. However, the Police Department had to pay Rs. 17,022 and Rs. 13,000 more per tower purchased through the *Nigam* in February 1977 and February 1978 respectively as compared to the prices paid in October 1975, even though the *Nigam* had distributed the orders for supply to the same suppliers who had supplied towers directly to the Department in 1975. Further, the Police Department had to pay Rs. 0.21 lakh as services charges to the *Nigam*.

The matter was referred to the Government in August 1978; reply is awaited (December 1978).

COMMERCE AND INDUSTRIES DEPARTMENT

3.9. Subsidy for setting up industries in backward areas

With a view to promoting growth of industries in selected backward areas, the Government of India introduced (August 1971) a scheme for giving subsidy for setting up new industrial units or for substantial expansion of existing units in selected such areas. A unit was to be treated as new if 'effective steps' for its establishment had been taken on or after 1st October 1970. The term 'effective steps' denoted one or more of such steps as, paying up of 60 per cent of the capital issued, construction of a substantial part of the factory building and placing of firm orders for a substantial part of the plant and machinery. Existing units, *i.e.*, for the setting up of which effective steps were taken prior to 1st October 1970, were eligible for subsidy for expansion programmes involving increase in fixed capital investment by not less than 25 per cent (10 percent after 1st January 1977). The subsidy payable to each selected unit was 10 per cent, raised to 15 per cent for investment made on or after 1st March 1973, of the total fixed capital investment (land, buildings and plant and machinery) or the additional fixed capital investment as the case may be. The maximum amount of subsidy payable to a unit was Rs.5 lakhs till March 1973, when it was raised to Rs.15 lakhs. Industrial units eligible for the subsidy were to be selected by a state level committee. The subsidy was to be directly disbursed by the State Government to self financed units and through financial institutions, where the units were set up with assistance from such institutions. The entire amount of subsidy disbursed under the scheme was reimburseable by the Government of India.

In the first phase, effective from October 1970, the scheme was implemented in 22 development blocks (in six districts) in the State and in the second phase effective from August 1971, 43 more blocks (in 16 districts) were brought under the scheme.

Rupees 3,13.79 lakhs were disbursed as subsidy during the period 1973-74 to 1977-78 as detailed below :—

Year	Subsidy disbursed	Number of units to which subsidy paid
(1)	(2)	(3)
	(Rupees in lakhs)	
1973-74	1.80	38
1974-75	25.76	49
1975-76	63.25	60
1976-77	89.90	75
1977-78	1,33.08	163
Total	3,13.79	385

Points brought out in test-check (August 1978) of the records of implementation of the scheme in the office of the Director of Industries, Madhya Pradesh Financial Corporation (MPFC) and Madhya Pradesh *Audyogik Vikas Nigam* (MPAVN) are mentioned in the succeeding paragraphs.

2. *Irregular revision/release of subsidy.*—(i) An industrial unit at Dewas, which had taken 'effective steps' prior to 1st March 1973 and gone into production in June 1974, was paid the maximum admissible amount of subsidy of Rs.5 lakhs in November 1975. After the issue of Government of India orders in November 1976 enhancing the subsidy rate to 15 per cent on investments made after 28th February 1973 by units which had taken effective

steps prior to 1st March 1973, the unit put in an application (May 1977) for revised subsidy on the basis of a capital investment of Rs.94.99 lakhs including expenditure on expansion and diversification, the figures for which were not separately shown and the state level committee sanctioned (July 1977) a revised subsidy of Rs.13.56 lakhs (including Rs. 5 lakhs already paid) on the basis of an investment of Rs.91.22 lakhs found admissible by it.

In the Government of India orders of November 1976, it had been clearly laid down that cases where full amount of subsidy had already been paid on the basis of the orders in force earlier were not to be reopened under any circumstance; as such the subsidy case already decided should not have been reopened and only the case of subsidy for expansion and diversification should have been considered as a separate case. The Manager, MPFC stated (August 1978) that the case would be reported to the Industries Department for placing before the state level committee for regularisation.

√(ii) In May 1974, the state level committee had decided that 'effective steps' should be deemed to have been taken if firm orders for 60 per cent or more of the plant and machinery required had been placed. A unit at Raipur which had placed orders prior to 1st March 1973 for plant and machinery worth Rs.27.16 lakhs out of the proposed investment of Rs.54.64 lakhs on plant and machinery was sanctioned subsidy at the rate of 15 per cent on the ground that it had placed firm orders for less than 60 per cent of the machinery prior to 1st March 1973 and had as such not taken 'effective steps' prior to that date. The unit was on this basis paid Rs.2 lakhs in April 1975 as first instalment of the subsidy. The unit had gone out of production since May 1975 but further instalments of Rs. 0.50 lakh, Rs.2.50 lakhs and Rs.1.17 lakhs were paid to the unit in August 1975, February 1976 and August 1976 respectively though under the scheme units, which went out of production (except for short periods of not more than 6 months) within 5 years of commencement of production, were to refund the subsidy already paid to them.

Further, as per a decision taken by the state level committee in December 1975 'effective steps' should be deemed to have been taken if firm orders were placed for 25 per cent of the plant and machinery instead of 60 per cent as laid down earlier and cases where entitlement had been decided on the earlier basis were to be re-examined and further subsidy to be released on the basis of re-examination. As the unit had taken effective steps prior to 1st March 1973 by placing firm orders for more than 25 per cent of the plant and machinery prior to that date, the subsidy case of the unit should have been re-examined and the subsidy restricted to 10 per cent on the investments but this was not done. Subsidy overpaid to the unit amounted to Rs.2.06 lakhs. The Director of Industries stated (August 1978) that recovery proceedings would be initiated if the unit did not commence production shortly.

√(iii) A glass factory at Dewas was sanctioned (5th March 1974) subsidy amounting to Rs. 1.48 lakhs on a proposed capital investment of Rs. 9.84 lakhs. The amount was disbursed to the unit in May 1976 (Rs. 0.74 lakh), December 1976 (Rs. 0.54 lakh) and June 1977 (Rs.0.20 lakh). The last instalment was disbursed even after the Technical Adviser of the MPFC had reported on 30th March 1977 that the unit had made a trial run in November-December 1976 but could not start production on commercial scale due to serious defects in the design of furnace and that the annealing '*lehr*' (Cost: Rs. 1.00 lakh approximately) installed appeared to be second-hand and full of corrosion and pitting. The basis on which the claim for subsidy in respect of second-hand and defective plant and machinery was accepted was not on record. The MPFC, which had disbursed the subsidy, stated (August 1978) that the Corporation had tried to revive the working of the factory but that there were no chances of its revival. The Corporation had not initiated any action for recovery of the subsidy,

✓(iv) An industrial unit at Ratlam was sanctioned (February 1976) the maximum admissible subsidy of Rs. 5 lakhs on an investment of Rs. 64.54 lakhs, in which the investment made prior to 1st March 1973 had been determined as Rs. 6.28 lakhs on the basis of the Chartered Accountant's certificate. After the issue of the Government of India orders of November 1976 revising the subsidy to 15 per cent for investments made on or after 1st March 1973, the case was on receipt of an application from the unit re-opened on 7th June 1977 and the investment made prior to 1st March 1973 was reckoned as Rs. 4.16 lakhs; and on this basis subsidy at 15 per cent on investment of Rs. 2.12 lakhs (so ante-dated) viz., Rs. 0.11 lakh was paid. The basis on which the unit had revised the figures of investment made prior to 1st March 1973 and the revision accepted were not on record.

✓3. *Irregular payment of subsidy by treating expansion as original investment.*—Subsidy of Rs. 1.1 lakhs was sanctioned (December 1974) to an industrial unit engaged in the production of tools at Dewas, taking the proposed investment on fixed capital assets as Rs. 7.35 lakhs. While an amount of Rs. 0.55 lakh was paid in March 1975, the balance was payable after the unit started production. The unit started production in June 1975 and submitted a revised application in September 1975 for subsidy of Rs. 1.38 lakhs based on a fixed capital investment of Rs. 9.20 lakhs. The Deputy Director of Industries, Indore, after inspection, reported (December 1975) that the increase in cost was due to purchase of additional machinery worth Rs. 1.32 lakhs enhancing its production capacity by approximately Rs. 0.50 lakh per month and change in the design of the building for installing the additional machinery at a cost of Rs. 0.30 lakh. The state level committee, while considering the revised application, however, treated the expenditure as initial investment for setting up of the unit and sanctioned (June 1976) an additional subsidy of Rs. 0.28 lakh. As the additional investment was for expansion and was less than 25 per cent of the initial fixed capital investment, the unit did not qualify for any subsidy on the additional investment of Rs. 1.62 lakhs and the subsidy of Rs. 0.24 lakh paid to the unit was inadmissible.

4. *Plant and machinery irregularly included in fixed capital investment.*—(i) An industrial unit at Bilaspur engaged in manufacturing gas was sanctioned subsidy amounting to Rs. 15 lakhs in December 1976 taking its investment on fixed capital assets as Rs. 1,00.72 lakhs, which included a proposed investment of Rs. 45.80 lakhs on gas cylinders. Against the proposed investment of Rs. 45.80 lakhs on gas cylinders, the Deputy Director of Industries had certified receipt of cylinders and valves of the value of Rs. 44.05 lakhs. As such subsidy on Rs. 1.75 lakhs, amounting to Rs. 0.26 lakh, had been incorrectly disbursed to the unit. The Director of Industries stated (August 1978) that the disbursement of subsidy for cylinders not acquired was being equated into.

(ii) For assessing the total fixed capital investment for purposes of subsidy, the price paid for land and building to the extent actually needed for the purpose of the plant only was to be taken into account. Accordingly, in the case of an industrial unit at Dewas, the state level committee decided (June 1975) to disallow an investment of Rs. 1.10 lakhs on certain items of capital investment. The unit had commenced production in February 1975. In November 1976, the Government of India decided that the essentiality as regards the extent of land and factory buildings required for the industrial unit be left to the full discretion of the state level committee, but that cases already decided should not be reopened. However, while considering the claim for subsidy on the expansion programme of the unit in October 1977, the investment of Rs. 1.10 lakhs disallowed on 3rd June 1975 was treated as part of the investment on the expansion programme and subsidy of Rs. 0.16 lakh paid thereon. The MPFC, through which the subsidy was disbursed, accepted the fact of irregular payment and added (August 1978) that this would be kept in view while disbursing the balance subsidy.

(iii) Prior to 1st January 1977, subsidy was not to be paid for investment in second-hand machinery. However, cost of second-hand machinery (Rs. 12.17 lakhs) was included (August 1972, November 1973 and May 1976) in the total investment (made prior to 1st January 1977) of three industrial units while computing the subsidy payable, resulting in irregular payment of Rs. 1.81 lakhs.

5. *Payment of subsidy to an ineligible unit.*—A unit at Bilaspur was paid (September 1975) a subsidy of Rs. 0.37 lakh for establishment of a cold storage though subsidy on cold storage was not admissible at the time.

6. *Non-recovery of subsidy from units which stopped production.*—According to the scheme, the entire subsidy paid to a unit should be got refunded if it discontinued production (other than for short periods extending upto six months due to reasons beyond its control) within five years from the date of commencement of production. Twelve industrial units which received subsidy totalling Rs. 25.41 lakhs during January 1973 to March 1977 were found by the financial institutions concerned or the Department to have discontinued production but in none of these cases recovery had been effected. In eight cases (Rs. 8.21 lakhs) recovery proceedings were stated (November 1978) to be in process and in four cases (Rs. 17.20 lakhs) efforts to revive the units were being made.

7. *Follow-up action.*—(i) *Non-intimation of commencement of production.*—Rupees 0.84 lakh were disbursed as first instalment of subsidy in September 1975 to an industrial unit at Dewas. The unit had not so far intimated whether it had started production and had not submitted any claim for payment of the remaining Rs. 0.84 lakh. The Director of Industries stated (July 1978) that a detailed report about functioning of the unit was being called for.

(ii) *Non-hypothecation of assets.*—An industrial unit at Ratlam was paid a subsidy of Rs. 7.50 lakhs in November 1974 without getting its assets hypothecated on the assurance that necessary charge would be provided for in due course. The unit could not, however, hypothecate its assets as all its assets already stood fully hypothecated against loans from different institutions. Nevertheless, a further instalment of subsidy amounting to Rs. 7.50 lakhs was released to it on 31st August 1976. The MPAVN, which had disbursed the subsidy, stated (July 1978) that necessary action would be initiated in consultation with the unit.

(iii) *Annual progress reports.*—According to the scheme, each unit receiving subsidy had to submit an annual progress report to the State Government about its working for five years after its going into production. A consolidated report of progress was also required to be sent by the State Government to the Government of India every year on 30th June. Out of 222 units, to which subsidy had been paid upto 1976-77, annual reports in respect of 55 had not been sent to the Government of India due to non-receipt of reports from the units.

8. *Summing up.*—(i) Out of 385 units which were paid subsidy totalling Rs. 3,13.79 lakhs under the scheme, 12 units which had been paid subsidy of Rs. 25.41 lakhs discontinued production within 5 years of commencement of production and the subsidy paid was recoverable from them. One unit which was paid subsidy of Rs. 1.48 lakhs had not started production on commercial scale.

(ii) Subsidy amounting to Rs. 14.32 lakhs was paid to four units by reopening the cases of subsidy already decided.

(iii) Subsidy amounting to Rs. 2.23 lakhs was paid in excess to three units by including certain inadmissible items of plant and machinery and building in fixed capital investment.

(iv) Subsidy amounting to Rs. 0.24 lakh was paid in excess to one unit by treating expenditure on expansion as original investment.

(v) Subsidy of Rs. 0.37 lakh was paid to an ineligible unit.

(vi) Subsidy of Rs. 7.50 lakhs was disbursed by financial institutions without getting the assets acquired by the units hypothecated to Government. The Department did not also evolve proper follow-up procedure to watch continuance of production after subsidy had been disbursed.

The matters mentioned above were referred to the Government in September 1978; reply is awaited (December 1978).

PUBLIC HEALTH AND FAMILY WELFARE DEPARTMENT

3.10. Health services in rural areas through Primary Health Centres

Introduction.—With a view to providing medical and health services—both curative and preventive—to the rural population, primary health centres (hereinafter referred to as centres) were set up under a scheme launched during the First Five Year Plan. Each centre, to be set up preferably at the headquarters of the community development blocks was to cater to about 100 villages with a population of about 67,000 and was to have at least three health sub-centres under it to cater to the needs of the rural population in further interior areas. At least six beds (general beds: 4 and maternity beds: 2) were to be provided at a centre for hospitalisation of patients while no beds were to be provided at the sub-centres. Each centre was to be headed by a medical officer with another medical officer to assist him mainly in the family welfare work.

During 1976-77 and 1977-78, expenditure of Rs. 14,18.86 lakhs was incurred on the provision of health services in rural areas through primary health centres and sub-centres.

The accounts and other records for the period 1975-76 to 1977-78 relating to 12 district health offices (Bastar, Bhind, Bhopal, Bilaspur, Dhar, Gwalior, Indore, Jabalpur, Raipur, Rewa, Sagar and Vidisha) and 140 out of 145 centres located in these districts were test-checked between March and September 1978. Records pertaining to 5 centres were not produced to Audit. Points noticed in the test-check, supplemented by information collected from the Director, Health Services, are mentioned in the succeeding paragraphs.

2. *Establishment of the centres.*—(i) *Location.*—As at the end of 1977-78, there were 465 centres in the State with 2,705 sub-centres under them. The total number of beds in the indoor wards of the centres was 3,620. Fourteen centres proposed to be opened in the tribal areas during 1974-75 had not been opened (November 1978) due, according to the Director, Health Services, to paucity of funds. *Funds were sanctioned in 1977-78.*

In the areas served by the 140 centres test-checked, on the basis of the total rural population of 1,10.47 lakhs (1971 census) of the area and the number of beds (1,097) in these centres, one bed was available, on an average, for every 10,070 persons in the rural areas.

A centre was expected as stated earlier to cater to about 100 villages with a population of about 67,000, the number of villages, population and area actually served by the centres in the 12 districts varied very widely, as shown in the table below:—

Range of number of villages served by a centre	Centres	Villages	Range of population served by a centre	Centres	Population served
(1)	(2)	(3)	(4)	(5)	(6)
	(Numbers)		(Lakhs)	(Numbers)	(Lakhs)
0-50	4	135	Upto 0.50	32	11.58
51-100	25	1,922	Above 0.50 to 0.67	18	10.71
101-150	39	4,832	Above 0.67 to 1.00	56	46.91
151-200	39	6,781	Above 1.00	39	45.46
Above 200	38	7,397			
Total	145	21,067		145	1,14.66

Range of area served by a centre (In square kilometres)	Number of centres
0-500	49
501-750	40
751-1000	37
1001-2000	15
above-2000	4

(ii) *Buildings*.—Out of 145 centres in the 12 districts covered by test-check, nine centres in four districts had no buildings of their own and were functioning in non-government accommodation reportedly lacking in proper arrangements for diagnosis, operations and dispensation of medicines to out-patients. These did not also have beds for hospitalisation of in-patients. Of the remaining 136 centres, buildings of 119 centres in 12 districts had been constructed prior to 1975-76. A review of the progress of construction of buildings of 17 centres in six districts, completed/awaiting completion during 1975-76 to 1977-78, revealed the following:—

(a) There were delays ranging from 3 to 63 months in completion of construction work of seven centres, namely, Dhamnodd, Gandhwani, Bakaner and Tirla (Dhar), Depalpur (Indore) Roun (Bhind) and Nateran (Vidisha). The delays occurred reportedly because tenders had to be called a number of times due to poor response from contractors and/or non-availability of building materials when needed.

(b) Even after construction, the actual handing over of the buildings was delayed by four months at Depalpur (June-October 1976) and Nateran (December 1977-March 1978) and by sixteen months at Bakaner (December 1974-April 1976).

(c) The construction works at Dahi and Teesgaon centres (Dhar), administratively approved in December 1971, were not started even till May 1978. At Ater and Phoof (Bhind), the work, administratively approved in May 1973, and that at Katekalyan and Usoor (Bastar), administratively approved in August 1971, were still incomplete at the time of audit.

(d) At 42 centres in nine districts the buildings had no electricity and at 64 centres in eight districts water supply was not available.

(e) The hospital buildings and staff quarters at Barsur, Bhairamgarh, Kolibeda and Kuakonda centres (Bastar), which were constructed by the Tribal Welfare Department prior to 1965, were not being maintained by that Department nor had these been handed over to the Public Works Department for maintenance (November 1978). The buildings and staff quarters at the first three centres had been vacated reportedly because they were not fit for occupation.

(f) The District Family Welfare-Cum-Health Officer (DFWHO), Bastar, reported (September 1978) that hospital buildings and staff quarters, constructed (March 1978) by the Public Works Department at Bishrampuri at a cost of Rs. 0.85 lakh and handed over to the Public Health Department in March 1978, had developed horizontal and vertical cracks and were not fit for occupation.

(iii) *Staff*.—During 1977-78, the centres were short of 40 medical officers (34 centres), 25 compounders (25 centres), 7 dressers (7 centres), 52 health visitors (45 centres), 37 auxiliary nurse midwives (25 centres), 19 vaccinators (13 centres), 21 sanitary inspectors (21 centres) and 42 other staff (38 centres).

Bastar, though the biggest district (area: 39,171 square kilometres) in the State and with sparse tribal population residing in villages not well connected by roads, had the maximum number of vacant posts including those of 26 medical officers and 10 compounders (6 centres having no medical officers and 10 centre having no compounders).

The Director, Health Services, stated (November 1978) that the vacant posts could not be filled up due to doctors not joining their posts, particularly in Bastar district because of lack of civic amenities and social life.

3. *Provision of health services.—(i) In-patient wards.*—According to the scheme, each centre was to have an in-patient ward normally with six beds—four general and two maternity for hospitalisation of patients. In the 12 selected districts, while there were no beds at 13 centres in four districts, the number of beds provided in the remaining 132 centres ranged between two at Agasod (Sagar) and 32 at Mahasamund (Raipur).

An analysis of the utilisation of beds in each month of (calendar year) 1977 at 118 centres in 11 selected districts, records of which were made available to Audit, revealed that, out of 965 beds available in the year, 445 beds (46 per cent) at 114 centres were never occupied during the year. Out of the remaining 520 beds, 179 beds were occupied for 1-10 days, 165 beds for 11-20 days and 176 beds for 21-30 days in each month.

Further analysis showed that out of 3.52 lakh bed-days (965 beds × 365) available at 118 centres during 1977, the actual utilisation of bed-days was nil in 6 centres (available bed-days: 0.12 lakh), upto 50 per cent in 93 centres (available bed-days: 2.62 lakhs) and more than 50 per cent in the remaining 19 centres (available bed-days: 0.78 lakh).

The average number of patients attended to by the out-patient departments in the centres during the year 1977 varied widely, the highest and lowest number in the districts test checked being as follows:—

District	Average daily number of patients attended to in out-patient department in 1977			
	Centre	Highest	Centre	Lowest
Bastar	Charama	80	Lohandiguda	4
Bhind	Lahar	199	Ater	94
Bhopal	Bairagarh	294	Berasia	219
Bilaspur	Mungeli	180	Gourella-II	15
Dhar	Manawar	152	Kukshi	45
Gwalior	Bhander	92	Hastinapur	39
Indore	Depalpur	78	Manpur	67
Raipur	Mahasamund	151	Maganlod	26
Sagar	Khurai	158	Agasod	18
Vidisha	Sironj	189	Lateri	42

(ii) *School health programme.*—Under a comprehensive school health services programme approved by the Government in September 1975, the medical officer of each centre was to visit all the primary schools located in the area under the centre, conduct medical examination of the children and treat them. The number of schools visited by the medical officers of 100 centres, the records of which were produced to Audit, was as follows:—

Year	Number of schools existing in the area	Number of school visited	Percentage covered	Student population in those schools	Number of students examined	Percentage examined	Number of students treated
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
				(In lakhs)			(In lakhs)
1975-76	10,720	7,782	73	4.68	3.03	65	0.58
1976-77	10,489	1,419	14	0.73	0.38	50	0.06
1977-78	10,736	750	7	0.53	0.18	34	0.03

Reasons for the decline in the number of schools visited were not on record.

(iii) *Environmental sanitation Programme.*—For improvement of environmental sanitation, the sanitary inspectors at the centres were expected to advise and guide the rural population on adequate disposal of human excreta and sullage water, construction of soakage pits, ventilators, smokeless *chulas*, manure pits, etc., and arrangements for provision of safe water. As stated (November 1978) by the Director, Health Services, the sanitary inspectors of the centres did not, despite instructions, maintain records of the work done under the programme.

4. *Supply and stock of drugs and equipment.*—(i) *Drugs:*—The centres procure drugs and equipment mainly from the Medical Stores Depot, Bombay (M.S.D.) against annual indents which are routed through the District Family Welfare and Health Officer D.F.W.H.O. Test-check of the records of 136 centres in 12 districts for the years 1975-76 to 1977-78 revealed that supplies made by the M.S.D. ranged between 37 per cent (Bhopal and Indore districts) and 49 per cent (Raipur and Vidisha districts) of the items indented by them.

It was also seen that eight centres in 1975-76 and 20 centres each in 1976-77 and 1977-78, had not placed any indents; they reportedly met their requirements from stocks of earlier years or from supplies obtained from the district office.

The Government had approved (August 1974) a formulary of drugs to be stocked by the centres (revised in June 1977).

According to the formulary approved in June 1977, 124 drugs (of 35 categories) were to be stocked/made available at the centres and sub-centres. A test check of the stocks of drugs at 113 centres in nine out of 12 districts with reference to the formulary showed that even some essential drugs required to be maintained were not available during 1977-78 at certain centres as shown below:—

Class of drugs	Number of drugs to be stocked	Number of centres not having stock of these drugs
(1)	(2)	(3)
Anti diphtheria syrup	1	96
Anti venon serum	1	33
Bivalent antigen	1	43
Triple antigen	1	17
For Gynaec and obstetrics	3	55

Not a single centre had placed indents for all non-available drugs. Further, 21 centres had not placed indents for any non-available drug.

In the stock books of drugs maintained at most of the centres the expiry dates of drugs were not indicated nor was action taken to watch disposal/consumption of medicines before they became time expired.

(ii) *Equipment.*—A centre was required to maintain 118 items of equipment in its consultation and diagnosis room. The stock books for 1977-78 of 138 out of 140 centres in the 12 selected districts showed that one centre did not have any equipment and 73 centres did not have more than 50 per cent of the prescribed equipment. Eighteen centres did not have even thermometers, 38 centres hypodermic syringes, and 53 centres hypodermic needles. Similarly, 22 centres did not have surgical forceps and gloves for the obstretical wing.

No X-ray equipment was available at any of the centres in Indore, Jabalpur and Rewa districts; 21 centres out of 121 centres in the remaining nine selected districts had one X-ray unit each. At the time of test-check, X-ray equipment at five centres in four districts were lying idle for periods ranging between 4 to 26 months, reportedly due to mechanical defects and non-availability of mechanics for repairs.

At the time of test-check, while 34 centres in 11 districts had no refrigerators, the refrigerators at 35 centres in seven districts were not working for periods ranging from December 1955 to April 1978, due to mechanical defects, or awaiting conversion from 'Kerosene-operated' to 'power-operated' machines or for want of power connection at the centres. Consequently, some of the drugs needing cool and dry storage were exposed to the risk of being damaged.

5. *Supervision and control.*—One of the main objects of setting up the centres was to take medical care of the people 'at their homes' and for this purpose medical officers of the centres were required to visit certain number of villages in their jurisdiction every second afternoon to render health services. Not a single sub-centre was visited on alternate days and 78 sub-centres were not visited by Medical Officers even once during 1977-78 as revealed by the records of the centres and sub-centres.

Out of 140 centres covered by test-check, medical officers of 117 centres were provided with vehicles for visits to the areas under their jurisdiction but vehicles at 33 centres were off the road at the time of test-check for want of repairs.

The shortfall in visits was attributed (June 1978) by medical officers to (i) long distance between the centre and its sub-centres and inadequate communication facilities (ii) non-availability of an other medical officer at the centre; (iii) engagement in family welfare and small pox eradication programmes; (iv) non-availability of auxiliary nurse midwives at some sub-centres; and (v) non-availability or break down of vehicles.

6. *Summing up* (i) By 31st March 1978, 465 centres and 2,075 sub-centres had been established in rural areas with 3,620 beds for hospitalisation of patients.

(ii) A centre was expected to cater to about 100 villages with rural population of about 67,000. While the population served by 50 centres was less than 67,000 each, 95 centres served a population of more than 67,000 each and of them 39 served more than 1 lakh each.

(iii) Nine centres did not have their own buildings and were housed in non-government accommodation lacking proper facilities.

(iv) Twenty centres in Bastar district did not have Medical Officers reportedly due to unwillingness of doctors to serve in those areas.

(v) There were no indoor beds in 13 centres. Occupation of beds was poor in a number of centres; in 6 centres beds were not occupied at all in 1977 and in 19 centres occupancy was about 69 per cent of beds available.

(vi) Whereas the scheme contemplated that the Medical Officers would visit sub-centres on alternate days, not a single centre was visited on alternate days and 78 sub-centres were not visited by Medical Officers even once during 1977-78.

(vii) One of the centres did not have any of the basic equipment required to be stocked and 73 centres did not have more than 50 per cent of the basic equipment.

(viii) While 73 per cent of schools were visited by Medical Officers under the School Health Programme in 1975-76 and 65 per cent of the students were medically examined, the number of schools covered declined to 14 per cent in 1976-77 and 7 per cent in 1977-78. The number of students medically examined also declined to 50 per cent in 1976-77 and 34 per cent in 1977-78.

(ix) Record of preventive health measures like environmental sanitation undertaken by the centres was not kept.

The matters mentioned above were referred to the Government in October 1978; reply is awaited (December 1978).

3.11. Drugs control

1. *Introduction.*—With a view to ensuring manufacture, sale and distribution of drugs and cosmetics of prescribed standard and quality, the Government of India promulgated 'The Drugs and Cosmetics Act, 1940' and framed 'The Drugs and Cosmetics Rules, 1945'.

In Madhya Pradesh, the Administration and enforcement of the Act has been entrusted to the Food and Drugs Controller (hereinafter referred to as the Controller), who is assisted by 48 Drugs Inspectors (sanctioned posts being 50) working at most of the district headquarters under the respective Civil Surgeons. Besides inspecting the units manufacturing and selling drugs, the Inspectors are required to draw samples of drugs from the stocks of such units and send them for testing by the Government Analyst at the Drug Testing Laboratory at Indore set up in 1950. Samples of some drugs, for the testing of which the laboratory at Indore is not equipped, are sent to the Central Drug Testing Laboratory at Calcutta.

The expenditure on drugs control in the State (inclusive of that on the Drug Testing Laboratory) during 1975-76 to 1977-78 was Rs.15.21 lakhs.

Points noticed in test-check (May to September 1978) of the records of the Drug Testing Laboratory and the Drug Inspectors at ten district headquarters (Bastar, Bhopal, Bilaspur, Gwalior, Indore, Jabalpur, Raipur, Rewa, Sagar and Vidisha) for the years 1975-76 to 1977-78 supplemented by information supplied by the Controller are mentioned in the succeeding paragraphs :—

2. *Sampling of drugs.*—(i) According to the guide lines issued by the Government of India, one Drug Inspector is to have jurisdiction over 200 drug selling or 50 drug manufacturing units. According to the Health Atlas 1976 brought out by the Directorate, Health Services, Madhya Pradesh, at the close of 1974-75, 288 manufacturing and 3,529 selling units were functioning in the State, the number of Inspectors in position then being 32. The number of units presently engaged in manufacturing and selling of drugs was not available (September 1978) with the Controller.

(ii) Although no norms have been laid down for the number of samples to be drawn by the Inspectors, according to the Controller (September 1978) an Inspector was expected to draw a minimum of six samples in each month. Details of samples drawn by the Inspectors and sent to the Laboratory at Indore for testing are given below :—

Number of samples of drugs drawn	1975-76		1976-77		1977-78	
	Number of Inspectors	Samples drawn	Number of Inspectors	Samples drawn	Number of Inspectors	Samples drawn
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Nil	27	..	11	..	6	..
1 to 12	11	56	20	159	20	116
13 to 24	7	125	9	184	11	192
25 to 50	2	51	7	216	10	321
51 to 71	..	..	1	66	1	51
72 and above	1	129	..	..	..	..
Total	48	361	48	625	48	680

(Source: Records of the Drug Testing Laboratory, Indore)

While 27 inspectors in 1975-76, eleven inspectors in 1976-77 and six inspectors in 1977-78 did not draw even a single sample, only one inspector drew the required number of six samples or more in a month and that too in 1975-76 only. During the three years covered by test-check, out of 45 districts in the State, samples of drugs were not drawn in 12 districts; in 8 districts they were drawn in one year only and in 12 districts in two years only.

The inspectors did not draw any sample of homoeopathic drugs between 1975 and 1977 and drew only eight samples of *ayurvedic* and *unani* drugs during this period.

The Controller stated (September 1978) that due to paucity of funds and lack of facilities for testing samples at the laboratory the required number of samples could not be drawn.

3. *Testing of samples of drugs.*—According to the Drugs Technical Advisory Board, a trained analyst could test 150 samples of assorted drugs in each year. The laboratory, with a strength of three trained analysts (sanctioned strength being six analysts), was thus in a position to test only 450 samples of assorted drugs in a year. Though the Drugs Controller (India) had stated that the laboratory should test 1,000 samples of assorted drugs per year, the laboratory actually tested 409 samples (1975-76) 650 samples (1976-77) and 788 samples (1977-78). The Government Analyst attributed (April 1978) the shortfall mainly to shortage of staff, equipment and accommodation. The Controller stated (September 1978) that since the three Analysts appointed during 1976-77 were not fully trained to work independently the capacity for analysis of samples by the laboratory could not be increased.

A spectrophotometer (cost Rs. 0.72 lakh) was installed (December 1974) in the laboratory to test samples of biological and special products listed in schedules C and C (i) of the Drugs and Cosmetics Rules, 1945. The Drug Inspectors were, however, informed of the installation of the equipment by the Government Analyst only in August 1975. The analyst stated (May 1978) that samples of all drugs falling in the above scheduled could not be tested in the laboratory even now for want of staff, accommodation and some essential equipment.

In 1977-78, the laboratory tested informally 108 samples of drugs sent by hospitals etc. As these had not been drawn by the Inspectors and sent to the laboratory in accordance with the provisions of the Act and the Rules, penal action under the Act could not be taken in 13 cases in which the drugs tested were found to be sub-standard.

No time limit has been prescribed for reporting the results of tests of drug samples. During the years covered by test-check, test results of 583 samples (31 per cent), out of 1,856 samples tested, were reported three to six months after the date of receipt of samples in the laboratory and test results of 147 samples (8 per cent) were reported after more than six months from the date of receipt. The Analyst stated (May 1978) that the delay was due mainly to rush of work, shortage of staff and time taken by the manufacturing units in intimating the methods of preparing non-pharmaceutical drugs.

4. *Action in respect of sub-standard drugs.*—Out of 751 samples received from the Drug Inspectors of 10 districts, the records pertaining to which were test-checked, 416 were on testing at the laboratory found to be sub-standard. Information on action taken in respect of 238 out of these 416 cases was not supplied to Audit by the Controller, as it was reported to be awaited from the Inspectors. Information supplied to Audit by the Inspectors about action taken in respect of 121 samples of sub-standard drugs drawn in nine of the ten selected districts, however, showed that no action for withdrawal of 62 drugs from the market and/or launching of prosecutions had been taken till September 1978 although the drugs were declared sub-standard in 1975-76 (3 drugs), 1976-77 (17 drugs) and 1977-78 (42 drugs). In respect of 59 samples, the time lag between the dates of receipt of analysis reports and of taking action for withdrawal of the drugs from the market and/or launching of prosecutions ranged between one to six months (26 drugs), six to twelve months (8 drugs) and over one year (3 drugs).

In the case of the remaining 22 drugs, action was taken within a month of the receipt of analysis reports. However, follow-up action taken to ensure withdrawal of the sub-standard drugs from the market was not on record.

A few cases, in which the drugs were not actually withdrawn even from the Government hospitals and continued to be issued to the patients after being declared sub-standard, are mentioned below :—

Name of the Government hospital	Batch number and Name of medicine	When declared sub-standard	Quantity lying in stock
(1)	(2)	(3)	(4)
Victoria Hospital, Jabalpur	18,206 Dihydro-Oxyquin tablets.	April 1978	14,000
Civil Dispensary, Jabalpur	7,663 Oxyphen-butazone tablets.	February 1977	5,000
Government hospital, Bilaspur	76,154 A. P. C. tablets	January 1977	..
Do	1,574 Apidin tablets	March 1978	1,000
Do.	5,676 Kigoplex-Injections	February 1978	196

The position of launching of prosecutions during 1975-76 to 1977-78 and of the courts decisions thereon was as follows :—

	1975-76	1976-77	1977-78
Number of cases launched during the year	20	41	39
Number of cases decided by the courts during the year—			
(i) Favourable to Department	6	5	4
(ii) Acquitted	..	4	1

5. *Summing up.*—(i) The number of samples drawn by the Inspectors and tested by the laboratory was about one-fifth of what was expected of the Inspectors due reportedly to shortage of staff, equipment and accommodation in the laboratory.

(ii) There had been considerable delays in reporting on the test results of samples and consequently in the withdrawal of sub-standard drugs from the market. Actual withdrawal of sub-standard drugs from the hospitals and the drug selling units was also not ensured by the Department which led to continued sale/use of such drugs. Follow-up action in respect of drugs found sub-standard was not on record.

The matters mentioned above were referred to the Government in October 1978; reply is awaited (December 1978).

3.12. Fraudulent payments

According to the rules for the use, maintenance and control of staff cars and other motor vehicles, petrol and oil, when supplied to a vehicle, should be recorded daily in its log book. The officer-in-charge of the motor vehicle is also required to maintain a daily account of the fuel and lubricants (POL) supplied to the vehicle and the distance run by it, and prepare, at the end of the month, a statement showing average distance covered by the vehicle per litre of fuel.

Test-check (February-March and May 1978) of the records of the District Family Welfare-cum-Health Officer, Raipur revealed that receipts of P. O. L. costing Rs. 0.58 lakh purchased from a dealer of Raipur against credit slips issued between April 1975 and March 1978 had not been accounted for in the log books. The bills for supply of the P. O. L. were paid on the basis of supporting credit slips issued for such supplies and the receipts of P. O. L. were recorded in separate stock registers opened for this purpose.

Scrutiny of details of these purchases, as recorded in the credits slips, with reference to the entries in the log books revealed the following irregularities:—

(i) Ninetyeight credit slips for the purchase of P. O. L. worth Rs. 0.17 lakh for 20 vehicles were issued on dates on which these vehicles, as per their log books, were on election duty under the administrative control of the Collector, Raipur or were out of Raipur;

(ii) Seventyseven credit slips for the purchase of P. O. L. worth Rs. 0.08 lakh for 14 vehicles were issued on dates on which these vehicles, as per their log books, were under repairs in private workshops; and

(iii) Seventyone credit slips were issued between May 1976 and February 1977 for purchase of P. O. L. amounting to Rs. 0.07 lakh for a vehicle which, as per its log book was off the road since April 1976.

Fraudulent issue of credit slips in these cases was facilitated by lack of control over custody and issue of credit slips which were found to have been signed by a number of officers/officials. In certain cases two credit slips for the same quantity of P. O. L. and for the same vehicle were found issued by two different officers on the same date, the receipt against one slip being not found recorded in the log book of the vehicle concerned. The District Family Welfare-cum-Health Officer stated (May 1978) that the matter would be investigated and that action to recover 'unjustified payments' from the persons found responsible for these would be taken. Further developments are awaited (August 1978).

The matter was reported to the Director of Health Services and Government in July 1978; replies are awaited (January 1979).

3.13. Interest-free loan scholarship scheme for medical education

Under a scheme formulated by the Government in 1965-66, financial assistance in the form of loan scholarship at the rate of Rs. 100 per month for M. B. B. S. course and Rs. 125 per month for postgraduate diploma course is given to those medical students whose parents/guardians have an income upto Rs. 6,000 per annum. The selection of candidates for award of these scholarships is made by a committee constituted by the Government and payment to scholars are made through the heads of the institutions concerned.

Up to March 1978, Rs. 14.99 lakhs were paid as loan scholarships. The position of payments made, recoveries effected and outstandings of loan scholarships for the last five years is given below:—

Year	Balance on 1st April	Loans paid during the year	Total	Recoveries during the year	Outstanding balance on 31st March
(1)	(2)	(3)	(4)	(5)	(6)
<i>(Rupees in lakhs)</i>					
1973-74	8.02	1.77	9.79	0.08	9.71
1974-75	9.71	1.46	11.17	..	11.17
1975-76	11.17	0.77	11.94	-0.05	11.99
1976-77	11.99	1.78	13.77	0.19	13.58
1977-78	13.58	1.19	14.77	0.28	14.49

Note.—Figures as in the State Finance Accounts for the year.

It would be seen that only Rs. 0.50 lakh had been repaid till March 1978.

Accounts of loan scholarship.—The Deans of the Medical Colleges concerned were to maintain ledger accounts for individual loanees showing payments made, recoveries falling due and effected from time to time and the balance outstanding. These accounts had not been kept in any medical college and the balance outstanding against individual loanees had not been worked out and got accepted by the scholar concerned. Each scholar was to be given a loan scholarship book in which all amounts given to him and repaid by him were to be entered but no such book had been issued to any scholar. The Dean, G. R. Medical College, Gwalior could not also furnish the details regarding the amounts of loan paid to individual loanees.

Disbursement.—Surety and solvency certificates were to be obtained before disbursement of loans from the year 1974-75. In the Medical College at Gwalior, it was noticed that out of 32 cases in which loan scholarships were paid since 1974-75, surety bonds and solvency certificates were not obtained in 30 cases.

Recoveries.—Recovery of loan was to commence one year after the scholar began to earn and monthly instalments were fixed on the basis of income. According to the terms of the agreement, as soon as a scholar began to earn income he was required to furnish to the Director of Health Services full details of the posts held by him or business/private practice started, his income and address, etc.

The Director of Health Services ordered (June 1970) that the details of repayment of loan in respect of scholars entering Government service should be furnished to the Dean concerned by the Head of the office in which they were employed and that in respect of scholars starting private practice the details should be collected by the Dean through the Madhya Pradesh Medical Council, Indore. The Heads of institutions who disbursed the loan scholarships stated that they did not receive the requisite information from the Director of Health Services or Heads of offices. They had not also contacted the heads of such offices and the Madhya Pradesh Medical Council, Indore and were entirely dependent on such information as was furnished by the loanees themselves. Consequently, no watch had been kept by the Deans over the recovery of instalments falling due and the amounts defaulted had also not been worked out.

Thus, out of Rs. 14.99 lakhs disbursed as loan scholarship from 1965-66 to 1977-78 only Rs. 0.50 lakh had been repaid; no watch was also being kept over recovery of the instalments due.

The points mentioned above were reported to the Government in September 1978; reply is awaited (December 1978).

TRIBAL AND HARIJAN WELFARE DEPARTMENT

✓ 3.14. Scheme for free distribution of text books to tribal students

Under the above scheme, the Director, Tribal and Harijan Welfare purchased text books costing Rs. 31.76 lakhs as detailed below:—

Year (1)	Cost of books purchased (2) (Rupees in lakhs)
1973-74	6.70
1974-75	..
1975-76	6.00
1976-77	8.73
1977-78	10.33
Total	31.76

Test-check (September 1978) of the accounts of the Directorate relating to the purchase of text books disclosed :—

(a) The text books purchased as above had been published by the Madhya Pradesh Text Book Corporation (a Government undertaking) which allowed discount of 15 per cent of the sale price. Orders for supply of the text books were, however, placed with the Tribal Co-operative Development Federation which did not allow any discount to the Department. A total discount of Rs. 4.76 lakhs would have been obtained by the Department had the text books been purchased directly from the Corporation instead of through the Federation.

(b) The syllabi for the year 1976-77 for classes I to V were changed in December 1975. The position of receipt and distribution of books pertaining to classes I to V as revealed by test check of the records of the District Tribal Welfare Organisers of the following three districts was as follows ;—

District	Number of books received	Number of books distributed	Balance lying in stock (month in brackets)	Year to which the stock pertains	Value (Rupees in lakhs)
(1)	(2)	(3)	(4)	(5)	(6)
Chhindwara	1,01,317	63,080	38,237 (November 1976)	1970-71 to 1972-73	0.18
Jashpur Nagar	2,996	..	2,996 (March 1977)	1975-76	0.03
Balaghat	53,362	48,362	5,000 (February 1978)	1975-76	0.05
				Total	0.26

The books having become outdated were lying in stock undisposed of.

The matter was reported to the Government in June 1977; reply is awaited (December 1978).

GENERAL

3.15. Cases of misappropriation of Government money

(i) The following table shows the position of cases (other than 61 cases involving Rs. 21.49 lakhs which are *sub-judice*) of alleged misappropriation of Government money reported to Audit up to 31st March 1978 but not finalised till the end of September 1978:—

(1)	Number of cases (2)	Amount (3) (Rupees in lakhs)
Cases (reported upto March 1977) outstanding at the end of September 1977	640	86.89
Cases reported during 1977-78	130	18.61
Cases disposed of till September 1978	75	3.99
Cases outstanding at the end of September 1978	695	1,01.51

According to the rules, cases of misappropriation should be dealt with expeditiously and finalised within six months of their detection and cases in which departmental enquiries have been ordered should be finalised within a year. There has, however, been considerable delay in finalisation of cases as shown below ;—

(1)	Number of cases (2)	Amount (3) (Rupees in lakhs)
(i) Over five years	266	30.55
(ii) Over three years but less than five years	91	11.30
(iii) Over one year but less than three years	213	41.21

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

(1)	Number of cases (2)	Amount (3) (Rupees in lakhs)
(i) Awaiting investigation	433	80.62
(ii) Awaiting action against officials	102	10.63
(iii) Awaiting recovery/information about recovery	107	6.01
(iv) Awaiting orders for write-off	53	4.25

The departmentwise analysis of the outstanding cases is given in Appendix II.

According to the rules, cases of losses, misappropriations, etc., are required to be reported immediately to the Accountant General. A review of the cases pending at the end of September 1978 disclosed delay of over one year in reporting to Audit in 222 cases involving Rs.37.37 lakhs.

✓(ii) Details of six cases of misappropriation noticed in audit are given below :—

Department/Office (1)	Amount misappropriated (2)	Period when misappropriation took place (3)	When misappropriation was noticed (4)
(i) Dairy Development Department			
Government Milk Supply Scheme, Mandla	0.30	April 1975 to November 1976	During local audit in December 1976 and December 1977.

Prescribed records like depot-wise accounts of sales and daily sale sheets were not maintained by the depots under the scheme. Comparison by Audit of quantities sold as recorded in the Milk Disposal register and sale proceeds accounted for in the Cash book showed short account of Rs.0.13 lakhs. Quantities and fat content of milk supplied were found inflated while making payments and Rs.0.17 lakh were paid in excess to suppliers. Payments for supplies were not made to actual suppliers but to persons nominated for a group of suppliers. The Milk Commissioner stated (February 1977 and May 1978) that the Sales Supervisor and Manager had been suspended and the resignation of the Assistant Village Procurement Officer responsible for the overpayments had not been accepted.

Department/Office	Amount misappropriated	Period when misappropriation took place	When misappropriation was noticed
(1)	(2)	(3)	(4)
<i>Public Health and Family Welfare Department</i>			
(ii) Civil Surgeon, Datia	0.90	April 1976 to January 1977	During local audit in January/February 1977 and subsequent investigation by the Department in March-April 1977 and February 1978.

On the records and vouchers of temporary advances not being produced to Audit due to reported absence of the Accountant, the Department was asked to investigate the matter. Departmental investigations showed that the closing cash book balance on 31st January 1977 had been worked out less by Rs.0.90 lakh *inter alia* by casting incorrect totals of the payment side of the cash book, incorrect carrying forward of balances and totals in cash book, non-accountal and short accountal of drawals from treasury and inflating figures of disbursements while making entries in the cash book. Vouchers for Rs.0.44 lakh were awaiting scrutiny and accountal (May 1978) by the Department.

The case was reported to the Police by the Department in February 1977. The Cashier and Accountant were suspended in April and August 1977 respectively.

(iii) Malaria Unit Officer, Rajgarh	0.51	April 1975 to July 1977	During local audit in August 1977.
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Out of arrears of pay and allowances and leave salary in lieu of earned leave surrendered, details of payment of amount drawn in respect of 78 officials were not on records and 20 officials were paid amounts less than what was drawn. In all Rs.0.51 lakh were not accounted for. It was also seen in audit that transactions entered in the Cash book had not been verified by the officer in charge of the cash book as required under treasury rules.

On the matter being reported to it, the Government directed (November 1978) the Director of Treasuries and Accounts to arrange for detailed audit of the accounts of the unit for the years 1975 to 77. Further developments are awaited (November 1978).

(iv) Superintendent, Gandhi Memorial Hospital, Rewa	1.20	January to March 1978	Periodical reconciliation (May 1978) of expenditure figures in the Accountant General's office and subsequent Departmental investigation.
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In the course of reconciliation (May 1978) of expenditure figures, it was noticed that against two bills for Rs.1,971 and Rs.739.90 presented at the Rewa Treasury on 5th January 1978 and 11th January 1978, Rs.31,971 and Rs.30,739.90 were drawn from the Treasury and Rs.60,000 were suspected to have been fraudulently misappropriated. After subsequent departmental investigation two more similar fraudulent drawals aggregating Rs. 60,000 in February and March 1978 also were reported.

Even though the financial rules require fortnightly verification of drawals with reference to the treasury voucher slips, no such verification had been done by the hospital authorities

Department/office	Amount misappropriated	Period when misappropriation took place	When misappropriation was noticed
(1)	(2)	(3)	(4)

though the deficiency had been pointed out in test-check conducted by Audit in August 1976 and July 1977.

The Director of Health Services stated (August 1978) that a detailed audit of the accounts of the hospital had been taken up by the Director of Treasuries and Accounts.

(v) District Family Welfare-cum-Health Officer, Jabalpur	0.28	November 1974 to April 1976	During local audit in February 1978.
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The amounts which were drawn towards General Provident Fund advances from the Treasury were neither entered in the cash book nor disbursed to the officials. This went undetected due to failure of the drawing officer to conduct fortnightly verification of drawals with reference to treasury voucher slips, though the requirement was pointed out during audit in April 1975 and September 1977.

After departmental investigations the Director of Health Services reported (November 1978) that a further defalcation of Rs. 0.12 lakh had come to notice and that the matter had been reported to the Police.

Industries Department

(vi) Training-cum-production Centre, Bhopal	1.21		During local audit in November 1977.
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Four cheques for amounts totalling Rs. 55,500 drawn between October 1976 and February 1977 were not entered in the cash book. The cash balance (including Rs. 55,500) on 19th March 1977 should have been Rs. 83,804 but no cash had been handed over by the Accountant, who was transferred from that charge, to his successor on that day. It was also noticed that sale proceeds amounting to Rs. 37,694 were not accounted for in the cash book nor were they credited into the personal deposit account of the centre with the treasury.

Further, 13 cheques for Rs. 1.35 lakhs issued during the period from 13th July 1976 to 24th March 1977 in favour of private parties were also found not accounted for in the cash book nor were the bills and acknowledgements from the payees in support thereof shown to Audit. Payments recorded in the cash book during 1975-76 and 1976-77 were not susceptible of verification as the supporting vouchers were reported to have been handed over to the then Accountant and were not produced to Audit.

On the matter being reported, the Director of Industries stated (August 1978) that the cash book since seized by Police was still to be completed and that the vouchers since handed over by the Accountant were to be verified. The Accountant has been placed under suspension and the case has been handed over to the Police. The Government Stated (October 1978) that the matter is under investigation by the State Vigilance Commission.

3.16. Write off of losses, waiver of recoveries and remission of revenue

In 4,736 cases, losses due to shortage, theft, irrecoverable revenue, etc., amounting to Rs. 17.67 lakhs were written off/remitted during 1977-78 by competent authorities,

Department-wise details are given in Appendix III,

CHAPTER IV
WORKS EXPENDITURE
IRRIGATION DEPARTMENT

4.1. Micro-minor Irrigation Works

1. *Introductory.*—By 1970-71, 8.1 per cent of the net sown area of the State had been covered by irrigation facilities provided by major, medium and minor irrigation projects. To accelerate the pace of extension of irrigation, a crash programme for undertaking low cost micro-minor irrigation works was launched by the Government during 1970-71.

Under the programme, small tanks, regulators, diversion works and *anicuts* were to be taken up, supplemented by storage works and stop-dams, wherever feasible. These works were to be such as could be surveyed and formulated in a short spell of time and executed in one working season.

According to the guidelines issued (March 1970) by the Engineer-in-Chief, Irrigation department, first priority was to be given to inexpensive diversion schemes, submersion tanks, repairs and restoration of old tanks and lift irrigation schemes. The cost of a micro-minor irrigation work, which was to be kept generally within Rs. 0.75 lakh, was in no case to exceed Rs. 1.50 lakhs. In January 1971 the Government decided to treat all schemes costing less than Rs. 5 lakhs as micro-minor irrigation works.

2. *Financial outlays.*—In all, 288 works (estimated cost; Rs. 5,38.92 lakhs) envisaging irrigation for 38,394 hectares were taken up in sixty divisions upto 1977-78.

The position of allotment of funds and expenditure upto 1977-78 was as indicated below:—

Year	Budget provision	Expenditure
	*	
	(Rupees in lakhs)	
1970-71	31.29	0.39
1971-72	70.00	32.72
1972-73	1,10.16	39.50
1973-74	50.96	56.38
1974-75	2,06.74	1,54.70
1975-76	75.74	1,08.98
1976-77	51.58	72.69
1977-78	38.54	32.94
Total	6,35.01	4,98.30

Important points noticed in test-check (May-August 1978) of records relating to implementation of the programme in 16 divisions and from the information supplied by all the 60 divisions implementing the works are mentioned in the succeeding paragraphs.

3. *Administrative approval and technical sanction.*—Eightytwo works on which total expenditure of Rs. 2,49.72 lakhs was incurred were commenced in anticipation of sanctions to detailed estimates. Of these, sanctions to detailed estimates in respect of 66 works (including 52 works completed at a total cost of Rs. 1,21.05 lakhs during 1972-73 to 1976-77) were awaited (December 1978).

* Figures upto 1974-75 as per the State budget; figures from 1975-76 as furnished by the divisions.

Expenditure on 124 works exceeded the amount administratively approved for individual works by more than 10 per cent. The number of works, in respect of which excess of 40 per cent and more over administrative approval and technical sanction occurred, was as detailed below:—

Number of works in which excess occurred over		Percentage of excess of
Administrative approval	Technical sanction	
(1)	(2)	(3)
12	11	40-50
21	14	51-75
13	6	76-100
15	10	101-200
4	3	Above 200

4. *Progress of execution.*—(a) The physical and financial progress of execution upto March 1978 of 288 works, for which information was available, is shown below:—

Particulars	Number of works	Designed potential	Estimated cost as per administrative approval	Expenditure upto March 1978
(1)	(2)	(3)	(4)	(5)
		(Hectares)	(Rupees in lakhs)	
(i) Works taken up	288	38,394	5,38.92	6,22.07
(ii) Works reported as completed	243	30,953	4,06.43	5,29.09
(iii) Works in progress	43	6,935	1,28.05	92.83
(iv) Work abandoned	1*	267	2.24	0.09
(v) Work transferred (to Madhya Pradesh Lift Irrigation Corporation).	1	239	2.20	0.06

(b) The works were envisaged to be completed in one working season; while 44 out of the 243 completed works were so completed, the others took more than one year, as detailed below:—

Period in which completed (years)	Number of works	Designed irrigation potential	Estimated cost	Actual expenditure
(1)	(2)	(3)	(4)	(5)
		(Hectares)	(Rupees in lakhs)	
1	44	2,954	39.61	37.76
1-2	36	4,058	54.27	74.26
2-3	51	4,006	70.64	91.29
3-4	54	7,680	1,22.99	1,64.08
4-5	37	8,355	81.23	1,08.37
More than 5	21	3,900	37.69	53.33

* Work was abandoned due to its command being included in that of another scheme taken up later.

While the cost of construction of the 14 works completed within one year was within the estimated cost, for the remaining 199 works, which took more than one year to complete, the cost of construction exceeded the estimated cost by 33.94 per cent.

(c) Of the 43 works in progress, on which an amount of Rs. 92.83 lakhs had been spent, 38 works were under execution for more than one year as indicated below :—

Number of works	Estimated cost	Expenditure upto March 1978	Period for which under execution
(1)	(2)	(3)	(4)
	(Rupees in lakhs)		(years)
11	30.14	19.90	1-2
1	1.77	1.33	2-3
11	19.56	17.89	3-4
7	32.27	28.67	4-5
7	18.31	18.77	5-7
1	4.76	2.21	7 and above

(d) The delay in execution was attributed (May-December 1978) by departmental officers generally to one or more of the following reasons, viz., inadequate funds, delay in finalisation of designs, shortage of technical staff, non-availability of materials, unwillingness of contractors to take up works in thick forest areas; and delay in getting electrical connections.

(e) In the case of the Parsadi *nalla* diversion scheme in Bilaspur district (estimated cost : Rs. 1.55 lakhs; designed irrigation potential : 260 acres), which was administratively approved in March 1968, the work is at a standstill after completion of headworks in February 1972 as construction of the canal could not be taken up due to non-acquisition of land reasons for which were not available.

(f) In the case of the Khapa tank project in Betul district, work started in September 1971 on the basis of detailed estimates sanctioned by the Executive Engineer (estimated cost: Rs. 1.88 lakhs irrigation potential envisaged: 129 acres), was stopped in July 1973 after, spending Rs. 2.33 lakhs with the waste weir and sluice incomplete and *nalla* closure not taken up for want of revised administrative approval.

When a revised estimate for Rs. 9.67 lakhs was submitted to him, the Superintending Engineer reported (February 1978) to the Government serious omissions in the formulation of the project like incorrect levels of *nalla* beds having been indicated, under estimating of cost due to incorrect leads and overestimating of benefits, as a consequence of which the top width of the dam had to be revised from 6 feet to 10 feet and the height of the dam increased by 2 feet. He added that even then the irrigation potential was less than 100 acres as against 129 acres provided in the original estimate and as such expressed serious doubts about the desirability of incurring heavy expenditure on the scheme. The orders of the Government are awaited (December 1978) and the work is at a standstill.

(g) The Lodhipura tank project in Dhar district (estimated cost Rs. 1.54 lakhs; designed irrigation potential: 92 acres) was taken up in November 1971 and completed in March 1975 at a cost of Rs. 1.72 lakhs. The Executive Engineer attributed (May 1978) the delayed completion by about 2½ years mainly to (a) non-availability of good working agencies; (b) non-approval by the Superintending Engineer of canal structures in time; and (c) delayed consent by cultivators to part with their land on the proposed alignment of canal.

5. *Unit cost of irrigation benefit.*—In 1969, the Government had approved the following ceiling costs for minor irrigation schemes taken up by the Department :—

Works	Ceiling cost per acre in			
	a difficult topography district		other districts	
(1)	(2)		(3)	
	(In rupees)			
Minor irrigation	1,200	—1,500	1,000	—1,200
Diversion works	400	—600	400	—600

No separate ceilings were laid down for micro-minor irrigation works. However, the expenditure on 41 tank projects and 15 diversion works exceeded even the respective highest ceilings applicable to minor irrigation schemes as shown below :—

Particulars	Number of works	Cost of construction per acre of benefit	
		(3)	
(1)	(2)	(Rupees)	
Tank projects	{ 18 15 8	1,501 to 2,000 2,001 to 3,000 above 3,000	
Diversion works	{ 13 2	601 to 1,000 Above 1,000	

The increase in cost was attributed (May-December 1978) by the departmental officers generally to one or more of the following reasons, *viz.*, changes in design of various components of works, depth of foundations, etc., soil strata met with in excavation being different from the one adopted at the time of initial estimation, provision for additional items of works and increase in cost of labour and materials. The fact remains that proper estimates were not prepared before taking up the project.

6. *Potential created and actual irrigation.*—(a) Year-wise position of the irrigation potential created and actual irrigation was as shown below :—

Year	Number of works in which irrigation potential had been created	Potential created	Actual irrigation	Percentage of shortfall in irrigation
(1)	(2)	(3)	(4)	(5)
		(Hectares)		
1972-73	34	3,693	2,169	41.27
1973-74	59	6,957	3,213	53.81
1974-75	120	14,002	6,776	51.61
1975-76	178	23,786	15,328	35.56
1976-77	198	29,074	19,215	33.91
1977-78	208	30,754	14,000	54.48

There was no irrigation from 20 works (designed potential : 1,573 hectares) completed between 1972-73 and 1976-77, as detailed below :—

Year of completion	Number of completed works	Designed potential (Hectares)	Actual expenditure (Rupees in lakhs)
(1)	(2)	(3)	(4)
1972-73	4	105	1.35
1973-74	6	385	6.23
1974-75	3	110	0.78
1975-76	5	771	10.20
1976-77	2	202	2.54

The non/short utilisation of potential created was attributed (May-December 1978) by the Departmental officers generally to one or more of the following, *viz.*, seepage from foundations of tank bunds etc., incompleteness of canals or their not being in proper shape, unwillingness of cultivators to draw water and less demand for water due to installation of their own pumps by cultivators.

(b) Reasons for non-utilisation of potential as revealed by test-check of records of few schemes are mentioned below :—

(1) *Mataji pick up weir (Ratlam)*.—Headworks of the weir (irrigation potential : 335 acres) and 90 per cent of canal work was completed by March 1976 at a cost of Rs. 2.41 lakhs. The balance 10 per cent of canal work had not still been executed. No irrigation could, however, be provided from the weir. The Executive Engineer attributed (July 1978) non-provision of irrigation to the following, *viz.*, defective work (nature of defects not indicated) under investigation, canal being along the toe of the hills was subject to repeated slips requiring clearance time and again and a portion of left flank of the bund damaged during the rains of 1973 (estimated loss: Rs. 1,500) had remained unrepaired reportedly for want of funds. It was noticed, however, that Rs. 0.10 lakh allotted to the division during 1977-78 for the work had remained unutilised.

(2) *Utawad lift irrigation scheme (Dhar)*.—The scheme as administratively approved (March 1973) by the Government, *inter alia*, provided for construction of a stop dam, intake well and installation of motors and pumps for irrigation of 100 acres of *rabi* and 50 acres of *kharif* crops on the left bank of Rangari river at an estimated cost of Rs. 1.47 lakhs. The work was commenced in January 1974. Later (November 1975) the scope of the scheme was confined to construction of the stop dam only, the reasons for which were not on record. The stop dam was completed in March 1976 at a cost of Rs. 0.60 lakh as against Rs. 0.40 lakh originally estimated for it. There was no irrigation since completion of the scheme, reasons for which were awaited (December 1978).

(3) *Lift irrigation schemes, Alipura and Dharampura (Chhatarpur)*.—The Alipura scheme was completed at a cost of Rs. 3.21 lakhs and the Dharampura scheme at a cost of Rs. 1.59 lakhs, both in March 1975. However, the average utilisation during the last four years (1974-75 to 1977-78) was 21.6 per cent (Alipura) and 12.3 per cent (Dharampura) only of the designed irrigation potential (Alipura : 750 acres and Dharampura: 260 acres). Low utilisation was attributed (May 1978) by the Executive Engineer to the unwillingness of the cultivators to draw water. The average annual maintenance cost of these schemes for the three years 1975-76 to 1977-78, which includes mainly power charges and wages of pump operator,

muster clerks and chowkidars engaged for the schemes, worked out to Rs. 0.54 lakh (Alipura : Rs. 0.38 lakh and Dharampura: Rs. 0.16 lakh).

The Department had made no study of the additional output of foodgrains in the area irrigated by the schemes.

(4) *Lodipura tank project (Dhar)*.—During 1976-77 and 1977-78, irrigation was provided from the scheme (cost of construction : Rs. 1.72 lakhs) for 7 acres and 14 acres only respectively as against the designed potential of 92 acres. The shortfall was stated to be due to leakage from the dam and sluice for which special repairs estimate for Rs. 0.10 lakh was stated (July 1978) to be under finalisation.

(5) *Pipalia Sisodia tank project (Ratlam)*.—The project, completed in March 1973 at a cost of Rs. 1.27 lakhs and with irrigation potential of 155 acres could provide irrigation for 27 per cent only of the designed potential during the last 4 years. After site inspection the Executive Engineer attributed (October 1975) the failure of the tank to the following, *viz.*, canal was left incomplete right from the beginning, there were leakages in chains 7 to 10 and at chain 14 of the bund; and the tank being exposed to heavy wind due to local topography, its earthen bund was getting damaged in the absence of upstream pitching.

A special repairs estimate for Rs. 0.41 lakh was submitted (March 1976) by the Executive Engineer but approval to take up the works was awaited (December 1978).

(6) *Gondla Bahra feeder tank project (Raipur)*.—The 'Sajapali diversion' scheme envisaging irrigation of 123 acres had been executed at a cost of Rs. 1.15 lakhs in 1967-69 as a scarcity relief work without observing the departmental norm of gauging *nalla* for three years and obtaining administrative approval and technical sanction. The gauge observations conducted during the construction period and in 1969-70 revealed inadequate flow of water in the *nalla*. As the scheme was found incapable of providing irrigation, a supplementary reservoir, namely, Gondia Bahra feeder tank was constructed during 1971-72 to 1974-75 so as to provide an irrigation potential of 200 acres (in all) at a cost of Rs. 1.28 lakhs. Even then there was no irrigation during 1975-76 to 1977-78, except 91 acres during 1976-77. Reasons for no irrigation at all during 1975-76 and 1977-78 and shortfall in irrigation during 1976-77 had not been furnished (December 1978).

(7) *Kherwani tank project (Betul)*.—The project (designed irrigation potential : 150 acres; estimated cost : Rs. 2.23 lakhs) was completed by March 1974 at a cost of Rs. 3.96 lakhs. Water level at the time of first storage in the tank in July 1973 was kept below the full tank level; During the second season, when water level in the tank was only one foot below the full tank level, seepage through the body of the dam and seepage spots at various levels of the bund were noticed on 31st July 1974 and despite the sluice being operated the water level could not be brought to a safe limit reportedly because of heavy rains. Consequently, earthwork in certain portions of the bund slipped. The seepage was attributed by Executive Engineer to lack of requisite percentage of clay material in the earthen dam built in homogeneous section with moorum soil throughout the hearting and casing zones due to good soil for hearting not being available within economical leads and compaction being done by hand rammers. When a repairs estimate for Rs. 0.25 lakh was submitted, the Superintending Engineer, after consultation with the Chief Engineer, asked (April 1976) the Executive Engineer to take up the work immediately and submit a revised stage II estimate for obtaining revised administrative approval. Revised estimate had so far (November 1978) not been submitted by the Executive Engineer. Circumstances in which availability of good soil within economical leads was not ascertained at the stage of preparation of the project estimates and the homogeneous section of the dam was built with moorum soil leading to seepage had not been investigated.

As against the designed irrigation potential of 150 acres the actual irrigation was only 25,31,32, 48 and 64 acres during the five years from 1973-74 to 1977-78.

7. *Maintenance of completed works.*—According to Government orders communicated by the Engineer-in-Chief to the Chief Engineers in October 1976, the rates of annual maintenance expenditure for all types of irrigation schemes were increased from the uniform rate of Rs. four per acre to Rs. ten per acre for utilised potential and Rs. five per acre for unutilised potential. Annual maintenance expenditure on 59 completed works, however, exceeded the highest ceiling laid down in these revised orders by Rs. 4.67 lakhs as shown below :—

Number of schemes (1)	Designed potential (2)	Land irrigated (3)	Maintenance expenditure	
			Admissible (4)	Actual (5)
	(Acres)		(Rupees in lakhs)]	
	39,172	18,106	2.86	7.53
	(15,755 hectares)	(7,300 hectares)		

In 41 out of the above 59 works, the maintenance expenditure exceeded the prescribed limit by more than 50 per cent, as shown below:—

Number of works	Percentage of excess
15	50-100
12	101-200
9	201-500
3	501-1,000
2	Above 1,000

8. *Financial returns.*—Irrigation revenue from 140 works was assessed at Rs. 20.82 lakhs upto 1976-77 against which the revenue realised upto 1977-78 amounted to Rs. 7.53 lakhs. Revenue in respect of irrigation in 3,885 hectares from 31 works had not been assessed. The delay in assessment of revenue and non-realisation of outstanding revenue was attributed (May-December 1978) by the departmental officers to shortage of *abyana* staff.

9. *A points of interest.*—Test-check of records pertaining to execution of some of the reaches of the main canal of Sitli *nalla* diversion scheme (Raipur) excavated departmentally revealed that the quantity shown to have been executed (measured on pit measurement basis) was much more than the quantity of earthwork required to be executed according to the estimate prepared and sanctioned (March 1976) after completion of the work; the expenditure on the excess quantity executed was Rs. 0.41 lakh as shown below :—

Chain number (1)	Quantity as per sanctioned estimate (2)	Quantity shown to have been executed (3)	Excess quantity (4)	Expenditure on excess quantity (5)
	(Cubic metres)		(Cubic metres)	(Rupees in lakhs)
0 to 5	529.00	1,559.00	1,030.00	0.05
5 to 20	2,048.00	6,647.79	4,599.79	0.13
42 to 45	606.50	2,746.50	2,140.00	0.04
47 to 54				
71 to 76	3,633.00	6,020.12	2,387.12	0.11
82 to 86	595.00	3,734.10	3,139.10	0.08
			Total	0.41

Similarly, the total quantity of earthwork required to be executed for the afflux bund for the same scheme, as per the estimate prepared after completion of the work, was 11,610 cubic metres but the quantity of earthwork executed as measured on the basis of pit measurements was 15,349.41 cubic metres. The expenditure on 3,739.41 cubic metres of earthwork excess executed amounted to Rs. 0.21 lakh.

The circumstances in which earthwork in excess of the requirements as per the revised estimates prepared after completion of work were executed had not been investigated.

Summing up .—(i) Micro-minor irrigation works were taken up with a view to make available irrigation benefits within a short time, it being envisaged that the works would be completed in one working season. Out of 288 works taken up under the scheme during 1970-71 to 1977-78, 142 works (estimated cost Rs. 274.86 lakhs) took 2 to 5 years for completion and 21 works (estimated cost Rs. 37.69 lakhs) more than 5 years. 43 works (estimated cost: Rs. 1,28.05 lakhs) were still in progress, 38 of them (estimated cost: Rs. 1,06.81 lakhs) for more than one year and 8 (estimated cost: Rs. 23.07 lakhs) for more than 5 years.

(ii) The shortfall in utilisation of irrigation potential available between 1972-73 and 1977-78 ranged from 33.91 to 54.48 per cent. No irrigation had been provided from 20 works (designed potential: 1,573 hectares) completed between 1972-73 and 1976-77 till the time of audit.

(iii) Annual maintenance expenditure on 59 completed works exceeded the ceiling for minor irrigation schemes by 163.29 per cent including five works in respect of which the increase was more than 500 per cent.

(iv) Excess expenditure amounting to Rs. 0.62 lakh due to execution of more earthwork than required as per final estimates was noticed in one work.

(v) In respect of 140 works for which revenue of Rs. 20.82 lakhs was assessed, collection upto 1977-78 amounted to Rs. 7.53 lakhs only and revenue in respect of 3,885 of hectares irrigated from 31 works had not been assessed reportedly due to shortage of *abyana* staff.

(vi) There had been no cost benefit examination of the schemes before these were taken up. No study of the additional output of foodgrains and other social benefits accruing from these schemes had also been undertaken.

Points mentioned above were referred to the Government in September 1978; reply is awaited (December 1978).

4.2 Non-return of empty cement bags

The contracts for the construction of spill blocks II-A and II-B of the Mahanadi reservoir project, Rudri had a clause to the effect that the contractor was liable to return at least 75 per cent of the empty cement bags in sound condition to the Department, failing which penalty at the rate of Rs. 0.75 per bag on 75 per cent of the cement bags issued was leviable from him.

The works were completed in July 1977 and the contractor's final bills were paid on 26th May 1978. The contractor did not, however, return even a single empty cement bag to the Department, even though as per the terms of the contracts, he should have returned

a minimum number of 2,77,758 empty cement bags being 75 per cent of the cement bags issued to him in sound condition. The penalty leviable for non-return of empty bags under the terms of the contracts amounted to Rs. 2.08 lakhs.

The non-recovery of penalty was reported to the Chief Engineer and the Government in September 1978. The reply of the Chief Engineer (December 1978) as endorsed by the Government (February 1979) that since the issue rate was inclusive of the cost of container, the empty cement bags were the property of the contractor, is not in consonance with the terms of agreement.

4.3 Loss due to purchase of defective P. V. C. pipes

Under the financial rules, advance payments to suppliers should be made, where admissible, only after taking necessary precautions for securing the Government against loss. A supply order for 4,000 metres P.V.C. allotted pipes placed by the Superintending Engineer, Tubewell Circle, Bhopal in September 1974 had a clause providing for payment, against proof of despatch of 98 per cent of the value of material actually despatched and the balance on receipt of material. The advance was to be recovered in the event of rejection of the material after inspection by the consignee. The balance of two per cent was to be paid after final inspection of the material and full satisfaction of the consignee on receiving the material. The contract, however, did not provide for any inspection before despatch as is generally provided in the rate contracts entered into by the Director General of Supplies and Disposals.

Under this clause the Tubewell Construction Division No. III, Bhopal (one of the consignees) made 98 per cent advance payment amounting to Rs. 1.25 lakhs on 6th January 1976 on receipt of railway receipt relating to 1,461 metres of P.V.C. allotted pipes. The pipes received on 11th January 1976 were inspected during January 1976 to April 1976 and defects were pointed out by the Division which were admitted by the supplier's representative on 1st July 1976. The firm was asked (October 1976) to replace the pipes but it had not (October 1978) done so. The Superintending Engineer stated (October 1978) that a notice was issued (July 1978) to the firm to refund the amount of Rs. 1.25 lakhs paid to him and the Director of Tubewells was requested (July 1978) to obtain Government's permission to file a civil suit against the supplier. The defective pipes had not been replaced nor had action been taken for recovery of the advance payment of Rs. 1.25 lakhs from the supplier although two years had elapsed since the rejection of the material after inspection. The earnest money deposit available with the division was Rs. 0.03 lakh only.

Thus, non-provision of a clause for inspection of materials before despatch had resulted in receipt of defective supplies. Further, inadequate safeguards in the event of defective supplies had resulted in the Government having no remedy.

The matter was referred to the Government in September 1976 and in May 1978; reply is awaited (December 1978).

4.4 Avoidable expenditure on purchase of canal outlet gates

Mention was made in paragraph 5.9 of the Report of the Comptroller and Auditor General of India for 1974-75 about extra expenditure of Rs. 0.25 lakh on the purchase of canal outlet gates by the Tandula Division, Durg from a Kanpur firm in December 1973. A test check of the accounts of the Tribal Development Pilot Project, Irrigation Division, Jagdalpur conducted in June-July 1977 showed that 400 more canal outlet gates (200 each of 9 inches x 9 inches and 6 inches x 6 inches) were purchased by the Division at a total cost of Rs. 2.01 lakhs from the same Kanpur firm between January 1975 and September 1975 without inviting tenders and at the same rates as paid in December 1973 *viz.*, Rs. 550 per 9 inches x 9 inches gate and Rs. 371 per 6 inches x 6 inches gate.

According to the orders (December 1967) of the Government it was obligatory on the part of divisions to obtain supply of articles manufactured by Government units from such units. Dewas Electricals, a unit of the Madhya Pradesh State Industries Corporation manufacturing the same type of gates, had during the period from January 1975 to September 1975 supplied such gates to other Divisions at the rate of Rs. 360 per 9 inches x 9 inches gate and Rs. 315 per 6 inches x 6 inches gate. The extra expenditure due to purchase of 400 gates from the Kanpur firm instead of from the State unit at Dewas amounted to Rs. 0.49 lakh.

Out of the 400 gates purchased, 200 were transferred to the Chhuikhadan Division, for which they were intended and are lying unutilised there (October 1978). Out of the remaining 200 gates, 29 were utilised by the Jagdalpur Division upto March 1976, 165 were lying unutilised though shown as issued for various works in March 1977, 4 were lying in stock and 2 were lying unutilised with the Construction Division, Kanker, to which they were transferred in August 1978.

The matter was referred to the Government in June 1978; reply is awaited (December 1978).

PUBLIC WORKS DEPARTMENT

✓ 4.5. Short recovery of the cost of steel

As per the terms and conditions of a lump sum contract for the construction of a high level bridge across Mand river on Raigarh-Sarangarh road, mild steel round bars were to be issued to the contractor for use in the work and the cost recovered at the rate of Rs. 1,200 per tonne. In actual execution, 244.37 tonnes of steel were issued to the contractor including 88.54 tonnes of torsteel due to non-availability of mild steel. Recovery of the cost of torsteel was also made at the rate of Rs. 1,200 per tonne stipulated for mild steel bars, though the prevailing issue rate for torsteel was Rs. 1,600 per tonne. Further, torsteel being stronger than mild steel, against the requirement of 110.67 tonnes of mild steel, the contractor had used 88.54 tonnes of torsteel only.

As the contractor had used 88.54 tonnes only of torsteel, for which recovery of Rs. 1.06 lakhs was made from him, instead of 110.67 tonnes of mild steel, for which recovery of Rs. 1.33 lakhs would have been made as per terms of the contract, the contractor derived a fortuitous benefit of Rs. 0.27 lakh.

The matter was referred to the Government in October 1977; reply is awaited (December 1978).

GENERAL

✓ 4.6. Extra liability due to delay in acceptance of tenders

In the cases mentioned below, the tenderers, whose tenders were found acceptable by the Department, withdrew their offers due to acceptance of the tenders not being communicated to them within their stipulated validity periods. Consequently, the works had to be got executed through fresh agencies after calling for fresh tenders, resulting in extra expenditure or liability to the extent of Rs. 10.79 lakhs as compared to the original tenders, as shown on next page :—

Name of work	Date of opening of original tenders (validity period in brackets)	Date of communicating acceptance	Amount of original tender	Amount as per contract later entered into	Extra liability	Remarks
(1)	(2)]	(3)	(4)	(5)]	(6)	(7)
<i>(Rupees in lakhs)</i>						
<i>Irrigation Department —</i>						
Supply of flag stones for lining feeder canal— (Sindh Project Canal Division, Nerwar).	3-7-1973 (6 months)]	8-1-1974	₹ 15.45	₹ 19.95	4.50	
Construction of Canal structures Group III- (Tawa left Bank Canal Circle, Hoshangabad)	19-8-1971 (4 months)	The tender was recommended to Government for acceptance and was pending decision. The contractor withdrew the offer after the validity period of 4 months expired on 20-12-1971.	₹ 13.22	₹ 17.11	3.89	
<i>Public Works Department—</i>						
Construction of high level bridge across the river Goi at Palsood— (Buildings and Roads Division, Khargone).	5-4-1972 (6 months)	After Government had taken a decision (14-11-1972) to accept the tender, the contractor was asked to extend the validity of this offer but he expressed his inability to do so.	₹ 13.42	₹ 15.82	₹ 2.40	Tender papers received on 5-4-1972 were first sent to the Government on 11-5-1972 but were returned as they had not been submitted in the prescribed <i>pro forma</i> and were finally submitted to the Government in a complete shape only on 22-9-1972; the decision of the Government to accept the lowest tender was taken on 14.11.1972.

The first two cases were reported to Government in the Irrigation Department in January 1976 and July 1977; reply is awaited (December 1978).

The Government in the Public Works Department, to which the third case was referred in March 1976, stated (February 1978) that the time of seven months taken in finalisation of the tenders could not be said to be abnormal. The records, however, did not show as to why the Department took more than 5 months to resubmit tender papers in the prescribed pro forma.

✓ 4. 7. Delay in adjustment of balances under cash Settlement Suspense Account.

Under the system of cash settlement introduced in the Engineering Departments in 1968, a division rendering services or making supplies to another division is required to forward its claims monthly to the latter division and simultaneously debit the item to the suspense head "Cash Settlement Suspense"; the claim is required to be settled by the latter division within 10 days by issue of cheques / bank drafts, on receipt of which the suspense head is to be cleared.

Mention was made in paragraph 4.3 (i) of the Report of the Comptroller and Auditor General of India for the year 1972-73 (Civil) about the heavy outstandings (Rs. 6,76.76 lakhs) upto March 1973 under the head "Cash Settlement Suspense". The Public Accounts Committee in its thirty-fourth report (March 1976) had stressed the need for expeditious clearance of outstanding items under the suspense head. Nevertheless, amounts aggregating Rs. 24,11.12 lakhs were remaining unsettled under the head "Cash Settlement Suspense" in 330 divisions of Public Works (Buildings and Roads), Irrigation and Public Health Engineering Departments at the end of March 1978.

The yearwise break-up of the amounts outstanding at the end of March 1978 under the head has not been furnished by 262 divisions despite the requirement having been repeatedly pointed out by Audit.

Yearwise details furnished by 191 divisions as at the end of March 1977 showed that some outstandings under the head dated back to 1969-70 as shown below :—

Number of divisions (1)	Period (2)	Amount out- standing (3) ¹ <i>(Rupees in lakhs)</i>
35	1969-70	14.84
46	1970-71	34.31
62	1971-72	41.84
74	1972-73	28.11
123	1973-74	1,96.37
135	1974-75	3,78.50
162	1975-76	5,20.05
94	1976-77	3,39.51
	Total	15,53.53

Non-settlement of items under the suspense head was attributed by the Exec Engineers *inter alia* to :—

- (i) delay in preferring claims and failure to give sufficient details by the originating divisions,
- (ii) delay in verification of claims by the sub-divisions under the responding divisions and
- (iii) delay on the part of divisions in reconciliation of discrepancies noticed at the time of adjustment.

The matter was reported to the Government in September 1978; reply is awaited (December 1978).

CHAPTER V
STORES AND STOCK

5.1. Non-receipt of accounts—

According to Government instructions, annual consolidated accounts of stores and stock showing, *inter alia*, stock at the beginning of the year, receipts and issues during the year and balance at the end of the year are to be furnished to Audit by July every year by Departments holding stores and stock. However, stores and stock accounts of the following departments for the years noted against each had not been received (May 1979):—

1. Agriculture—	
(a) Grow More Food Scheme	1975-76 to 1977-78
(b) Pesticides and Plant Protection	1970-71 to 1977-78
(c) Others	1974-75 to 1977-78
2. Food	1968-69 to 1977-78
3. Excise (Opium)	1969-70 to 1977-78
4. Forest	1973-74 to 1977-78
5. Jail	1974-75 to 1977-78
6. Medical	1975-76 to 1977-78
7. Public Health	1975-76 to 1977-78
8. Veterinary	1974-75 to 1977-78

5.2. Synopsis of important stores accounts—

A synopsis of important stores accounts (excluding those relating to Government commercial and *quasi*-commercial departments/undertakings) to the extent received is given below ;—

Department	Description of stores	Year of account	Opening balance on 1st April	Receipts	Issues	Closing balancet on 31st March
(1)	(2)	(3)	(4)	(5)	(6)	(7)
<i>(Rupees in lakhs)</i>						
<i>A-Public Works—</i>						
1. Irrigation (118 divisions)	Building mate- rials, fuel, timber and other mate- rials	1977-78	4,51.80	9,79.36	10,06.44	4,24.72
2. Tawa Project (16 divisions)	Ditto	Ditto	2,44.96	2,22.54	2,80.04	1,87.46
3. Chambal Project Including Ayacut (4 divisions)	Ditto	Ditto	97.65	55.13	50.11	1,02.67

Department	Description of stores	Year of account	Opening balance on Ist April	Receipts	Issues	Closing balance on 31st March
(1)	(2)	(3)	(4)	(5)	(6)	(7)
(Rupees in lakhs)						
4. Buildings and Roads (94 divisions)	Ditto	Ditto	6,52.36*	14,90.71	16,77.60	4,65.47
5. Major Projects (33 divisions)	Ditto	Ditto	1,81.98	4,62.19	4,40.39	2,03.78
6. Tubewells (16 divisions)	Ditto	Ditto	(—)0.66	49.12	69.16	(—)20.70**
7. Public Health Engineering (49 divisions)	Ditto	Ditto	3,54.86	3,11.14	4,04.75	2,61.25

B-Civil—

1. Agriculture—

Grow More Food Scheme	Seeds, manures, fertilisers, culture and implements	1974-75	69.91	1,82.43	1,69.76	82.58 [@]
2. Stationery and Printing	Consumable stores	1977-78	1,34.62	1,17.03 ^A	1,30.90	1,20.75
	Other stores	1977-78	34.40 ^B	17.53	10.71 ^C	41.22
3. Separate Revenue	Stamps					
		1973-74	15,67.16 ^D	8,67.63	5,65.30	18,69.49

5.3 Reserve limit of stock

According to the information received upto December 1978 from 137 divisions (50 public Works 67 Irrigation and 20 Public Health Engineering divisions), reserve limit of stock had not been fixed for 38 divisions (3 Public Works and 35 Irrigation). The value

* Differs from last year's report by Rs. 6,11.19 lakhs. This was explained by the department as being due to *pro forma* correction made as a result of reconciliation of figures for the previous year (1976-77).

** Reasons for minus balance are under investigation.

@ Includes shortages (Rs. 25.34 lakhs) awaiting write-off.

A Includes Rs. 0.95 lakh on account of increased value due to revaluation.

B Differs from the closing balance by Rs. 0.07 lakh due to cost of electric equipment which heretofore was not being taken into account by Government Central Press, Bhopal being now taken into account.

C Includes Rs. 0.53 lakh on account of decreased value due to revaluation.

D Stores and Stock accounts for 1974-75 to 1977-78; though received could not be incorporated, being under correspondence.

of stock held by these 38 divisions on 31st March 1978 was Rs. 2.47 crores. The value of the largest stock held by a single division (Electrical and Mechanical Heavy Earth Moving Machinery Division, Seoni) was Rs. 0.61 crore.

Of the remaining 99 divisions for which reserve limit of stock had been prescribed the value of stock held on 31st March 1978 (Rs. 0.91 crore) exceeded the prescribed limit (Rs. 0.56 crore) in 11 divisions (4 Public Works, 4 Irrigation and 3 Public Health Engineering) by Rs. 0.35 crore. The value of stock in the Public Health Engineering Project Division No. III, Indore, alone exceeded the reserve limit by Rs. 0.13 crore.

✓ 5.4. Stock registers and stock verification

(i) The register of stock in each division is required to be closed at the end of each year and reviewed by the Divisional Officer to ensure that the stock consisted only of serviceable articles. Information received upto December 1978 from 137 divisions out of 330 divisions disclosed that the register of stock was not closed and reviewed for the year ending March 1978 in 86 divisions (39 Public works, 36 Irrigation and 11 Public Health Engineering). In 7 of these divisions, the register of stores and stock had not been closed for one or more earlier financial years as well. In the Irrigation Division, Kanker and the Public Works Division—1, Indore, the registers had not been closed since 1956-57 and 1958-59 respectively.

(ii) Financial rules require that the stock of stores should be verified at least once a year and the reasons for shortages/excesses investigated promptly. According to the information furnished upto December 1978 by 137 divisions out of 330, the stock of stores had not been verified at all during 1977-78 in 5 divisions and only partially verified in 5 other divisions. The results of verification had not been intimated to Audit upto December 1978 by 4 of the divisions in which verification was done fully or in part. Shortages totalling Rs. 0.45 lakh (7 divisions) were awaiting investigation and adjustment upto December 1978.

5.5. Minus balances in stores and stock accounts

The stores and stock accounts of 17 divisions closed with minus balances totalling 64.21 lakhs on 31st March 1978. Of these, the tubewell construction division VI, Morena, the National Highway Division, Shivpuri and the Buildings and Roads Division, Durg accounted for minus balances of Rs. 29.91 lakhs, Rs. 7.67 lakhs and Rs. 6.08 lakhs respectively.

The minus balances were mainly due to non-adjustment of (i) the value of stores transferred from other divisions and (ii) the difference between issue rate and book value, consequent upon the upward revision of issue rate.

5.6. Surplus stores

Stores worth Rs. 13.55 lakhs were declared surplus to requirements by 12 divisions. These included pipes worth Rs. 3.23 lakhs in Accelerated Rural Water Supply Programme Division, Demoh (when declared surplus not specified), high tensile steel worth Rs. 2.10 lakhs in the Buildings and Roads Division I, Hoshangabad declared surplus in March 1973 and mild and torsteel worth Rs. 2.20 lakhs in the National Highway Division, Rajnandgaon declared surplus in 1976-77.

AGRICULTURE DEPARTMENT

5.7. Loss due to excessive purchase of 'culture'

Bacterial substances known as 'culture' are introduced with seeds, at the time of sowing, to accelerate plant growth by increasing their nitrogen intake. According to the Indian Agricultural Research Institute, New Delhi (June 1974), 'cultures' retain their properties upto three months from the date of manufacture. It was noticed in test-check (July-August 1977) of the accounts of the office of the Deputy Director, Agriculture, Raisen that 29,138

packets of culture valuing Rs. 1.14 lakhs, as shown below, were lying in stock for more than two years :—

Year	Opening balance	Purchase	Sale	Shortages	Closing balance
(1)	(2)	(3)	(4)	(5)	(6)
	(Number of packets)				
1974-75	1,425	28,725	18,198	492	11,460
1975-76	11,460	25,051	6,069	1,304	29,138

No portion of the closing balance was utilised during 1976-77 and 1977-78.

Of the total shortage of 1,796 packets, 117 packets were written off during 1974-75.

The Deputy Director, Agriculture, Raisen stated (August 1977) that the loss (Rs. 1.14 lakhs) due to excessive purchases and the shortages (Rs. 0.07 lakhs) not yet written off would be investigated. Further developments are awaited (December 1978).

The matter was referred to the Director of Agriculture and the Government in October 1977; reply is awaited (December 1978).

5.8. Loss due to disposal of wheat seed as grain

Five different varieties of wheat seed weighing 331.74 quintals were produced in the Government Seed Multiplication Farm, Mankisar (Sidhi district) during the *rabi* season of 1973-74. The store in which the seed was kept was opened in August 1974 and samples were drawn and sent for analysis to the Seed Testing Laboratory, Jabalpur. On receipt (September 1974) of the analysis report, which indicated germination percentage of 73 to 76 per cent as against the minimum percentage of 80 prescribed under the Seed Act, 1966, the Deputy Director, Agriculture, Sidhi directed (October 1974) the Farm Superintendent not to distribute the seed for sowing. Meanwhile, seed weighing 113.70 quintals had already been distributed for this purpose.

In March 1975, samples of different varieties of the seed were again drawn and sent for testing to the same laboratory. The analysis report received by the Department on this occasion (March 1975) showed the germination capacity to be between 80 and 85 per cent, which met with the minimum prescribed standard of germination. The remaining quantity of seed could not, however, be distributed for sowing as by then the *rabi* season of 1974-75 was over and the seed could not also be considered for sowing during the *rabi* season of 1975-76. Seed weighing 199.93 quintals was, therefore, sold (November 1975 to March 1976) as grain at rates varying from Rs. 100 to Rs. 132.25 per quintal, as against the approved rates of Rs. 225 and Rs. 250 per quintal for seed, resulting in loss of Rs. 0.25 lakh. A quantity of 18.11 quintals of seed valuing at Rs. 0.04 lakh was found short.

The Director of Agriculture, to whom the matter was referred by Audit in July 1976, accepted the loss and observed (July 1978) that (i) the action of the Farm Superintendent in opening the seed store, drawing samples and sending these for germination test to the laboratory in the rainy season (August 1974) was technically objectionable because stored seed would absorb moisture and get damaged and testing of such exposed seed for germination would not provide reliable results; (ii) seed weighing 113.70 quintals distributed to cultivators before the receipt of the 1st test report in September

1974 could be taken as good seed since no complaints from the cultivators were received, and (iii) the joint Director, Agriculture, Rewa had been directed to conduct detailed investigations. Further developments are awaited (December 1978).

The matter was referred to the Government in July 1976; reply is awaited (December 1978).

(6) (2) EDUCATION DEPARTMENT (2) (1)

5.9. Shortages in stock.

There are five Central libraries in the State, each under the charge of a Regional Librarian. It was noticed during test-check (January 1975 to February 1978) of the accounts of these libraries that physical verification of books, etc., had not been conducted regularly. Physical verification last conducted showed shortages as mentioned below in the various libraries :—

Library	When physical verification was last conducted	Shortages of books reported	Assessed value	Remarks
(1)	(2)	(3)	(4)	(5)
		(Number)	(Rupees in lakhs)	
(i) Central Library, Gwalior	1977-78	8,810	Value not assessed	Earlier verification was conducted in 1972-73. No action had been taken to fix responsibility for the shortages (December 1978).
(ii) Maulana Azad Central Library, Bhopal	1971-72	8,110	0.48	Earlier verification was conducted in May 1968. Departmental inquiry into shortages was reported to be in progress (December 1978).
(iii) Central Library, Jabalpur	March 1968	2,473	0.09	Earlier verification was conducted in 1965-66. Proposal for write off was reported to be under submission to the Government (December 1978).
(iv) Central Library, Rewa	August 1971	4,419	0.17	No verification was conducted after August 1971. Report on final investigation into shortages is awaited (December 1978).
(v) Ahilya Central Library, Indore	1973-74	942	Value not assessed	No verification was conducted after 1973-74. No action had been taken to fix responsibility for the shortages (December 1978).

The matter was referred (July 1978) to the Government which stated (November 1978) that a comprehensive report would be sent shortly.

HOME (POLICE) DEPARTMENT

5.10. Short receipt of uniforms against cloth issued for stitching.—

It was noticed during test-check (November 1977 and October 1978) of the accounts of the Office of the Superintendent of Police, Gwalior that items of uniforms for which cloth was issued (September 1971 to August 1975) to the Welfare Centre at Gwalior for stitching had not been received in full. Stitched uniforms had not been received for 4,690 metres of cloth (value: Rs. 0.23 lakh) even though more than 3 years had passed after issue of the cloth.

The matter was referred to the Government in February 1978; reply is awaited (December 1978).

IRRIGATION DEPARTMENT

5.11. Purchase of defective sheep foot rollers.—

Twenty-five single drum and fourteen double drum sheep foot rollers were purchased by 5 divisions under the control of the former Irrigation circle, Bhopal (since renamed Betwa Circle, Bhopal) and 5 divisions under Mahi Circle, Dhar during April to July 1972 at a cost of Rs. 3.33 lakhs (excluding taxes and freight charges) from an Udaipur firm. Technical advice of the Electrical and Mechanical wing of the Department had not been obtained before selecting the make and placing supply orders for the rollers.

The sheep foot rollers were on receipt found to be defective. The Chief Technical Examiner's organisation which examined some of the rollers during November 1972 to January 1973 reported *inter alia* (i) that the rollers were poor in design and weak in constructions did not have the required construction features nor could perform the functions of sheep foot roller unless major modifications were carried out at an appreciable cost, (ii) that they did not conform to the specifications given in the supply order and (iii) that they gave less than 6 kilograms per square centimetre ground pressure when filled with wet sand against the specified ground pressure of 37.6 kilograms per square centimetre. Ninety per cent payment for the supplies had been made against proof of despatch as per the firm's condition accepted by the Superintending Engineer (although he was not competent to accept such a condition). The balance 10 per cent payment was also made in September 1974 to the firm although defects pointed out (September 1973 to September 1974) by the Executive Engineers had not been rectified.

An amount of Rs. 0.81 lakh was spent by 8 divisional officers on removal of the defects of 17 single drum and 11 double drum rollers. No repairs were carried out in respect of four (two single drum and two double drum) rollers received in Guna division, two single drum rollers each received in Alirajpur and Vidisha divisions and one double drum roller received in Betul division. Information about expenditure incurred on repairs, if any, in respect of the remaining two single drum rollers is awaited (December 1978).

Thus, 39 sheep foot rollers purchased at a cost of Rs. 3.33 lakhs (excluding taxes and freight) without obtaining technical advice of the Electrical and Mechanical wing of the Department could not be put to use due to their poor design and weak construction Rs. 0.81 lakh had to be spent on removal of defects before 28 rollers could be put to use.

The matter was reported to Government and the Engineer-in-Chief, Irrigation Department in May 1978 for comments, if any: final reply is awaited (December 1978).

PUBLIC HEALTH AND FAMILY WELFARE DEPARTMENT

5.12. Suspected short accountal of medical stores.—

According to the financial rules, physical verification of all stores should be conducted at least once every year by a person other than the official in charge of stores.

Physical verification of the medical stores of Jaya Arogya (J. A.) Group of Hospitals, Gwalior and the Dau Kalyan Singh (D. K.) Hospital, Raipur was last conducted by the Superintendents of these hospitals in December 1977 and April 1978 respectively and no shortages/excesses in stores were reported. However, as mentioned in a subsequent sub-paragraph audit scrutiny showed short accountal.

The last physical verification of the medical stores of the Hamidia Hospital, Bhopal was conducted by the Director of Treasuries and Accounts in December 1976 (no physical verification having been conducted by the Superintendent and Joint Director of the hospital during 1976-77 and 1977-78). Actual ground balances were, however, not compared with the book balances and the results of physical verification were also not reported (September 1978) to the Department. Comparison by Audit of ground balances as verified by the Director of Treasuries and Accounts in respect of certain selected items of medical stores with the book balances on the dates of physical verification, however, disclosed shortages of medical stores worth Rs. 1.21 lakhs.

Audit scrutiny (February to June 1978) of the details of computation of the closing book balances as worked out in the stock registres of the three hospitals also revealed further suspected short accountal of medical stores valuing Rs. 6.47 lakhs as detailed below :—

Particulars (1)	Value of medicines short accounted		
	J. A. group of hospitals, Gwalior (2)	D. K. hospital, Raipur (3)	Hamidia hospital, Bhopal (4)
	(Rupees in lakhs)		
(i) Receipts not/short accounted	..	0.03	0.16
(ii) Inflating issues	0.49	0.77	0.94
(iii) Issues from main stores not/short accounted for in ward accounts.	0.72	0.78	..
(iv) Closing balances not/short carried forward	0.79	0.29	..
(v) Errors in computation of balances	1.14	0.36	..
Total	3.14	2.23	1.10

The suspected short accountal was rendered possible due mainly to the following procedural lapses :—

(i) the entries in the stock registers were not authenticated and there were a number of erasures and overwritings;

(ii) the prescribed procedure regarding preparation of vouchers for issues in duplicate and obtaining acknowledgement of the receiving officials on one copy was not followed;

(iii) in the J. A. group of hospitals, Gwalior stock receipt entries had been made not immediately on receipt of goods but subsequently and in many cases dates and sources of receipt; had not been mentioned;

(iv) posting of stock registers was in arrears for seven months in the Hamidia Hospital, Bhopal,

(v) in the D. K. Hospital, Raipur the following units which were issued medicines from the central stores did not maintain stock registers, indicating receipt and consumption of medicines, for the periods mentioned against them :—

Unit (1)	Period for which stock registers were not maintained. (2)
Officer-in-charge emergency cupboards	Throughout the period covered by Audit.
Gynaec operation theatre	April to August 1976.
Out-patient department—	
Medical }	April 1975 to August 1977.
Surgical }	April 1975 to March 1978.
Dental	

The Superintendents of the hospitals stated that the irregularities would be investigated into.

Thus, due to failure on the part of the departmental officials to follow the prescribed procedure regarding maintenance of stock accounts and periodical physical verification stores, medicines worth Rs. 7.68 lakhs are suspected to have been short accounted in three hospitals of the State.

The above irregularities were referred to the Director of Medical Services and the Government in March, May, August and September 1978, replies are awaited (December 1978).

5.13. Purchase and utilisation of chemicals.—

The Joint Director and Superintendent, Jaya Arogya (J.A.) group of hospitals, Gwalior purchased chemicals costing Rs. 4.06 lakhs for the various laboratories of the college in 1976-77 (Rs. 1.62 lakhs) and 1977-78 (Rs. 2.44 lakhs).

Points noticed in test check (April 1978) of records relating to purchases and consumption are mentioned below :—

(i) *Extra expenditure on purchase of chemicals for Pathology Department.*—(a) For the purchases during 1976-77, quotations were invited (April 1976) by the Dean, Gajra Raja Medical College, Gwalior but supply orders were placed in September and October 1976. The suppliers, except a Gwalior firm which supplied chemicals worth Rs. 0.11 lakh, refused to execute orders on the plea that the rates had risen in the intervening period. Consequently, 18 chemicals were purchased on the basis of fresh quotations obtained in December 1976, resulting in extra expenditure of Rs. 0.55 lakh as compared to the rates obtained in April 1976.

(b) For 1977-78, the Joint Director and Superintendent, J.A. Group of hospitals Gwalior, on instructions from the Dean, issued enquiry letters on 4th May 1977 inviting quotation for supply of chemicals mostly of 'DIFCO-BACTO' make (of a foreign firm) fixing the last date of receipt of quotations as 10th May 1977. Reasons for the short notice were not on record. Based on the quotations received, chemicals worth Rs. 1.99 lakhs were purchased. However, the certificates regarding quality of material (DIFCO-BACTO make or other) was not recorded by the receiving officers.

Subsequent departmental investigations conducted by the Dean on receipt of complaints from the Head of Pathology Department about the quality of chemicals revealed that 13 chemicals purchased at a cost of Rs. 0.99 lakh were not of 'DIFCO-BACTO' make, which had been ordered and paid for but were either of Indian make or without label. It was found on comparison of the rates paid for 'DIFCO-BACTO' make chemicals with those quoted by the suppliers (February 1978) for chemicals manufactured in India, which in the opinion of the Dean were equally good, that 24 chemicals purchased at a cost of Rs. 1.89 lakhs would have cost Rs. 0.29 lakh only if these had been purchased from Indian manufacturers. In reply to an Audit enquiry, the Dean stated (October 1978) that in the original indent the column "make" was blank and that 'DIFCO-BACTO' appeared to have been inserted against individual item subsequently.

(ii) *Loss in purchase of pepsin* 35,000 units—Pepsin 35,000 units is a rare chemical, used in analytical and biochemical research, which according to the Dean, cannot ordinarily be used for medical purposes. Even though none of the departments of the college or hospital had indented for this chemical, it was included in the annual indents of the Pathology Physiology and Biochemistry and Out-patient departments by interpolation or addition. Based on quotations invited in April and July 1977, seven kilograms of pepsin were purchased from a Gwalior firm (5 kilograms at Rs. 800 per 100 grams) and a Bombay firm (2 kilograms at Rs. 760 per 100 grams) at a total cost of Rs. 0.57 lakh (including sales tax).

Four kilograms of pepsin were issued to the Storekeepers of the Anatomy Department (2 kilograms) and Physiology and Biochemistry Department (2 kilograms), without any indent or issue voucher. The whole quantity (7 kilograms) costing Rs. 0.57 lakh was, however, lying unutilised. After inspecting the stock of pepsin the Dean stated (August 1978) that (i) the pepsin received was of only 1,000 or 10,000 units and was of inferior and *ædææqo* quality and (ii) the pepsin received could not be utilised for want of demand for the same. The Dean further stated (October 1978) that the *ex*-Joint Director and Superintendent of the hospital and the purchase clerk of the college had been placed under suspension.

(iii) *Short accountal of chemicals*.—Chemicals worth Rs. 0.20 lakh, shown as issued from the Out-patient Department to the Pathology Department during 1975-76 (Rs. 0.13 lakh) and 1977-78 (Rs. 0.07 lakh), had not been accounted for as receipt in the stock register of the Pathology Department. Further, no indents from the Pathology Department for the chemicals were on record in support of the issues.

Summing up.—Thus, due to delay in placing orders on the suppliers who had quoted the lowest rates, the department had to incur an extra expenditure of Rs. 0.55 lakh in purchase of chemicals during 1976-77. During 1977-78 chemicals worth Rs. 1.89 lakhs of allegedly superior foreign make were after investigation reported by the Dean to be of Indian make or without labels and of comparable price of Rs. 0.29 lakh of Indian manufacturers. A rare chemical used for analytical and bio chemical research, which could not be used for medical purposes, was purchased for Rs. 0.57 lakhs in June 1977 to November 1977 and was lying unutilised (December 1978) as it was reported to be not required. Medicines worth Rs. 0.20 lakh were not accounted for by the Pathology Department.

The Government stated (October 1978) that the Public Health Department had been asked to investigate the case and fix responsibility; further developments are awaited (December 1978).

CHAPTER VI

FINANCIAL ASSISTANCE TO AUTHORITIES AND BODIES

6.1. During 1977-78, Rs. 63,33.29 lakhs were paid as grants (11 per cent of the total revenue expenditure) to educational institutions, local bodies, etc., as shown below :—

Educational institutions	11,66.14
Municipalities, local bodies, etc., on account of compensation for octroi duty abolished	21,43.96
Municipalities, local bodies, <i>panchayats</i> , etc., for other purposes	5,58.37
Co-operative societies	1,61.13
<i>Khadi</i> and Village Industries Board, Handicrafts Board, etc.	78.15
Religious, charitable and public institutions and voluntary bodies	57.78
Town improvement trusts and Housing Board	14.50
Others	21,53.26
Total	63,33.29

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

Department (1)	Purpose of grant (2)	Amount (3) <i>(Rupees in lakhs)</i>
(i) Education	Primary, Secondary, Collegiate, University and Technical education	10,06.93
(ii) Community Development	<i>Panchayats</i> , Local development works and education	7,09.17
(iii) Agriculture	Jawaharlal Nehru <i>Krishi Vishwa Vidyalaya</i> Co-operative societies and others	2,43.93
(iv) Public Health and Family Welfare	Rural water supply schemes and others	2,32.45
(v) Industries	Industries, State Textile Corporation, <i>Khadi</i> and village Industries Board and Handicrafts Board	2,20.50
(vi) Co-operation	Co-operative societies	1,61.00
(vii) Tribal and Harijan welfare	Scheduled castes and tribes and voluntary agencies	1,51.38
(viii) Local Self Government	Local bodies, etc.	1,35.78
(ix) Animal Husbandry	Jawaharlal Nehru <i>Krishi Vishwa Vidyalaya</i> and others	1,12.18
(x) Other Departments	Municipalities, Religious and charitable institutions and others	33,59.97
Total		63,33.29

6.2. Receipt of utilisation certificates

The financial rules require that, where grants are given for specific purposes, the administrative authorities should furnish within a reasonable time certificates to Audit to the effect that the grants were utilised for the purposes for which they were paid.

Out of 18,426 certificates (Rs. 39,96.84 lakhs) to be furnished in respect of grants paid up to March 1977, 3,200 certificates (Rs. 8,19.11 lakhs) were received, leaving 15,226 certificates (Rs. 31,77.73 lakhs) still awaited (December 1978), as indicated below :—

	Year of payment of grants (1)	Number of certificates awaited (2)	Amount (3) <i>(Rupees in lakhs)</i>
Upto	1972-73	2,029	2,00.89
	1973-74	978	1,88.13
	1974-75	2,070	3,71.97
	1975-76	3,883	9,04.93
	1976-77	6,266	15,11.81
	Total	15,226	31,77.73

Certificates were awaited from the following departments:—

Department (1)	Number of certificates awaited (2)	Amount (3) <i>(Rupees in lakhs)</i>
1. Agriculture	175	7,64.26
2. Public Health Engineering	1,072	4,46.90
3. Tribal and Harijan Welfare	4,615	3,66.38
4. Education	1,143	3,20.81
5. Community Development	4,500	2,84.49
6. Town and Country Planning	924	2,18.89
7. Co-operation	205	1,82.52
8. Animal Husbandry	569	1,45.16
9. Industries	54	1,31.98
10. Social Welfare	935	1,19.37
11. Other departments	1,034	1,96.97
Total	15,226	31,77.73

The utilisation certificates have not been received although considerable time has passed after the grants were paid. In the absence of these certificates, it is not practicable for Audit to know even in a general way whether the recipients have spent the grants for the purpose(s) for which these were given.

6.3. Authorities and bodies substantially financed by Government grants and loans

According to the provisions of Section 14 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, the bodies/authorities substantially financed by grants or loans from the Consolidated Fund attract audit by the Comptroller and Auditor General. For this purpose, a body/authority is deemed to be substantially financed if the aggregate grant or loan to it in a financial year is not less than Rs. 5 lakhs and the amount of such grant or loan is not less than 75 per cent of the total expenditure of that body/authority. Complete information/documents in respect of bodies/authorities which received grants/loans of Rs. 5 lakhs or more in a financial year was awaited as shown below: --

Year	Number of bodies/authorities which received grants/loans of not less than Rs.5 lakhs in the year	Number of bodies/authorities from which accounts were received by the Accountant General	Number of bodies/authorities the accounts of which have not been received
(1)	(2)	(3)	(4)
1974-75	36	35	1
1975-76	19	18	1
1976-77	23	20	3

Section 15 of the above Act prescribes that, where any grant or loan is given for any specific purpose from the Consolidated Fund, the Comptroller and Auditor General shall scrutinise the procedure by which the sanctioning authority satisfies itself as to the fulfilment of the conditions subject to which such grants and loans are given. Points noticed during audit under Section 14 and scrutiny conducted in accordance with Section 15 together with related matters under Section 13 are given in the paragraphs which follow.

AGRICULTURE DEPARTMENT

6.4. Grants to Jawaharlal Nehru Krishi Vishwa Vidyalaya, Jabalpur

The Jawaharlal Nehru Krishi Vishwa Vidyalaya, Jabalpur (hereinafter referred to as the 'University'), established in October 1964 under the Jawaharlal Nehru Krishi Vishwa Vidyalaya Act, 1963, was paid grants totalling Rs. 10.83 crores for maintenance and for plan development schemes during the years 1971-72 to 1977-78.

Important points noticed during scrutiny of sanctions for grants-in-aid paid by the Government during the years 1971-72 to 1977-78 and test-check of records in the offices of the sanctioning authorities conducted under Section 15 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 are mentioned in the succeeding paragraphs.

(i) *Assessment of grants.*—No rules or guidelines have been framed/laid down by the Government for assessing and regulating the grants for maintenance and for plan developmen

schemes of the University. On the basis of the recommendations (April 1970) of a Block Grant Committee the Government fixed the initial block grant for Agriculture sector as Rs. 53 lakhs and for Veterinary sector Rs. 23.50 lakhs for the year 1970-71, with 4 per cent annual increase in the grant during subsequent years. The Government had also constituted a Block Grant Review Committee each for maintenance grants and development grants in May 1973 and April 1975 respectively. These Committees submitted their recommendations to Government in May 1977 and November 1975 respectively, but these were still under consideration of Government (December 1978). Meanwhile, maintenance grants continued to be given on the basis decided in 1970.

In addition development grants totalling Rs. 3,63.57 lakhs were sanctioned during 1971-72 to 1977-78 on lump sum basis every year without specifying the schemes for which they were given.

Further, according to the instructions issued by the State Finance Department in May 1962, every sanctioning authority was required to certify in the sanction that unspent balances of previous grants had either been recovered or been taken into account while sanctioning subsequent grants. Such certificates were not incorporated in the sanctions issued by the Department and grants were released without verifying the utilisation of previous grants.

(ii) *Non-observance of conditions.*—Deviations from approved sanctions involving expenditure of Rs. 0.44 lakh were reported by the Director of Local Fund Accounts, (the auditor of the University) in his reports on the accounts of the following units of the University:—

Unit	Nature of deviations from approved sanction	Year in which deviation took place
(1)	(2)	(3)
(i) College of Veterinary, Mhow	Post of Superintendent, Cattle Farm and posts of Fodder Research Scheme operated without sanction	1972-73 and 1973-74
(ii) Dairy Cattle Extension, Indore	Posts of Officer on Special Duty and two peons operated without sanction	1973-74
(iii) Cotton Specialist, Indore	Posts operated without sanction	1974-75
(iv) College of Agriculture, Indore	Pay scales of drivers revised	1974-75

The approval of the Government for the deviations has not been obtained.

(iii) *Accounts and reports.*—Under the Act, the University was required to prepare its annual accounts and balance sheet; further, its audited accounts together with the audit report thereon and a statement of action taken by the University on the audit report were to be placed before the State Legislature every year. The University had since inception prepared receipt and payment accounts only but no balance sheet. Audit of accounts was reported (August 1978) to have been completed by the Director of Local Fund Accounts upto 1974-75 only. The accounts for the year 1964-65 to 1969-70 together with the audit reports and statement of action taken thereon by the University were placed before the State Legislature in 1977.

(iv) *Audited accounts and utilisation certificates.*—Grants to the University were sanctioned and released by the Department every year without obtaining the audited accounts and the utilisation certificates for grants paid in earlier years. Even figures of expenditure to ascertain the position of utilisation had not been obtained.

The Government stated (May 1978) that audit of the accounts of the University was in arrears and since the University depended upon grants to a considerable extent, non-release of grants on the ground that a certificate of utilisation in respect of grants released previously was not produced would throw the entire working of the University out of gear.

As of November 1978, utilisation certificates for grants of Rs. 8.57 crores paid during the years 1973-74 to 1977-78 were still awaited.

The matters mentioned above were reported to Government in June 1978; reply is awaited (December 1978).

EDUCATION DEPARTMENT

6.5. Madhya Pradesh Uchcha Shiksha Anudan Ayog

The Madhya Pradesh Uchcha Shiksha Anudan Ayog was established as a body corporate in July 1973 under the Madhya Pradesh Uchcha Shiksha Anudan Ayog Adhiniyam, 1973 for supervision and improvement of University education and also for promotion of higher education in the State and matters ancillary thereto.

The receipts and payments of the Ayog for the four years ended 1976-77 were as under:—

Particulars (1)	Year			
	1973-74 (2)	1974-75 (3)	1975-76 (4)	1976-77 (5)
	(Rupees in lakhs)			
<i>Receipts—</i>				
Opening balance	..	4.24	4.37	10.86
Grants received from the Government	1,67.55	2,88.68	3,75.93	4,27.37
Grants refunded by institutions	..	..	0.10	0.12
Affiliation fees	0.16	0.29	0.31	0.05
Interest	..	..	0.19	0.31
Miscellaneous receipts	0.04	..	0.01	0.01
Total	1,67.75	2,93.21	3,80.91	4,38.72
<i>Payments—</i>				
Administrative charges	1.70	3.81	4.49	4.84
Maintenance grants to:				
(a) Universities	29.54	1,03.21	1,33.97	1,81.49
(b) Technical institutions	57.97	92.99	1,13.58	1,15.75
(c) Other institutions	37.22	79.13	82.81	95.16
Development grants to;				
(a) Universities	25.21	6.64	29.41	28.63
(b) Technical institutions	6.15	3.03	4.67	0.77
(c) Other institutions	5.72	0.01	1.11	1.30
Deposits and advances	..	0.02	0.01	..
Total	1,63.51	2,88.84	3,70.05	4,27.94
Closing balance	4.24	4.37	10.86	10.78

The results of test-check (November 1977 to January 1978 and May-June 1978) of the accounts of the Ayog under Section 14 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 for the years 1973-74 to 1976-77 are embodied in the succeeding paragraphs.

2. *Grants for administrative charges.*—During the years 1973-74 to 1976-77, grants totalling Rs. 14.92 lakhs were paid to the Ayog for meeting its administrative expenses. The total expenditure on this account incurred during these years was Rs. 14.84 lakhs. In assessing the amounts of grants for this purpose the revenue receipts of the Ayog (Rs. 1.37 lakhs) on account of affiliation fees, interest and miscellaneous receipts were not taken into account. In the net, grants totalling Rs. 1.45 lakhs had been paid in excess upto end of 1976-77.

3. *Grants to institutions.*—Allotments for disbursement of grants made by the Department each year were based on the budget proposals and demands sent by the Ayog. Year-wise details of the allotments made by the Department and the disbursements made by the Ayog to the universities and other institutions during the year. 1973-74 to 1976-77 are as under:—

Particulars (1)	Universities		Non-Government institutions			
	Maintenance grant (2)	Development grant (3)	Technical		Non-technical	
			Maintenance grant (4)	Development grant (5)	Maintenance grant (6)	Development grant (7)
<i>(Rupees in lakhs)</i>						
1973-74						
Allotment	20.80	35.00	48.10	19.00	35.00	7.20
Disbursement	29.54	25.21	57.97	6.15	37.22	5.72
1974-75						
Allotment	1,02.21	6.64	92.10	2.40	82.00	0.26
Disbursement	1,03.21	6.64	93.09	3.03	79.03	0.01
1975-76						
Allotment	1,25.67	29.41	1,18.59	4.00	89.80	3.95
Disbursement	1,33.97	29.41	1,13.58	4.67	82.81	1.11
1976-77						
Allotment	1,81.68	28.76	1,15.13	5.86	89.56	1.49
Disbursement	1,81.49	28.62	1,15.85	0.77	95.06	1.30
Total 1973-74 to 1976-77						
Allotment	4,30.36	99.81	3,73.92	31.26	2,96.36	12.90
Disbursement	4,48.21	89.88	3,80.49	14.62	2,94.12	8.14
Excess + Saving —	+17.85	—9.93	+6.57	—16.64	—2.24	—4.76

It would be seen that while the Ayog had released less development grants to the universities and the institutions by Rs. 31.33 lakhs than the funds allotted for the purpose, more maintenance grants by Rs. 22.18 lakhs were disbursed by it than the allotment made for the

purpose. Thus, funds meant for development were being diverted for meeting maintenance expenditure; no approval had been obtained for such diversions.

4. *Development grants to universities.*—

(a) The financial needs for development projects of all the universities during the Fourth Plan (1969-74) had been assessed by a Visiting Committee set up by the University Grants Commission and the projects which were to be wholly financed by the Government or those for which matching grant was to be provided by the Government were settled. Against the total State share of Rs. 12.48 lakhs and Rs. 3.17 lakhs out of the expenditure incurred by the Vikram and the Bhopal Universities on these development projects during the Fourth Plan period (1969-74) the grants paid were Rs. 13.74 lakhs and Rs. 3.84 lakhs respectively. The Ayog stated (June 1978) that the excess payments would be adjusted while releasing further development grants to these universities.

(b) Development projects to be implemented by each university during the Fourth Plan period (1969-74) had been approved by the Government and the ceilings of State assistance for individual projects had also been determined. However, development grants were disbursed by the Ayog annually in lump sum without indicating the allocation of grants for individual projects. The Ayog did not also keep a watch to limit the State share of expenditure on individual projects to the ceilings fixed by the State Government. A few instances where the State's share of ceiling on individual projects was exceeded are given below :—

Particulars	State share ceiling of Fourth Plan development expenditure	State share of expenditure incurred	Excess
(1)	(2)	(3)	(4)
		<i>(Rupees in lakhs)</i>	
Jabalpur University :			
Engineering department staff	1.30	2.11	0.81
Indore University:			
Guest House	0.60	1.50	0.91
Jiwaji University:			
(i) Construction of Library building	3.10	3.53	0.43
(ii) Construction of administrative building	1.60	2.86	1.26
Ravi Shankar University:			
Central Library building	1.02	1.61	0.59

Though a statement of expenditure incurred on development projects had been sent to the Ayog by the universities concerned before claiming further release of development grants, the Ayog had devised no procedure to review the Government's share on the basis of actual expenditure.

5. *Grants to Technical Institutions :* (i) *Maintenance grants.*—The Madhya Pradesh Uchcha Shiksha Anudan Ayog (Conditions for Grants Returns and Information) Rules, 1974, envisage that maintenance grants to non-government engineering colleges and to other institutions for technical education would be reassessed every year on the basis of their net deficit after taking into consideration the income and approved expenditure of the institution

for the relevant year. However, *ad hoc* maintenance grants were being paid by the Ayog to four non-government engineering colleges year after year on the basis of the *ad hoc* grants given by Government for 1972-73 and assessment of the grants admissible on the basis of net deficit was yet to be finalised. Assessment of *ad hoc* maintenance grants given to Damoh, Indore and Vidisha Polytechnics for 1973-74 and onwards also remained to be finalised by the Ayog.

(ii) *Development grants*.—The State share of the non-recurring expenditure on development projects of the institutions (*e. g.*, construction of buildings, purchase of equipment, etc.) had been approved by the State Government. However, it was seen that the grants for construction of buildings and purchase of equipment paid to five polytechnics by the Ayog were more than the approved State share of actual expenditure to end of 1976-77 as detailed below :—

Polytechnic	State share of expenditure	Grants paid	Excess
(1)	(2)	(3)	(4)
(Rupees in lakhs)			
Balaghat	8.38	8.65	0.27
Dhamtari	9.90	10.96	1.06
Harda	9.35	9.37	0.02
Khurai	10.26	10.63	0.37
Seoni	8.55	8.70	0.15

The Ayog stated (May 1978) that Rs. 1.04 lakhs had been recovered during 1977-78 from the polytechnic, Dhamtari and that other excess grants would be recovered or adjusted while releasing further grants.

6. *Grants to non-technical institutions*.—Grants to non-technical institutions for higher education are to be assessed and paid by the Ayog in accordance with the Unified Rules for grants-in-aid (1960) of the Government. These rules, *inter alia*, envisage assessment of the annual maintenance grant for two years at a time on the basis of net deficit after taking into consideration admissible expenditure and income as per financial statement of the institution for the year immediately preceding.

Some cases of incorrect/defective assessment of grants made by the Ayog are mentioned below.—

(a) A college at Vidisha received a cash donation of over Rs. 2 lakhs during 1973-74 from a local organisation. The grant of Rs. 1.20 lakhs already paid to the college for that year was, however, not reassessed taking into account the donation. The Ayog stated (June 1978) that the matter was under investigation.

(b) A music college at Indore had received unsecured loans from its parent body but during the period 1972-73 to 1976-77, loans aggregating Rs. 2.26 lakhs were forgone by the parent body. However, no grant paid was not reassessed taking into account the loans forgone.

(c) As per instructions issued by the Government in May 1976, loans taken by an educational institution from its staff members were to be treated as income for the purpose of assessment of grant. However, loans aggregating Rs. 0.47 lakh taken from their staff members by three colleges at Ambah, Burhanpur and Indore during 1975-76 were not reckoned as income by the Ayog while assessing grants for that year and for the two subsequent years.

(d) While assessing the grant admissible to a college at Bilaspur, the medical examination fees of Rs. 0.04 lakh received by the college during 1975-76 were omitted to be counted as income though corresponding expenditure was provided on payment side resulting in over-assessment of grant by Rs. 0.04 lakh. As grant for the next year was payable on the assessed grant for 1975-76, grant for 1976-77 was also over assessed to the extent of Rs. 0.04 lakh.

7. *Biennial reassessments.*—Of the 93 non-government colleges due for biennial reassessment of grants during 1976-77, assessment of 64 and 14 colleges was finalised by the Ayog during 1976-77 and 1977-78 respectively and 15 cases were reported to the still pending finalisation for want of complete documents from these institutions. A college at Bhopal which had been paid *ad hoc* grant of Rs. 3.25 lakhs per annum for 1974-75 to 1976-77 was on reassessment found to be entitled to Rs. 3.05 lakhs, Rs. 2.79 lakhs and Rs. 3.05 lakhs as grants for 1974-75, 1975-76 and 1976-77 respectively. The excess payment of Rs. 0.86 lakh to the college to end of 1976-77 is yet to be recovered/adjusted (December 1978).

8. *Backlog grants.*—During the period July 1973 to March 1976, the Government had allotted to the Ayog Rs. 84.05 lakhs for disbursement of backlog grants to the universities (Rs. 62.56 lakhs), technical institutions (Rs. 18.86 lakhs) and non-technical institutions (Rs. 2.63 lakhs) pertaining to the period prior to the establishment of the Ayog. Government had not intimated the full particulars of the backlog grants to the Ayog nor did the Ayog verify the utilisation of the amounts by the grantees concerned.

The Government had allotted in April 1974 Rs. 7.00 lakhs as a backlog grant for disbursement to the Sagar University. In August 1974, the Government informed the Ayog that Rs. 5.81 lakhs only were payable to the university. Excess amount of Rs. 1.19 lakhs paid to the university had neither been recovered nor adjusted by the Ayog so far (December 1978).

9. *Utilisation certificates.*—The grants register maintained by the Ayog was not complete in as much as dates of receipt of audited accounts and utilisation certificates had not been filled in. Consequently, no watch had been kept by the Ayog over the receipt of utilisation certificates for grants aggregating Rs. 12.35 crores disbursed by it during the period July 1973 to March 1977. Utilisation certificates were also awaited in Audit Office in respect of the entire grants aggregating Rs. 12.60 crores given to the Ayog from July 1973 to March 1977.

10. Every institution seeking permission to establish a new educational institution or for opening an additional class and/or starting a new subject is required to submit to the Ayog an application, in the prescribed form, with a non-refundable affiliation fee of Rs. 500 or Rs. 300 as the case may be. Against 799 applications (including 11 applications for establishing new institutions) received, the Ayog granted affiliation certificates in 459 cases to the end of 1976-77. Against the total fees of Rs. 1.38 lakhs receivable in at least 459 cases where certificates had been granted, the actual receipt of fees was Rs. 0.87 lakh to the end of 1976-77 indicating that certificates had been granted by the Ayog in certain cases without realising the fees in advance. Though the affiliation fee so recovered was not refundable, the Ayog had refunded Rs. 0.08 lakh in 21 cases during the years 1974-75 to 1976-77.

11. *Summing up.*—(i) In assessing the grants payable to the Ayog for administrative expenses, receipts of the Ayog on account of affiliation fees, interest receipts *etc.*, to the extent of Rs. 1.37 lakhs had not been taken into account and consequently an equal amount had been overpaid.

(ii) Out of grants given to the Ayog for development expenditure of the universities and other institutions, Rs. 22.18 lakhs were utilised by it for paying grants for maintenance in excess of the allotments made by the Government for the purpose.

(iii) Grants paid for development expenditure were not limited by the Ayog to the State's share decided upon and consequently excess grants totalling Rs. 3.80 lakhs were paid to two universities and 5 polytechnics, out of which Rs. 2.76 lakhs remain to be recovered or adjusted.

(iv) Excess payment of grants totalling Rs. 6.06 lakhs due to non-inclusion of certain items of receipts while working out the deficits, reassessment of grants admissible, or excess release of backlog grants were awaiting recovery/adjustment.

(v) The Ayog had yet to receive utilisation certificates for Rs. 12.35 crores disbursed as grants to universities and institutions and was in turn to furnish utilisation certificates for grants aggregating Rs. 12.60 crores received from the Government.

(vi) Against the total affiliation fees of Rs. 1.38 lakhs receivable for 459 cases in which affiliation certificates had been granted, the fees received were only Rs. 0.87 lakh.

The matter was referred to the Government in August 1978; reply is awaited (December 1978).

6.6. Town Improvement Trusts, Bhopal, Gwalior and Jabalpur

Introductory.—Town Improvement Trusts, Bhopal and Jabalpur were established in February 1963 and March 1963 respectively under the Madhya Pradesh Town Improvement Trust Act, 1960, with the object of improving the housing and environment by development of plots, slum clearance, etc. The Town Improvement Trust, Gwalior which was established in 1918 was brought under the Act, in April 1961. The Bhopal Trust was upgraded as Development Authority in October 1976 under the *Madhya Pradesh Nagar Tatha Gram Nivas Adhiniyam*, 1973.

The receipts and payments of the Bhopal and Gwalior Trusts for 1975-76 and for Jabalpur Trust for 1973-74 are summarised on next page :—

Particulars of receipts	T. I. T. Bhopal	T. I. T. Gwalior	T. I. T. Jabalpur	Particulars of payments	T. I. T. Bhopal	T. I. T. Gwalior	T. I. T. Jabalpur
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	<i>(Rupees in lakhs)</i>				<i>(Rupees in lakhs)</i>		
Year of account	1975-76	1975-76	1973-74	Year of account	1975-76	1975-76	1973-74
Opening balance	33.24	2.00	2.89	Construction expenses	50.95	1.68	7.06
Loans from Government	51.40	4.00	5.60	Establishment expenses	3.63	1.95	1.70
Grants/subsidies from Government	0.17	1.50	0.58	Miscellaneous expenses	5.87	0.09	0.65
Contributions from Government/local bodies for establishment	0.80	1.15	0.50	Repayment of loans	2.70	3.06	0.83
Sale proceeds and development charges	50.47	2.24	12.35	Deposits and advances	5.30	0.56	..
Interest, rent, etc.	6.10	2.05	1.29	Suspense	..	..	3.45
Deposits and advances, suspense account	3.49	0.76	1.09	Closing balance	77.22	6.36	10.61
Total	1,45.67	13.70	24.30	Total	1,45.67	13.70	24.30

(†) Accounts for subsequent period had not been received.

The Director, Local Fund Accounts is the auditor of the accounts of the Trust.

The accounts of Bhopal and Gwalior Trusts for 1975-76 and of Jabalpur Trust for 1973-74 were test-checked (September-October 1977, January 1978 and March 1978) under Section 14 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 and the results are embodied in the succeeding paragraphs.

A. Town Improvement Trust, Bhopal

1. *Delays in completion of schemes.*—The following schemes for development of land or construction of houses/shops had been considerably delayed in execution :—

Name of the scheme	Area planned to be developed/houses or shops proposed to be constructed	Planned outlay	Expenditure (period up to which incurred indicated in brackets)	Area developed/houses or shops constructed	When completed
(1)	(2)	(3)	(4)	(5)	(6)
(In lakhs of rupees)					
(i) Narela Shankari scheme	78.80 hectares	1,42.63	53.58 (March 1977)	200 plots	in progress
(ii) Inderpuri commercial and residential complex.	96.00 acres	Not available	77.01	not available	in progress
(iii) Housing scheme at Kohefiza	50.41 acres	67.07	19.94	Not available	in progress
(iv) Housing scheme Baghe-Mir-Sharmam for rehabilitation of displaced persons temporarily settled in Israni Benerjee market	8 acres to be divided into 107 plots.	0.69	4.57 (March 1976)	123 plots	in progress

Points noticed in the execution of these schemes are mentioned below :—

(i) For the Narela Shankari scheme, the Government of India which was to meet 50 per cent of the cost as subsidy had advanced Rs. 90 lakhs but upto March 1977 only Rs. 53.58 lakhs had been spent, of the latter Rs. 20 lakhs represented a lump sum payment to the State Government towards cost of land. An amount of Rs. 19.94 lakhs was diverted to meet expenditure on the 'Kohefiza' scheme. Regularisation of the diversion is awaited (November 1978).

(ii) Tenders received in October 1975 for development of roads in the commercial-cum-residential complex at Inderpuri were rejected without assigning any reason. Fresh tenders obtained in November 1975 were also not considered, again without assigning any reason; instead, negotiations were carried out with the tenderers and with persons who had not given their tenders. The works were awarded to non-tenderers involving an extra expenditure of Rs. 1.34 lakhs as compared to the lowest rates obtained in the first tender.

(iii) Work on the water supply scheme for Inderpuri commercial-cum-shopping complex was at a stand-still because of A. C. pressure pipes, supplied by an Ahmedabad firm (advance payment: Rs. 2.80 lakhs) in December 1976/January 1977 not being found to be of required specifications by the Chairman of the Trust on inspection and the refusal

of the firm to take back the pipes. The pipes were replaced by the firm in September 1978 and are being laid now.

(iv) The Trust had paid in September 1976 to the Madhya Pradesh Housing Board Rs. 19.94 lakhs towards the cost of 50 per cent of 92.42 acres of land at Kohefiza, purchased for Rs. 40 lakhs at a price negotiated with the owner of the land. The Scheme for development and utilisation of the land was formulated by the Trust in November 1978 only and development work had not yet been taken up (January 1979).

2. *Shops remaining vacant.*—Shops constructed under various schemes remained vacant for long periods after construction, the consequential loss of rent being Rs. 2.65 lakhs as detailed below:—

Scheme	When completed	Number of shops which remained vacant	Period of vacancy	Rent lost during vacant period
(1)	(2)	(3)	(4)	(5)
				(In lakhs of rupees)
(i) Scheme No. 21-22 shops near Vidhan Sabha.	November 1971	13	7 vacant for upto 53 months till March 1976. 6 vacant till time of audit in October 1977.	0.23
(ii) Shops near the Railway Station.	May 1971	42	8 to 58 months	0.40
(iii) Shopping centre at Mata-Ka-mandir in South T. T. Nagar.	February 1974	40	7 to 25 months	0.23
(iv) Shops at Jahangirabad.	April 1972	25	Till May 1975	1.66
(v) Multistoreyed shopping-cum-post office-cum-residential complex in Ravi Shankar nagar.	January 1977	13	Till time of audit in September 1977.	0.13
				2.6

3. *Demolition of shops soon after construction.*—Thirtysix shops were got constructed at bus stand No. 10 (under scheme No. 24) at a cost of Rs. 0.78 lakh during December 1972 to December 1973. In September 1975, the Trust decided to construct a new shopping-cum-residential complex in the same area by demolishing the 36 shops to which approval of the Government was obtained in April 1976. The demolition was completed at a cost of Rs. 0.03 lakh and compensation amounting to Rs. 0.05 lakh was paid to one of the shopkeepers affected. The expenditure incurred Rs. 0.86 lakh in all, was virtually infructuous as the shops were used only for 2 to 3 years.

4. *Non-execution of agreements with allottees.*—It was seen that in the case of shop under scheme No. 21 and in the case of a large number of shops constructed by the Trust

near the railway station, agreements between the Trust and the allottees of the shops had not been executed.

5. *Expenditure in excess of sanctions.*—The approved scheme for construction of shops near the railway station (approved in December 1970) envisaged construction of 50 shops at an estimated cost of Rs. 0.35 lakh but 65 shops were got constructed at a cost of Rs. 0.69 lakh. Similarly, the approved scheme for construction of multistoreyed shopping-cum-post office-cum-residential complex in Ravi Shankar nagar envisaged construction of 27 shops and 16 residential units but 49 units (31 shops and 18 residential units) were constructed. In both these cases sanction of the competent authority had not been obtained for the changes.

6. *Bank reconciliation.*—As on 31st March 1976 there was a difference of Rs. 2,09,201.90 between the balances as shown in the cash book (Rs. 77,22,045.16) and those shown in the bank pass book (Rs. 79,31,247.06), which had not been reconciled (December 1978).

7. *Temporary advances.*—Out of temporary advances amounting to Rs.1.26 lakhs as on 31st October 1977, only an amount of Rs. 0.39 lakh had been recovered leaving an unadjusted amount of Rs. 0.87 lakh (January 1979).

8. *Stores and stock.*—(i) Periodical verification of stock and stores was not done;

(ii) No reserve limit of stock had been fixed and

(iii) Issue rates of stock and stores had not been fixed.

B. Town Improvement Trust, Gwalior

1. *Subsidy for slum clearance scheme.*—Out of 148 tenements constructed under the slum clearance scheme for which subsidy of Rs. 3.54 lakhs was paid by the Government of India through the State Government, 68 tenements were allotted to persons who were not eligible for allotment of these tenements but no approval from the Government for such allotment had been obtained. As per instructions issued (July 1964) by the Government of India, subsidy not utilised for the purpose for which it was given was to be repaid with interest. Consequently, subsidy amounting to Rs.1.44 lakhs paid for the (68) tenements allotted to ineligible persons was refundable to the Government with interest. The Trust had refunded (March 1976) Rs. 0.37 lakh only and the balance of Rs. 1.07 lakhs together with interest was yet to be refunded (November 1978).

2. *Delay in sale of completed houses.*—Under scheme No.7 at Gandhi Road 18 houses were constructed at a cost of Rs.5.51 lakhs, part of which was financed from out of a loan of Rs.4.39 lakhs received from the Housing and Urban Development Corporation (HUDCO). The houses completed in October 1974 were sold on hire purchase basis in 1976-77 (3), 1977-78 (5) and August 1978 (10). The investment on the construction of these flats, for which the Trust was paying 8 per cent interest to HUDCO, was thus blocked up for long periods.

3. *Recovery of rent.*—(i) Scrutiny of rent recovery register of Lalitpur colony revealed that recovery of Rs.0.21 lakh was outstanding against 21 occupants who had left the colony without any intimation to the Trust. Court decrees had been passed in six cases but could not be served as the whereabouts of these persons were not known. No action could be taken in the remaining cases as the whereabouts of these persons were also not known.

(ii) In respect of tenements at Amra Pahad, Morar and Thathipur colony, rent totalling Rs. 0.74 lakh was outstanding to be recovered (September 1978) but no efforts had been made to effect recoveries.

C. Town Improvement Trust, Jabalpur

1. *Subsidy for slum clearance scheme.*—One hundred and twenty tenements constructed under the scheme (108 by February 1968 and 12 by January 1977) at a cost of Rs. 8.78 lakhs could not be allotted to slum dwellers as none was forthcoming to occupy these tenements and were instead allotted to the following departments :—

Department to which allotted	Number of tenements	Date of handing over	Licence fee for tenement per month
(1)	(2)	(3)	(4)
Police	72	4-12-1972	40
Gun carriage factory	36	1-7-1973	55
Police	12	11-2-1977	55

As the tenements were not utilised for the purposes intended *viz.*, for allotment to slum dwellers, the subsidy of Rs. 3.72 lakhs paid towards the cost of the tenements was refundable together with interest in terms of instructions issued in July 1964 by the Government of India. The Trust stated (January 1978) that the matter was being taken up with the Government for conversion of the grant into loan.

108 tenements constructed by February 1968 remained vacant for periods ranging from 58 to 65 months the resultant loss of revenue being Rs. 3.26 lakhs.

2. *Delay in allotment of plots*—Under a scheme sanctioned by the Government in March, 1964 for development of 499 plots in village purwa (estimated cost: Rs. 20.65 lakhs), 450 plots (Commercial: 74 and residential: 376) were developed by November 1977 at a cost of Rs. 15.68 lakhs. Out of these, only 149 plots (commercial: 61 and residential: 88) had been allotted till November 1977. The delay in disposal, which was attributed to lack of transport facilities in the area, resulted in loss of ground rent amounting to Rs. 1.54 lakhs for the period from 1965 to 1972. The recurring annual loss was Rs. 0.22 lakh (Rs. 0.11 lakh each on ground rent and interest on loan). Even in respect of the plots allotted, against a demand of Rs. 0.31 lakh for ground rent only Rs. 0.14 lakh had been recovered in 1977.

3. *Land acquisition and development in Marha Tal area:*—(i) For the establishment of a civic centre at Marha Tal area, 3.24 acres of private land were acquired at a cost of Rs. 3.74 lakhs and 18.16 acres of nazul land allotted by the Department. On taking possession (June 1974) of land, 1.90 acres of land were found to be under encroachment by public institutions and private trusts, the value of which, based on the aggregate compensation paid was Rs. 2.19 lakhs.

(ii) For the shifting of the main grain market to Marha Tal area, 194 acres of land were acquired in Madho Tal and Laxmipur villages, of which 55 acres were transferred to the Mandi Committee in April 1974 and 42.25 acres to the Madhya Pradesh Housing Board in April 1976. When the measurements of land were taken at the time of their transfer, it was found that the land acquired, for which compensation had been paid, was short to the extent of 2.8 acres, the compensation paid for that area being Rs. 0.21 lakh.

Out of the land acquired, the trust developed 136 commercial plots in 2.25 acres of land and allowing for the land under roads, culverts, etc. 28.83 acres of land valued at

Compensation
was
paid?

Rs. 2.20 lakhs were lying unutilised. The position of sale of the 136 developed plots was as under :—

Year	Plots sold during the year	Plots remaining unsold at the end of the year	Ground rent lost
(1)	(2)	(3)	(4)
			(Rupees in lakhs)
1974-75	12	124	0.07
1975-76	43	81	0.05
1976-77	6	15	0.01
		Total	0.13

4. *Non-occupation of a building.*—An office building with a floor area of 18,000 sq. ft. constructed at a cost of Rs.0.65 lakh prior to 1970 could not be used due reportedly to construction defects, as a result of which there was water-logging in the rainy season and cracking in the roof at several places. The building was also found not fit even for storage of material as cement (valued at Rs.0.06 lakh) stored in the building was completely damaged. The trust decided therefor (December 1976) to demolish the building. Meanwhile, the office was functioning in a rented building. Thus, due to defective construction, the building was a total loss.

5. *Arrears in recovery of rent.*—As a result of non-occupation of shops in Madan Mahal Scheme No.19 for varying periods, the trust had lost revenue to the extent of Rs. 0.26 lakh. Recovery of rent amounting to Rs. 0.71 lakh was in arrears (January 1978).

In the case of Adarsh Market Scheme also, recovery of rent amounting to Rs. 0.63 lakh (1976-77 Rs.0.41 lakh and 1977-78; Rs.0.22 lakh) was outstanding.

SUMMING UP

Town Improvement Trust, Bhopal

(i) Delays ranging upto three to eight years were noticed in the execution of schemes

(ii) In the development of roads for Inderpuri commercial-cum-residential complex, extra expenditure of Rs.1.34 lakhs was incurred as a result of rejection of valid tender and allotment of works to non-tenderers. Water supply scheme for the complex has not been completed due to the contractor not replacing defective A.C. pipes, for which advance payment of Rs. 2.80 lakhs was made in December 1976/January 1977.

(iii) About 46 acres of land, for which Rs. 19.44 lakhs were paid in September 1976 to the Housing Board, have not been taken up for development as the scheme for utilisation of land has not been finalised (November 1978).

(iv) Shops constructed under various schemes lay vacant for long periods resulting in loss of rent totalling Rs. 2.65 lakhs.

(v) There was a loss of Rs. 0.86 lakh due to demolition of 36 shops within 2 to 3 year of their construction.

Town Improvement Trust, Gwalior

(vi) Subsidy amounting to Rs. 1.07 lakhs received for construction of tenements under slum clearance scheme but allotted to ineligible persons due to slum dwellers not forthcoming to occupy the tenements was awaiting refund by the Trust.

(vii) Rs.0.95 lakh were outstanding for recovery towards rent of tenements.

Town Improvement Trust, Jabalpur

(viii) Subsidy of Rs.3.72 lakhs received for construction of 120 tenements under slum clearance scheme but allotted to ineligible persons due to slum dwellers not forthcoming to occupy the tenements has not been refunded.

(ix) Ground rent to the extent of Rs. 1.54 lakhs was lost due to delay in allotment of plots.

(x) Land valuing Rs.2.19 lakhs acquired for the establishment of a civic centre at Marha Tal was under encroachment.

(xi) Compensation of Rs. 0.21 lakh was paid for 2.8 acres of land not actually received by the Trust.

(xii) Office building costing Rs.0.65 lakh completed before 1970 was lying vacant due to construction defects.

(xiii) Due to delays in occupation of shops, rental revenue of Rs.0.26 lakh was lost

(xiv) Rs. 1.32 lakhs were outstanding for recovery towards rent.

Points mentioned above were brought to the notice of the Government in August 1978, replies are awaited (December 1978).

COMMERCE AND INDUSTRIES DEPARTMENT**6.7. Assistance to handloom and powerloom industries.—**

With a view to developing handloom and powerloom industry on co-operative basis and providing gainful employment to weavers, loans and subsidies were paid by Government to various societies and bodies during the years 1971-72 to 1976-77 as shown below:—

Object (1)	Loan (2)	Subsidy (3)
	<i>(Rupees in lakhs)</i>	
(i) Assistance to Madhya Pradesh State Handloom Co-operative Society, Jabalpur (Apex Society hereafter) for purchase and supply of yarn and sale of handloom cloth.	34.62	4.22
(ii) Assistance to Madhya Pradesh State Textile Corporation, Bhopal (Textile Corporation hereafter) for sale of handloom cloth.	12.96	28.38
(iii) Assistance to Co-operative Spinning Mill, Burhanpur (Spinning Mill hereafter) for production and supply of yarn.	38.00	..
(iv) Assistance to 238 Handloom Weavers' Co-operative Societies.	10.16	31.23
(v) Margin money loan to Powerloom Cloth Co-operative Marketing Federation, Burhanpur.	7.50	..
(vi) Assistance to 74 processing societies	17.19	6.69
(vii) Loans towards Share Capital and Capital cost given to 50 powerloom societies.	25.24	..
Total	145.67	70.52

Prior to July 1976 the sanctioned financial assistance was drawn and paid by the Registrar, Co-operative Societies and thereafter by the newly formed Directorate of Handlooms.

Points noticed in the scrutiny of records relating to issue of sanctions for assistance paid during the years 1971-72 to 1976-77 and watching of utilisation by the sanctioning authority and test check of records conducted in April 1978 are set out below :—

(i) Loan agreements were not got executed by the Textile Corporation (loans; Rs. 12.96 lakhs in 3 cases), the Spinning Mill (loans : Rs. 38.00 lakhs in 4 cases), 13 processing societies (loans : Rs. 5.14 lakhs in 13 cases) and one handloom weavers' co-operative society (loan : Rs. 0.37 lakh in one case).

(ii) Loan registers maintained by the Directorate were deficient in as much as reference to sanctions of loans and terms and conditions attached to the loans had not been entered in the registers. Annual returns of the recovery position of loans, required to be rendered by the district offices to the Directorate in June every year, were not received nor were they called for by the Directorate.

(iii) Registers for watching utilisation of assistance by beneficiaries had not been maintained as required under the rules. Further, the sanctioning authority had not kept a watch of the receipt of periodical progress reports required to be submitted by the beneficiaries under the terms governing the assistance. However, available records showed that utilisation certificates were awaited from Textile Corporation (one case, grant Rs. 11.60 lakhs 1976-77). Spinning Mill (2 cases, loans; Rs. 19.00 lakhs, 1975-76) and 71 processing societies (one case, loans : Rs. 1.50 lakhs and 70 cases, subsidy Rs. 5.74 lakhs 1971-72 to 1976-77).

(iv) Registers showing assistance given and assets created by the beneficiaries out of the assistance given, required to be maintained by the sanctioning authority, had not been maintained.

(v) Sanctions issued for payment of nine loans aggregating Rs. 59.39 lakhs during the period January 1973 to March 1977 did not specify the terms and conditions of repayment of loans. Of these, in seven cases (Rs. 37.87 lakhs) the terms and conditions were communicated after periods ranging from 6 to 24 months. In respect of two loans of Rs. 15 lakhs and Rs. 6.52 lakhs sanctioned to the Spinning Mill and the Apex Society in July 1976 and March 1977, respectively, the terms and conditions of repayment still remain to be finalised (December 1978).

(vi) *Spinning Mill*.—The loans aggregating Rs. 38 lakhs paid to the Spinning Mill were meant to enable it to tide over its financial difficulties. The mill was incurring losses year after year and its accumulated loss as on 30th June 1977 was Rs. 1,36.63 lakhs. The mill had also not paid overdue interest of Rs. 2.79 lakhs. The mill's request (November 1976) for conversion of the loans as well as accrued interest into share capital was under consideration of Government (December 1978).

(vii) *Weavers' Co-operative Societies*.—Grant of Rs. 0.43 lakh was paid to one society in March 1976 to meet cost of construction of work-shed, purchase of frame looms and warping machine and pay of a technical manager for ten months. Similar grant was given to another society in December 1976 and to four more societies in March 1977. Though the scheme under which the grants were sanctioned envisaged that these would be given to only such societies as possessed land for construction of workshed, one of the societies to which grants were given in March 1977 did not possess any land. Completion reports of construction of sheds were awaited from three societies.

(viii) *Powerloom Cloth Co-operative Marketing Federation*.—The loan of Rs. 7.50 lakhs paid in February 1975 to the Federation was repayable by the later within one year from

the date of payment, in four quarterly instalments together with interest but in June 1976 the Federation was allowed to repay the loan in four half-yearly instalments starting on year after payment of the loan (*i. e.* by 21st February 1978). Neither any instalment of loan nor any interest has been paid by the Federation so far (December 1978).

(ix) *Powerloom Societies.*—(a) According to the rules for state participation in share capital of co-operatives, the society was required to repay Government share capital contribution within ten years in five equal instalments, the first instalment becoming due after the expiry of the first five years from the date of receipt of share capital. For the purpose, every society was also required to increase its paid up share capital by collecting 5 per cent of the wages from its artisan members. Out of the share capital amounting to Rs. 1.40 lakhs invested by Government in 37 societies during the period 1964-65 to 1967-68 which had become repayable by end of 1977-78, Rs. 0.63 lakh remained to be repaid by 20 societies (December 1978).

(b) Loans aggregating Rs. 20.53 lakhs for purchase of 626 looms were paid to 50 societies during the period 1971-72 to 1975-76. It was reported by the Directorate that the loanee societies had purchased and installed 615 looms till October 1978. Of the looms installed, 3 looms of 5 societies were reported to be lying idle for want of immediate market for their finished goods. Rupees 0.55 lakh out of the loan meant for 11 looms remained unutilised as looms were reported to be awaited from the supplier. The Department stated (October 1978) that efforts were being made to revitalise these five societies and to utilise the idle looms.

The matter was reported to Government in August 1978: reply is awaited (December 1978).

LAW DEPARTMENT

6.8. Madhya Pradesh Legal Aid and Advisory Board, Bhopal

The Government sanctioned (June and September 1976) Rs. 8 lakhs as grant to the Madhya Pradesh Legal Aid and Advisory Board, Bhopal to be spent on arranging legal aid/legal advice to weaker sections of the society in the State. Another grant of Rs. 1.80 lakhs was sanctioned (February 1977) for establishment of District Committees of the Board.

A test check (May 1978) of the records of the Board showed that the Board had allocated Rs. 7.22 lakhs to the District Committees for providing legal aid and advice to weaker sections but the committees had spent only Rs. 0.05 lakh on giving legal aid and Rs. 0.24 lakh on purchase of furniture, stationery, travelling allowance, *etc.* Balance of Rs. 6.93 lakhs was lying unspent in the bank accounts of various District Committees.

Similarly, out of the grant of Rs. 1.80 lakhs received for establishment of District Committees, the Board had utilised only Rs. 0.11 lakh on establishment and contingent charges and Rs. 1.69 lakhs remained unspent with the Board.

The delay in utilisation of the grants was attributed to delayed framing, in March 1977, by the Government of rules governing the working of the committees required to be framed by the Act under which the Board was constituted.

The matter was reported to the Government in July 1978: reply is awaited (January 1979).

TRIBAL AND HARIJAN WELFARE DEPARTMENT

6.9.1. Grants for local development works in tribal areas

Grants aggregating Rs. 1.77 lakhs were released during 1963-64 to 1975-76 by the Block Development Assistant, Durgukondal (Bastar district) to various panchayats, indi-

viduals and cultivators for 80 local development works. The position of completion of works at the end of August 1978 was as follows :—

Name of work (1)	Number of works	Number of works completed by August 1978	Number of complete works
	Amount of grant (2)	Amount of grant (3)	Amount of grant (4)
	(Rupees in lakhs)		
Drinking Water Wells	57	10	18
	1.35	0.37	0.32
Irrigation Wells	20	8	12
	0.19	0.07	0.12
Nallaha bunding	1	1	..
	0.01	0.01	..
School building	2		
	0.22	..	..

Twenty-nine drinking water wells (Rs.0.65 lakh) and two school buildings (Rs.0.22 lakh) collapsed rendering outlay on Rs.0.87 lakh infructuous. The Director, Tribal and Harijan Welfare stated (September 1978) that the wells collapsed due to heavy rains that the school buildings collapsed due to their non-completion and that after recovery of a part of the amount involved from the executing agencies the balance would be written-off. He also stated that responsibility for collapse of 16 drinking water wells could not be fixed for want of records.

(b) The Block Development Assistant, Ramchandrapur paid grants totalling Rs.0.90 lakh for construction of 75 irrigation wells to cultivators during 1965-66 to 1975-76. None of the wells had been completed at the time of audit in November 1977.

The matter was reported to the Government in February 1978: reply is awaited (January 1979).

6.9.2. Non-utilisation of building grant

The Government approved in December 1976 the proposals of *Sarvodaya Samiti*, Surguja and *Bhooan Yagya Rajat Jayanti*, Bhopal for the construction of four Adivasi Kanya Ashrams as detailed below, at an estimated cost of Rs.90,000 each :—

Grantee body (1)	Location of the ashram (2)
<i>Sarvodaya Samiti</i> , Sruguja.	(i) Raghavpuri (ii) Govindpur
<i>Bhooan Yagya Rajat Jayanti Samiti</i> , Bhopal	(i) Dantewada, Bastar (ii) Jagdalpur

3,60,000

It was stipulated that the *samitis* would bear 10 per cent of the estimated cost of construction and that the remaining 90 per cent would be given by the Government as grant, to be released in two instalments, the first one being released after the submission of detailed plans and estimates. Grant of Rs.1,64,000 (Rs.41,000 each for four *ashrams*) was released (December 1976) by drawing an advance from the Contingency Fund.

Scrutiny (April 1978) of the sanctions issued and relevant records maintained in the department disclosed the following :—

(a) The sanction did not specify the time limit within which the amount of the first instalment should be expended as also the period of completion of the *ashrams*;

(b) Detailed estimates/plans were not obtained and examined before releasing the first instalment;

(c) The actual date of start of construction work was not available with the department;

(d) Rupees 1,475 had been spent on the works upto 31st March 1977 and Rs. 1,29,700 upto September 1978; the unutilised balance with the grantee bodies was Rs. 32,825 (December 1978);

(e) The sanction did not include a clause requiring submission of utilisation certificates by the grantee bodies to the Directorate; and

(f) The *Ashrams* were constructed at Bursoor and Dimrapal instead of at Dantewade and Jagdalpur, all in Bastar District. The change is yet to be approved by the Government.

The matter was referred to the Government in June 1978; reply is awaited (January 1979).

CO-OPERATION DEPARTMENT

6.10. Co-operative institutions—

(a) *Investment in share capital.*—According to the information furnished by the registrar, Co-operative Societies, the total number of societies in the State registered under the Madhya Pradesh Co-operative Societies Act, 1960, at the end of each of the three years ended 30th June 1978, their total paid up capital, the number of societies in the share capital of which the Government had made investments and the amount of investments are indicated below:—

At the end of June	Societies registered		Societies with Government investments	
	Number	Paid up capital	Number	Amount
(1)	(2)	(3)	(4)	(5)
		(Rupees in lakhs)		(Rupees in lakhs)
1976	17,762	85,48.35	12,455	32,82.65
1977	15,340	93,79.11	13,956	37,93.22
1978		(Not available)	8,914	44,43.96

(b) *Financial assistance.*—The financial assistance granted to the institutions in various forms during the three years ended 30th June 1978 is indicated below:—

Year	Assistance granted in the form of					
	Share capital		Subsidy		Loan	
(1)	Number of societies	Amount	Number of societies	Amount	Number of societies	Amount
	(2)	(3)	(4)	(5)	(6)	(7)
		(Rupees in lakhs)		(Rupees in lakhs)		(Rupees in lakhs)
1975-76	336	2,34.56	392	31.92	211	1,07.00
1976-77	1,501	5,10.56	429	93.56	807	1,30.00
1977-78	1,949	6,50.74	3,457	1,66.72	618	3,38.88

✓ 2. *Dividends.*—The table below indicates the details of dividends received and percentage of return on total investment during the three years ended 30th June 1978:—

Year	Amount of dividend received	Total investment at the end of the year	Percentage of return on investment
(1)	(2)	(3)	(4)
	(Rupees in lakhs)		
1975-76	22.32	32,82.66	0.68
1976-77	28.29	37,93.22	0.75
1977-78	8.89	44,43.96	0.20

3. *Debentures.*—The Government have invested in the debentures of one co-operative institution, viz., the Madhya Pradesh State Co-operative Land Development Bank Limited, Bhopal. The particulars of investment and interest received during the three years ended 30th June 1978 are indicated below:—

Year	Investment in debentures		Interest for the year	Percentage return
	Investment during the year	Investment at the end of the year		
(1)	(2)	(3)	(4)	(5)
	(Rupees in lakhs)			
1975-76	1,56.04	12,89.61	58.47	4.5
1976-77	2,42.44	14,84.36	66.37	4.5
1977-78	1,59.07	16,43.43	81.17	4.9

4. *Guarantees.*—The Government have also guaranteed repayment of loans by six co-operative societies to the extent of Rs 3,18.61 crores upto June 1978, out of which Rs. 1,24.59 crores were, according to the information furnished by the Registrar, Co-operative Societies, outstanding as on 30th June 1978.

5. *Audit fees.*—Recovery of audit fees due to the Government from co-operative societies was in arrears to the extent of Rs. 2.21 lakhs at the end of March 1978. Year-wise break-up of the dues is indicated below:—

Year (1)	Rupees in lakhs (2)
Upto 1971-72	0.95
1972-73	0.08
1973-74	0.17
1974-75	0.29
1975-76	0.52
1976-77	0.20
	2.21

The Registrar, Co-operative Societies, stated (November 1978) that out of the outstanding amount of Rs. 2.21 lakhs, recovery of Rs. 0.82 lakh was doubtful and the Government had been approached to write off the amount. Orders of the Government were awaited (November 1978).

6. *Outstanding loans and interest.*—Out of the total sum of Rs. 14.93 crores disbursed as loans to co-operative societies upto 31st March 1978, Rs. 10.59 crores were outstanding as on 31st March 1978. The amounts of principal and interest overdue, as on 31st March 1978, were Rs. 1.28 crores and Rs. 0.95 crores respectively. It was stated (November 1978) by the Registrar, Co-operative Societies, that District Assistant Registrars had been [instructed to recover the overdue loans and interest.

CHAPTER VII

COMMERCIAL ACTIVITIES

7.1. This chapter deals with the results of audit of departmentally managed Government commercial and *quasi*-commercial undertakings.

7.2. As on 31st March 1978, there were five departmentally managed commercial and *quasi*-commercial undertakings, *viz.*, Sales Dispensary, Indore and four Government Milk Supply Schemes at Bhopal, Gwalior, Indore and Jabalpur, as against seven as on 31st March 1977. The Training-*cum*-Production Centre, Chanderi, and Government Handloom Factory, Maheshwar, were declared (August 1977) by the Government as service centres. There were also six state trading schemes, *viz.*, Grain Supply, Purchase and Sale of *tendu* leaves, Minor Forest Produce, Timber, Bamboos and Sal seeds. The financial results of two undertakings on the basis of the latest available accounts are given in Appendix IV.

The *pro forma* accounts of the following schemes/undertakings were in arrears (November 1978) for the periods shown against each:—

(1)	Year from which <i>pro- forma</i> accounts are awaited	(2)	Remarks	(3)
<i>Forest Department—</i>				
Purchase and Sale of <i>Tendu</i> Leaves	1965-66	}	Mention was made in paragraph 7.2 of the Audit Report (Civil) for 1975-76 about appointment of a departmental committee in June 1976 to decide the manner in which and the period from which the <i>pro forma</i> accounts should be prepared. The report of the committee is awaited (December 1978).	✓
Minor Forest Produce	1969-70			
State Trading in Timber	1970-71			
State Trading in Bamboos	1973-74			
State Trading in <i>Sal</i> seeds	1975-76			
<i>Food Department—</i>				
Grain Supply Scheme	1970-71		Mention was made in paragraph 7.2 of the Audit Report (Civil) for 1975-76 about recasting of the <i>pro forma</i> accounts for the period upto 1969-70. Recast accounts after reconciling the departmental figures of drawals and remittances with the figures booked by the Accountant General are awaited (December 1978).	
<i>Veterinary Department—</i>				
Government Milk Supply Scheme, Bhopal	1976-77		The <i>pro forma</i> accounts for the years 1970-71 to 1975-76 rendered to Audit in January and February 1977 could not be certified owing mainly to large differences in the trial balance.	

Year from
which *Pro-*
forma accounts
are awaited

Remarks

(1)

(2)

(3)

Government Milk Supply Scheme
Gwalior
Government Milk Supply
Scheme, Indore
Government Milk Supply
Scheme, Jabalpur

1977-78

The Milk Commissioner informed the Government in August 1978 about his inability to recast the *pro forma* accounts for these years due mainly to non-maintenance of records relating to the credit transactions and maintenance of cash book without adequate details, etc. Decision of the Government about exempting the department from recasting the *pro forma* accounts of the scheme upto 1975-76 is awaited (December 1978).

The *pro forma* accounts of the schemes for 1976-77 rendered (June 1977) for audit by the Milk Commissioner could not be certified due to booking of heavy amounts (Rs. 19.02 lakhs) under 'suspense' for want of details.

The Milk Commissioner informed the Government in February 1978 that it was not possible to recast the accounts as the existing staff of the scheme was untrained and not acquainted with the double entry system. Orders of the Government in the matter are awaited (December 1978).

✓ *Co-operation Department—*

Government Handloom Factory, 1976-77
Maheshwar ..

*Public Health and Family Welfare
Department—*

Sales Dispensary, Indore 1976-77

CHAPTER VIII

OUTSTANDING AUDIT OBSERVATIONS AND INSPECTION REPORTS

8.1. Outstanding audit observations

(a) Audit observations on financial transactions of the Government are reported to the departmental authorities concerned so that appropriate action is taken to rectify the defects and omissions. Half-yearly reports of such observations outstanding for more than six months are also forwarded to the Government to expedite their settlement.

The following table shows the number of audit observations issued upto the end of March 1978 and outstanding on 30th September 1978 as compared with the corresponding position indicated in the two preceding reports :—

	As on 30th September		
	1976	1977	1978
(1)	(2)	(3)	(4)
Number of observations	2,31,083	2,34,222	2,59,316
Amount involved (Rupees in crores)	1,11.78	1,16.13	1,30.74

Year-wise break-up of the outstanding items is as follows:—

Year	Number of observations	Amount
(1)	(2)	(3)
		(Rupees in crores)
1974-75 and earlier years	1,24,872	50.76
1975-76	36,468	20.86
1976-77	42,437	25.67
1977-78	55,539	33.45

(b) The following departments have comparatively heavy outstanding observations:—

Serial number	Department	Number	Amount
(1)	(2)	(3)	(4)
			(Rupees in lakhs)
1.	Public Works (Buildings and Roads)	50,384	38,85.93
2.	Irrigation	64,242	28,37.94
3.	Agriculture	15,895	9,31.94
4.	Public Health Engineering	28,745	8,13.35
5.	Medical	8,348	6,22.32
6.	Animal Husbandry	8,092	4,79.96
7.	Forest	6,315	4,61.23
8.	Public Health and Family Welfare	10,008	4,11.64
9.	Education	20,385	3,50.23
10.	Tribal and Harijan Welfare	5,679	3,22.76
11.	Dairy Development	1,929	3,11.04

Serial number (1)	Department (2)	Number (3)	Amount (4) <i>(Rupees in lakhs)</i>
12.	Tube-Wells	10,075	2,88.84
13.	Industries	4,161	1,95.35
14.	Home (Police)	1,437	1,48.92
15.	State Excise	266	1,46.74
16.	Land Revenue	7,019	1,20.76
17.	Home (Jails)	620	1,17.65

(c) The following are some of the major reasons for which audit observations have remained outstanding :—

Serial number (1)	Nature of observation (2)	Number (3)	Amount (4) <i>(Rupees in lakhs)</i>
1.	Payees' receipt not received	1,80,178	69,84.61
2.	Sanctions for reserve limit of stock not received	172	14,77.58
3.	Agreements with contractors/suppliers not received	577	11,58.55
4.	Detailed bills for lump sum drawals not received	27,438	9,85.03
5.	Vouchers not received	9,904	7,05.37
6.	Sanctions for contingent and miscellaneous expenditure not received.	5,290	4,10.20
7.	Sanctions for establishment not received	897	1,09.33
8.	Overpayments or amounts disallowed in audit not recovered	2,537	11.60-

(d) It would be seen that a sizable portion of the total outstandings was due to non-submission of payees' receipts and vouchers. The departments with comparatively heavy outstandings on this account were :—

Department (1)	Amount (2) <i>(Rupees in lakhs)</i>
Irrigation	22,14.64
Public Works (Buildings and Roads)	15,03.10
Public Health Engineering	8,12.57
Agriculture	6,76.21
Medical	4,91.95
Animal Husbandry	3,48.61
Dairy Development	3,00.52
Tube-wells	2,61.15
Industries	1,55.96
Education	1,24.71
Tribal and Harijan Welfare	1,24.54
✓ Home (Police)	1,13.25

(e) The facility of drawing amounts as advances on abstract contingent bills by disbursing officers is intended to expedite payments in certain cases but they are to be followed by detailed contingent bills (containing all particulars of expenditure with supporting documents), which should be sent to the Audit Office by 25th of the month succeeding that to which the abstract contingent bills relate. In the absence of detailed contingent bills, it is not practicable for Audit to know whether the whole amount has been spent on the purpose(s) for which the advances were drawn. Rupees 9,85.03 lakhs are held under observation due to non-receipt of detailed contingent bills in the Audit Office. The departments with comparatively heavy outstandings are mentioned below:

Department (1)	Amount (2)
	(Rupees in lakhs)
Public Health and Family Welfare	1,92.39
Agriculture	1,59.71
Education	1,34.09
Home (Jails)	1,16.29
Tribal and Harijan Welfare	1,11.31

8.2. Outstanding inspection reports

(a) Audit observations on financial irregularities and defects in initial accounts, noticed during local audit and not settled on the spot, are communicated to the heads of offices and to the next higher departmental authorities through audit inspection reports. The more important irregularities are reported to the heads of departments and the Government. The Government have prescribed that first replies to inspection reports should be sent within five weeks.

At the end of September 1978, 12,286 inspection reports issued upto March 1978 were not settled as shown below with corresponding figures for the earlier two years:—

Number of (1)	As on 30th September		
	1976 (2)	1977 (3)	1978 (4)
Inspection reports	10,397	11,315	12,286
Paragraphs	48,197	51,666	54,646

Year-wise break-up of the outstanding inspection reports is given below:—

Year (1)	Number of inspection reports (2)	Number of paragraphs (3)
1974-75 and earlier years	6,310	19,755
1975-76	1,798	8,176
1976-77	1,942	10,977
1977-78	2,236	15,738

34,105

(b) Of the reports outstanding at the end of September 1978, 10,062 reports related to civil departments, 2,214 to revenue receipts and 10 to commercial departments. These included 1,932 inspection reports (1,496 civil and 436 revenue receipts) for which even first replies had not been received till the end of September 1978.

Gwalior :

The 27-6-1979



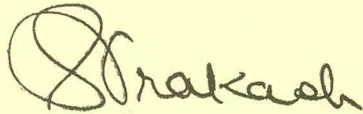
(K. R. RABINDRANATH)

Accountant General-I, Madhya Pradesh

Countersigned.

New Delhi:

The 2-7-1979



(GIAN PRAKASH)

Comptroller and Auditor General of India

APPENDICES

APPENDIX I

[Reference: Paragraph 2.4 (ii) page 22]

GRANTS/APPROPRIATIONS WHERE SAVINGS (MORE THAN RS. 25 LAKHS) IN EACH CASE EXCEEDED 10 PER CENT OF TOTAL PROVISION

Serial number	Number and name of grants/ appropriations	Total grant/ appropriation	Actual expenditure	Saving (Percentage)
(1)	(2)	(3)	(4)	(5)
			(Rupees in lakhs)	
<i>Revenue Section:</i>				
1.	7—Expenditure pertaining to Separate Revenue and Registration Departments (<i>Charged</i>)	24,90.52	17,93.01	6,97.51 (28)
2.	8—Land Revenue and District Administration (<i>Charged</i>)	3,55.49	2.88	3,52.61 (99)
3.	11—Expenditure pertaining to Commerce and Industry Department	5,66.83	4,80.42	86.41 (15)
4.	12—Electricity	13,82.81	10,80.29	3,02.52 (22)
5.	13—Agriculture	32,00.99	28,01.90	3,99.09 (12)
6.	14—Animal Husbandry	11,11.20	9,65.49	1,45.71 (13)
7.	16—Fisheries	1,42.06	1,05.47	36.59 (26)
8.	17—Co-operation	5,20.96	4,07.71	1,13.25 (22)
9.	19—Medical, Public Health and Family Welfare	57,63.68	47,03.85	10,59.83 (19)
10.	20—Public Health Engineering	26,59.61	23,50.71	3,08.90 (12)
11.	23—Irrigation Works	34,87.71	29,57.38	5,30.33 (15)
12.	25—Expenditure pertaining to Mineral Resources Department	1,66.23	89.91	76.32 (46)
13.	34—Social Welfare	4,66.73	3,92.02	74. 71 (16)
14.	35—Rehabilitation	1,41.32	97.84	43.48 (31)
15.	40—Ayacut Development	5,00.39	2,85.69	2,14.70 (43)

APPENDIX I-concl'd.

Serial number	Number and name of grants	Total grant	Actual expenditure	Saving (Percentage)
(1)	(2)	(3)	(4)	(5)
			<i>(Rupees in lakhs)</i>	
<i>Capital Section:</i>				
1.	6—Expenditure pertaining to Finance Department	15,17.94	12,94.43	2,23.51 (15)
2.	8—Land Revenue and District Administration	3,26.16	2,61.72	64.44 (20)
3.	12—Electricity	91,74.00	73,33.57	18,40.43 (20)
4.	13—Agriculture	23,16.31	18,09.47	5,06.84 (22)
5.	17—Co-operation	14,26.97	11,58.71	2,68.26 (19)
6.	20—Public Health Engineering	7,28.05	6,20.37	1,07.68 (15)
7.	31—Expenditure pertaining to Planning, Economics and Statistics Departments.	96.12	30.61	65.51 (68)
8.	39—Expenditure pertaining to Food Department	95.00	17.61	77.39 (81)
9.	40—Ayacut Development	66.58	17.80	48.78 (73)

CASES OF MISAPPROPRIATION REPORTED UPTO 31ST MARCH 1978

Serial number	Department	Cases reported in 1972-73 and earlier years		Cases reported during 1973-74		Cases reported during 1974-75	
		Number of cases	Amount	Number of cases	Amount	Number of cases	Amount
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1.	Education	24	6.43	3	0.33	6	2.22
2.	Revenue	50	3.01	4	0.31	11	1.15
3.	Public Health	7	0.60	5	0.44	1	0.04
4.	Tribal and Harijan Welfare	26	1.75	2	0.63	2	0.39
5.	Medical	14	2.54	3	0.02	3	1.75
6.	Agriculture	43	2.60	5	0.07	7	1.14
7.	Public Works	17	1.87	..	..	4	0.03
8.	Forest	6	0.23	2	0.08	3	0.07
9.	Finance	1	0.11	..	..	2	0.34
10.	Industries	9	1.77	..	..	1	0.71
11.	Police	2	1.80	2	0.02	..	..
12.	Food	8	3.31	1	0.08	..	..
13.	Planning and Development	19	1.90	..	..	2	0.17
14.	Law	4	0.14	2	0.08	4	0.10
15.	Stamps	..	..	1	0.05	..	..
16.	Irrigation	9	0.19	3	0.05	2	0.24
17.	Animal Husbandry	15	0.76	4	0.37	2	0.18
18.	Excise	3	1.28	..	..	1	0.08
19.	Jails	..	..	..	..	..	..
20.	Public Health Engineering	2	0.03	..	..	2	0.14
21.	Social Welfare	3	0.11	..	..	..	..
22.	Labour and Employment	1	0.08	..	..	..	..
23.	Co-operation	2	0.02	..	..	..	..
24.	Publicity	..	..	1	0.02	..	..
25.	Rehabilitation	1	0.02	..	..	..	..
	Total	266	30.55	38	2.55	53	8.75

* One item of Rs. 0.05 lakh pertaining to 1975-76 added as it was noticed during 1977-78.

DIX II

3.15 page 70)

BUT NOT FINALISED TILL 30TH SEPTEMBER 1978

(Rupees in lakhs)

Cases reported during 1975-76		Cases reported during 1976-77		Cases reported during 1977-78		Total	
Number of cases	Amount	Number of cases	Amount	Number of cases	Amount	Number of cases	Amount
(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
1	0.16	6	4.10	33	3.13	73	16.37
5	0.71	32	3.29	24	6.41	126	14.88
7	8.25	2	0.03	9	1.91	31	11.27
17*	2.83*	9	0.83	3	0.45	59	6.88
2	0.34	..	..	8	1.79	30	6.44
11	1.37	7	0.30	6	0.83	79	6.31
1	0.10	1	2.65	2	0.26	25	4.91
5	1.81	3	0.52	25	2.03	44	4.74
2	0.11	1	4.01	2	0.15	8	4.72
38	1.64	..	..	..	..	48	4.12
7	1.49	14	0.50	1	0.01	26	3.82
..	..	1	0.42	..	..	10	3.81
4	0.24	4	0.58	1	0.03	30	2.92
11	0.60	3	0.18	5	1.30	29	2.40
..	..	3	2.23	..	..	4	2.28
3	0.55	4	0.54	3	0.10	24	1.67
3	0.15	..	..	1	0.01	25	1.47
..	..	1	0.01	..	..	5	1.37
..	..	3	0.56	..	..	3	0.56
1	0.06	..	..	..	..	5	0.23
..	..	1	0.05	2	0.04	6	0.20
..	..	..	..	..	..	1	0.08
..	..	..	..	..	..	2	0.02
..	..	..	..	..	..	1	0.02
..	..	..	..	..	..	1	0.02
118	20.41	95	20.80	125	18.45	695	1,01.51

APPENDIX III

(Reference : Paragraph 3.16 page 72)

LOSSES ETC., WRITTEN OFF DURING 1977-78

Serial number	Department	Write-off of losses, irrecoverable revenue advances, etc.	
		Number of cases	Amount
(1)	(2)	(3)	(4) (Rupees)
1.	Sales Tax	88@	2,90,213@
2.	Veterinary	187	2,67,123
3.	Revenue	4,056A	2,57,246A
4.	Home(Police)	22	2,17,231
5.	Forest	43	1,87,714
6.	Food	8	95,756
7.	Public Works(Buildings and Roads)	21	92,752
8.	Administration of Justice	9	77,152
9.	Education	78 *	68,998 *
10.	State Excise	11	43,122
11.	Agriculture	134	35,560
12.	General Administration	49	33,861
13.	Irrigation	10	31,055
14.	Mines and Minerals	1 £	27,877 £
15.	Tribal and Harijan Welfare	12	26,305
16.	Labour and Employment	2	4,456
17.	Motor Vehicle	1	3,444
18.	Panchayat and Community Development	2	2,867
19.	Co-operation	1	2,526
20.	Public Health Engineering	1	1,863
Total		4,736	17,67,121

@ Includes seven items (Rs. 2,204) of remission of revenue.

A Includes 3,972 items (Rs. 1,41,455) of remission of revenue.

* Includes one item (Rs. 1,031) of waiver of recovery.

£ Item relates to remission of revenue.

APPENDIX IV

(Reference : Paragraph 7.2 page 118)

SUMMARISED FINANCIAL RESULTS OF THE GOVERNMENT COMMERCIAL
AND QUASI-COMMERCIAL UNDERTAKINGS

Name of the undertaking	Training-cum- Production Centre, Chanderi	Sales Dis- pensary, Indore
Name of administrative department	Co-operation	Public Hea- lth and Family Wel fare
Period of Account	1976-77	1975-76
	(Rupees in lakhs)	
1. Government capital at the close of year	10.56	1.81
2. Mean capital	5.43	1.72
3. Block assets (Net)	0.37	0.04
4. Cumulative depreciation	@	0.10
5. Turnover	0.62	2.80
6. Net profit (+)/Net loss(—)	(—)1.34	(—)0.22
7. Interest on capital	0.32	0.10
8. Total return	(—)1.02	(—)0.12

@ Depreciation has not been provided.

