

03998



**GOVERNMENT OF MADHYA PRADESH**

**AUDIT REPORT  
1965**

1888



LIBRARY OF THE  
MUSEUM OF NATURAL HISTORY  
GEORGETOWN, GEORGIA

1888

ADULT REPTILES

1888



ERRATA TO THE AUDIT REPORT, 1965  
OF THE GOVERNMENT OF MADHYA PRADESH.

Page No.	Reference to para, line, etc.	For	Read
(i)	Prefatory Remarks, Col. headed 'Page'.	Insert '1' in the blank space.	
(ii)	Line 3 from below	Loans	Loan
(iii)	Paragraph 133-Col. headed 'Page'.	86	86-87
3.	Firstline ..	CHAPTER	CHAPTER I
4.	Col. (2)—below the figure 1.19	Delete the word 'for'.	
5.	Item (b), line 1	classess	classes
5.	Para 4, item 3	Developemnt	Development
7.	Para 6—line 4	Insert 'or' between	'character' and 'of'.
8.	S. No. of statement below '(c) Resources'-Second II.	II	III
10.	Heading of Col. (4) of Statement given below para 10 (b).	decre- ease	.. decrease
12.	Statement given below (e)—Interest charges, Col. (4).	1.02	.. -1.02
13.	Para 10 (e)—item (i), line 1	6,41.88 lakhs	.. 6,41.88 lakhs
15.	Statement given below para 13 (c), Col. (4)—first figure.	40.65	40.45
17.	S. No. 10-Explanation given below this Grant, line 1.	district	.. districts
18.	Heading of Col. (2) below item (iii)	Total	.. Total Grant
18.	Statement below item (iii), Col. (4), last figure.	2.31	.. 2.39
18.	Sub-para (b), first line..	grants appropria- tions	grants/appropria- tions
18.	Statement given below sub-para (b), explanation below Grant No. 8, line 1.	excesses	.. excess
18.	Particulars of Grants given below sub-para (b).	12-Jail	.. 12-Jails
19.	F.5-Suspense-last Col.	1,64.9	.. 1,64.94
19.	Grant No. 26-Sub-para 4 of the explanation, line 3, last word.	vear	.. year
21.	Statement given below (B) Charged Appropriations, last col.	Delete 'Rs.' given below 'Percentage'.	
27.	Para 27, sub-para (a), line 2	Govenmentf	.. Government
28.	Para 28, sub-para 3, line 1	as well	.. as well as
30.	Statement below item (iii), Heading.	fall	.. fell
31.	Para 31, last sub-para, last line.	Delete the word 'was'	
32.	Para 34, Second Sub-para, line 1	trained	.. trained;
	line 2	Two;	.. Two
32.	Para 35, line 1	closed	.. closed,
32.	Para 35, line 2	trainees	.. trainees,
35.	Para 43, sub-para 2	(Pages 96).	.. (Page 96).
39.	Line 1, last word	are	.. area
40.	Para 51, line 7	1958 but work	1958; work
44.	Line eight	Dceember	.. December



## ERRATA—concl'd.

Page No.	Reference to para, line, etc.	For	Read
47.	Statement below para 63, S. No. 2, Col. (2), line 3.	Estimatled	.. Estimated
49.	Statement below para 6C—		
	(i) sixth Col., first figure	.. 3,35.79	.. 3,55.79
	(ii) last Col., first figure	.. 2,56.9	.. 2,56.94
49.	Item 4 of table, last column	.. 3.90	.. 3.99
49.	Footnote (b), line 2. ..	.. (i) March, 1964	March, 1963.
		.. (ii) Rs. 1.07 lakhs	Rs. 1.04 lakhs
49.	Footnote (b), item (iii), line 1	.. balance	.. balances,
49.	Last line	.. Indistinct	.. increase
		word	
50.	Above para 67	..	.. Insert the heading 'Non-receipt of store accounts'.
50.	Footnote (d), line 1	.. 196	.. 1963
56.	Para 80, Sub-para 4, line 2	.. delcared	.. declared
58.	Line 4 from bottom	.. enchanced	.. enhanced
59.	Para 86, Sub-para (c), line ten	..	.. Insert the word 'not' after 'was'.
59.	Para 87, Sub-para (b), line 2	.. quot	.. quota
59.	Para 87, Sub-para (c), line 3	.. (shortage	.. (storage
61.	Line 3	.. 1st July, 1962	.. 31st July, 1962
61.	Para 93, Item (b), line 5	.. 23%	.. 237%
62.	Para 94, line 6	.. 4,23,581	.. 4,23,580
63.	Para 97, Sub-para 2, line 2	..	.. Insert the word 'per' between 'lakhs' and 'annum'.
63.	Line 5 from bottom	..	.. Insert the word 'rates' between 'water' and 'structure'.
67.	Para 103, Table, item 1 (i), column 1, line 1.	Transaction	.. Transactions
69.	Item (iv), line 1	.. be	.. by
69.	Remarks Col., line 7 from bottom	Delete the word 'and' before 'have been'.	
72.	Footnotes ..	.. Insert the following:— “(e) As on 31st March, 1961”.	
74.	Table below Sub-para (ii)	.. (In lkhs of rupees)	(In lakhs of rupees)
76.	Para 115, Sub-para (ii)	.. In the Statement showing the year-wise details, insert the word 'Total' against the figures given in the third line.	
79.	Table below para 118	.. (In lakhs rupees)	(In lakhs of rupees)
81.	Para 123, line 2	.. 1st August, 1963	.. 31st August, 1963
89.	Para 136 (a), last sub-para, last line	(Pages 136)	.. (Page 106)
89.	Sub-para (b), Statement, last Col, last figure.	Last figure	.. 0.26
92.	Grant No. 41, last Col.	.. 56.	.. 56.0
94.	S. No. 13, Col. (2), line 2	.. amindari	.. Zamindari
99.	Col. (3), last figure	.. 0.7	.. 0.07

M.P. SINGH JAIN,  
Accountant General,  
Madhya Pradesh.



## TABLE OF CONTENTS

	Paragraph	Page
Prefatory Remarks .. .. .	..	..
<b>CHAPTER I</b>		
<b>GENERAL</b>		
Revenue Receipts and Expenditure .. .. .	1—5	3—6
Expenditure outside the Revenue Account .. .. .	6—9	7—10
Debt Position .. .. .	10	10—13
Guarantees given by the State Government .. .. .	11	13
<b>CHAPTER II</b>		
<b>APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE</b>		
Appropriation Audit .. .. .	12—17	14—21
Control over Expenditure .. .. .	18	22
<b>CHAPTER III</b>		
<b>CIVIL DEPARTMENTS</b>		
Scheme for Training of Farmers' Sons on Government Farms	19	23
Poultry Development Scheme .. .. .	20	23—24
Scheme for the installation of Powerlooms .. .. .	21	24—25
Idle investment and unnecessary Expenditure .. .. .	22	25
Farm Forestry Scheme .. .. .	23	25
Teak and other Plantations .. .. .	24	26
Slum Clearance Scheme .. .. .	25	26
Rural Housing Scheme .. .. .	26	27
Middle Income Group Housing Scheme .. .. .	27	27—28
Low Income Group Housing Scheme .. .. .	28	28—29
Subsidised Industrial Housing Scheme .. .. .	29	29
State Aid to Industries .. .. .	30	29—30
District Workshops .. .. .	31	30—31
Wood Seasoning Plant, Bhopal .. .. .	32	31
Model Blacksmithy Workshop, Jabalpur .. .. .	33	31
Soapstone Training Centre, Bhedaghat .. .. .	34	32
Infructuous Expenditure .. .. .	35	32
Unauthorised Diversion of staff .. .. .	36	32
Craftsmen Training Scheme .. .. .	37	32—33
Idle Investment .. .. .	38	33
Construction of an Irrigation Work in Balod Block .. .. .	39	33—34
Scheme of Colonisation and Settlement of landless persons .. .. .	40	34—35
Infructuous Expenditure .. .. .	41	35
Divisional Workshop, Bhopal .. .. .	42	35
Irregular Dismissal, Retrenchment or Suspension from Government Service.	43	35
Miscellaneous Irregularities, Losses, etc. .. .. .	44	35
Writes off of Losses .. .. .	45	35
Misappropriations .. .. .	46	36



## CHAPTER IV

## WORKS EXPENDITURE

Detailed/Revised Estimates	..	..	..	47	37
Tawa Multipurpose Project	..	..	..	48	37-38
Chambal Multipurpose Project	..	..	..	49	38-39
Barna Project	..	..	..	50	39-40
Baisa Weir Scheme	..	..	..	51	40
Kharadi Tank Project	..	..	..	52	40-41
State Capital Project	..	..	..	53	41
Bridge over the Bairma River	..	..	..	54	42
Bridge over the Narmada River at Rajghat	..	..	..	55	42
Tikamgarh Water Supply Scheme	..	..	..	56	42-43
Avoidable Expenditure resulting from non-observance of the prescribed procedure in dealing with tenders.	57-60				43-45
Excess Payments	..	..	..	61	45-46
Unfruitful Expenditure	..	..	..	62	46-47
Infructuous Expenditure	..	..	..	63	47
Idle Investment on Building	..	..	..	64	48
Writes off of Losses	..	..	..	65	48

## CHAPTER V

## STORES AND STOCK ACCOUNTS

Synopsis of Important Accounts	..	..	..	66-67	49-50
Reserve Limit of Stock and Stock Verification	..	..	..	68-69	51
Non-utilisation of Machinery and Equipment	..	..	..	70	51-52
Central Godowns	..	..	..	71	52
Heavy Expenditure on Repairs to Vehicles	..	..	..	72	52-53
Non-adjustment of the Cost of Petrol, etc.	..	..	..	73	53

## CHAPTER VI

## REVENUE RECEIPTS

Sales Tax	..	..	..	74-83	54-57
State Excise Duties	..	..	..	84-88	57-59
Forest Department	..	..	..	89-96	59-63
Public Works Department	..	..	..	97-98	63-64
Lease of Quarry	..	..	..	99	64-65
Lease of Lac and Harra Trees	..	..	..	100	65

## CHAPTER VII

## LOANS AND ADVANCES, SUSPENSE AND REMITTANCE TRANSACTIONS

Loans under the Scheme for Implementation of Master Plans.				101	66
Loans to a Printing Press	..	..	..	102	67
Unadjusted balances in Public Works Accounts	..	..	..	103	67-70
Unadjusted balances in the Forest Accounts	..	..	..	104	70



## CHAPTER VIII

## GOVERNMENT COMMERCIAL AND TRADING ACTIVITIES

## SECTION A

General	..	..	..	105	71
---------	----	----	----	-----	----

## SECTION B

Statutory Corporations/Boards	..	..	..	106	71—72
Madhya Pradesh Financial Corporation	..	..	..	107	72—73
Madhya Pradesh State Warehousing Corporation	..	..	..	108	73
Madhya Pradesh Electricity Board	..	..	..	109—113	73—75
Madhya Pradesh State Road Transport Corporation	..	..	..	114	76
Madhya Pradesh Khadi and Village Industries Board	..	..	..	115—118	76—79

## SECTION C

Government Companies	..	..	..	119—120	79—81
----------------------	----	----	----	---------	-------

## SECTION D

Government Departmental Undertakings	..	..	..	121—123	81
Quasi-Commercial Undertakings	..	..	..	124—126	81—82

## SECTION E

Investments by Government	..	..	..	127—128	82—84
---------------------------	----	----	----	---------	-------

## CHAPTER IX

## GRANTS-IN-AID

Non-submission of Utilisation Certificates	..	..	..	129	85
Grants for objectives of Social Welfare	..	..	..	130—132	85—86
Grants-in-aid to the Madhya Pradesh Kala Parishad, Gwalior	..	..	..	133	86
Grants to Local Bodies	..	..	..	134	87

## CHAPTER X

## OUTSTANDING AUDIT OBJECTIONS AND INSPECTION REPORTS

Outstanding Audit Objections	..	..	..	135	88
Outstanding Inspection Reports	..	..	..	136	88—90

## APPENDICES

	Pages
1. Statement showing particulars of Grants/Appropriations in which supplementary provision proved wholly unnecessary/excessive.	92—93
2. Statement showing particulars of Grants/Appropriations in which expenditure in 1963-64 was substantially less than total Grant/Appropriation.	94
3. Statement showing the particulars of Grants/Appropriations in which the surrender was excessive.	95
4. Cases of infructuous expenditure resulting from irregular dismissal, retrenchment or suspension of Government Servants.	96
5. Statement showing cases of miscellaneous irregularities, losses, etc.	97—98
6. Losses written off exceeding Rs. 5,000 in each case ..	99
7. Statement showing details of cases of misappropriation reported upto the 31st March, 1964 which were pending for departmental action/criminal prosecution/recovery, etc. on that day.	100-101
8. Statement showing works costing more than rupees ten lakhs each executed without sanction to the estimate/revised estimates.	102
9. Losses written off exceeding Rs. 5,000 in each case ..	103
10. Non-utilisation of machinery and equipment ..	104-105
11. Statement showing the names of the departments from which replies to a number of Inspection Reports are awaited as on the 30th September, 1964.	106



### *PREFATORY REMARKS*

This volume mainly relates to matters arising from the Appropriation Accounts for 1963-64 together with other points arising from audit of the financial transactions of the Government of Madhya Pradesh. It also includes:

- (i) certain points of interest arising from the Finance Accounts for the year 1963-64; and
- (ii) matters relating to certain statutory and autonomous bodies, the accounts of which are audited by the Indian Audit and Accounts Department.

2. The financial irregularities, losses, etc., commented upon in the Report relate to cases which came to the notice of Audit during the year 1963-64 as well as those which had come to notice in earlier years but could not be dealt with in previous Audit Reports; matters relating to the period subsequent to 1963-64 have also been included wherever considered necessary.

PROBATIONARY ACCOUNTS

This report shows the results of the Probationary Accounts for the period 1893-94. The total amount of the Probationary Accounts for the period 1893-94 is £1,000,000.

The Probationary Accounts for the period 1893-94 are as follows:

1. Probationary Accounts for the period 1893-94: £1,000,000

2. Probationary Accounts for the period 1894-95: £1,000,000



## CHAPTER

## GENERAL

### REVENUE RECEIPTS AND EXPENDITURE

1. *Budget and actuals*:—The budget estimates and actuals in respect of revenue receipts and expenditure met from revenue, for the year 1963-64, are given below along with the corresponding figures for the years 1959-60 to 1962-63:—

Year	Budget	Actuals	Variations		Revenue Surplus +/Deficit— Year Budget Actuals
			Amount	Percentage	
<i>(In crores of rupees)</i>					
<b>Revenue Receipts</b>					
1959-60 ..	59.37	64.33	+4.96	+8.4	
1960-61 ..	64.67	72.15	+7.48	+11.6	
1961-62 ..	73.80	78.31	+4.51	+6.1	
1962-63 ..	84.68	81.60	-3.08	-3.6	
1963-64 ..	94.70	104.70	+10.00	+10.6	
<b>Expenditure met from Revenue</b>					
1959-60 ..	58.44	58.76	+0.32	+0.5	1959-60 +0.93 +5.57
1960-61 ..	65.30	66.09	+0.79	+1.2	1960-61 -0.63 +6.06
1961-62 ..	80.27	80.50	+0.23	+0.3	1961-62 -6.47 -2.19
1962-63 ..	87.55	85.65	-1.90	-2.2	1962-63 -2.87 -4.05
1963-64 ..	95.19	97.42	+2.23	+2.3	1963-64 -0.49 +7.28

The above figures show that—

- (a) the revenue receipts in all these years exceeded the budget estimates by amounts varying from Rs. 4 crores to Rs. 10 crores, except during 1962-63 when there was a shortfall of Rs. 3.08 crores due to non-realisation of interest from the Madhya Pradesh Electricity Board during that year;
- (b) the expenditure on revenue account also exceeded the budget estimates during the quinquennium except in 1962-63 when it fell short of the budget estimates by Rs. 1.90 crores;
- (c) the amount of variation between the budget estimates and the actuals both in the case of revenue receipts and the expenditure on revenue account during 1963-64 was Rs. 10.00 crores and Rs. 2.23 crores respectively which was the highest during the quinquennium;
- (d) the account for 1963-64 closed with a revenue surplus of Rs. 7.28 crores against the deficit of Rs. 0.49 crore indicated in the budget estimates.

2. *Revenue Receipts*:—The revenue receipts during 1963-64 recorded an increase of Rs. 38.88 crores (59 per cent) as compared with 1959-60 and Rs. 23.10



crores (28 per cent) over those in 1962-63. The increase is analysed below:—

	1959-60	1962-63	1963-64	Increase+ Decrease— since 1959-60
(In crores of rupees)				
(1) Revenue raised by the State Government—				
(a) Taxes, duties and other principal heads of revenue.	24.77	32.59	39.66	+14.89
(b) Receipts under Administrative, Social and Developmental Services, Irrigation, Public Works, Road Transports, Forests, etc.	15.67	17.14	18.55	+2.88
(c) Interest .. .. .	1.19	1.69	13.76	+12.57
	for *			
(d) Extraordinary Receipts .. .. .	1.54	..	—0.01	—1.55
			(*)	
(2) Receipts from Central Government—				
(a) State's share of divisible Central Taxes.	10.14	15.48	18.09	+7.95
(b) Grants-in-aid—				
(i) Statutory Grants .. .. .	4.12	4.47	4.16	+0.04
(ii) Other grants-in-aid .. .. .	8.39	10.23	10.49	+2.10
	**			
Total .. .. .	65.82	81.60	1,04.70	+38.88

Of the total increase of Rs. 38.88 crores since 1959-60, Rs. 28.79 crores related to revenue raised by the State Government and Rs. 10.09 crores to amounts received from the Government of India (by way of State's share of divisible Union taxes, Statutory grants and grants-in-aid for development and other purposes). The proportion of the receipts from the Government of India to the total receipts reflected a decrease from 34.4 per cent in 1959-60 to 31.3 per cent in 1963-64.

3. A further analysis of the increase in receipts is given below:—

The increase of Rs. 28.79 crores since 1959-60 in the revenue raised by the State Government was mainly from the following sources:—

Head of account	1959-60	1962-63	1963-64	Increase since 1959-60	Remarks
(In crores of rupees)					
<b>Taxes, Duties, etc.—</b>					
Sales Tax	6.05	9.60	12.65	6.60	Imposition of sales tax on certain food-grains, during 1963-64, revision of rates of sales tax and higher turnover.
Other Taxes and Duties	1.27	3.27	4.83	3.56	Growth of revenue on account of taxation measures introduced during 1960-61 and 1962-63.

\*The amount shown under Extraordinary Receipts in 1959-60 comprised amounts transferred to revenue from certain specific and earmarked funds inherited from erstwhile States.

(\*) Write back of erroneous credit afforded in 1957-58 in respect of a security not actually held by Government.

\*\*The figures for 1959-60 have been recast according to the revised classification adopted with effect from 1962-63.



Head of account	1959-60	1962-63	1963-64	Increase since 1959-60	Remarks
(In crores of rupees)					
State Excise Duties ..	4.53	5.78	6.75	2.22	Mainly increase in auction prices of country liquor shops.
<b>Administrative Services, etc.—</b>					
Forest .. .. .	9.12	10.75	12.05	2.93	Better prices and increased sales of forest produce.
<b>Interest—</b>					
Interest .. .. .	1.19	1.69	13.76	12.57	Mainly recovery of arrears of interest from the Madhya Pradesh Electricity Board (Rs. 5.60 crores) and capitalisation of interest on loans for Chambal Project (Rs. 5.62 crores).

A part of the increase of Rs. 7.07 crores under 'Taxes, Duties, etc.' in 1963-64 as compared with 1962-63 was due to the following taxation measures introduced during the year:—

(i) *New Tax*:—Sales Tax was levied from the 1st April, 1963 at first point at the rate of 1 per cent *ad valorem* on foodgrains, cereals and pulses except some grains like *sawan*, *kodon*, etc. The estimated yield from this measure during the year was Rs. 1.00 crore.

(ii) *Revision of existing taxes*:—(a) The rate of tax on the sale of certain luxury goods was raised from 7 per cent to 10 per cent with effect from the 1st April, 1963 (estimated yield Rs. 0.12 crore).

(b) The rates of sales tax on different classess of motor spirits were enhanced with effect from the 1st April, 1963 (estimated yield Rs. 0.25 crore).

4. The receipts of Rs. 10.49 crores shown under 'other grants-in-aid' in para 2 were for the following purposes:—

Purpose of the grant	Amount
(In crores of rupees)	
Medical and Public Health Schemes .. .. .	2.28
Schemes of Education .. .. .	1.87
Schemes of Community Development Projects, etc. .. .. .	1.44
Schemes of Agriculture and Animal Husbandry .. .. .	1.32
Grants in lieu of tax on Railway passenger fares .. .. .	1.04
Others .. .. .	2.54

5. *Expenditure on Revenue Account*:—The expenditure on revenue account during the year 1963-64 showed an increase of Rs. 37.29 crores (62 per cent) as



compared with 1959-60 and Rs. 11.77 crores (14 per cent) over that in 1962-63. The increase is analysed below:—

	1959-60	1962-63	1963-64	Increase + Decrease— since 1959-60	
				Amount	Percentage
(In crores of rupees)					
(i) Collection of Taxes, Duties and other Principal Revenues.	3.44	3.86	3.89	+0.45	13.1
(ii) Administrative Services ..	11.00	13.77	14.14	+3.14	28.5
The bulk of the increase of Rs. 3.14 crores occurred under 'Police' (Rs. 2.00 crores) due to expansion of the Police force for providing better coverage.					
(iii) Social and Developmental Services.	27.99	45.04	48.41	+20.42	72.9
More than 50 per cent of the increase of Rs. 20.42 crores was under 'Education' (Rs. 11.04 crores). This was attributed to increase in the number of primary and secondary schools (Rs. 8.81 crores) and expansion of University Education (Rs. 1.35 crores).					
The remaining increase of Rs. 9.38 crores occurred mainly under 'Medical and Public Health' (Rs. 3.45 crores), 'Community Development' (Rs. 1.81 crores) and 'Agriculture' (Rs. 1.01 crores).					
The expenditure on 'Social and Developmental Services' during 1963-64 constituted 49.7 per cent of the total expenditure on revenue account for the year as against 52.6 per cent during 1962-63.					
(iv) Other Services—					
(1) Debt Services ..	4.48	6.26	13.49	+9.01	201.1
The bulk of the increase of Rs. 9.01 crores was due to payment of arrears of interest during 1963-64 (Rs. 5.62 crores) on loans taken for financing Chambal Project. The remaining increase was on account of more payment of interest consequent on the rise in debt which increased by about 101 per cent from Rs. 122.59 crores on the 31st March, 1960 to Rs. 246.70 crores on the 31st March, 1964.					
(2) Irrigation ..	0.31	0.28	0.74	+0.43	138.7
Mainly more expenditure on maintenance of completed works.					
(3) Public Works ..	4.14	6.70	7.01	+2.87	69.3
Out of the increase of Rs. 2.87 crores, Rs. 1.80 crores related to "Repairs."					
(4) Transport ..	1.37	0.19	..	-1.37	100.0
The shortfall was due to taking over of Madhya Bharat Roadways by the Madhya Pradesh State Road Transport Corporation from the 1st June, 1962.					
(5) Miscellaneous ..	7.40	9.55	9.74	+2.34	31.6
More than 50 per cent of the increase of Rs. 2.34 crores was under 'Forest' (Rs. 1.38 crores).					
Total ..	60.13*	85.65	97.42	+37.29	62.0

\*The figures for 1959-60 have been recast according to the revised classification adopted from 1962-63, as explained in para 2 of the Audit Report, 1964.



**EXPENDITURE OUTSIDE THE REVENUE ACCOUNT**

6. The expenditure recorded outside the Revenue Account includes (a) expenditure on capital account, *i. e.*, expenditure which is met usually from borrowed funds with the object either of increasing concrete assets of a material character of reducing recurring liabilities, and (b) amounts disbursed by Government as 'Loans and Advances' for different purposes.

7. (a) *Expenditure on Capital Account*:—The expenditure on Capital Account during the five years ending with 1963-64 as compared with the budget estimates for these years is shown below (Loans and Advances are dealt with in para 9):—

Year	Budget	Actuals	Variations	
			Amount	Percentage
(In crores of rupees)				
1959-60	20.14	20.35	+0.21	+1.0
1960-61	22.13	22.11	-0.02	-0.1
1961-62	23.09	15.77	-7.32	-31.7
1962-63	26.43	23.31	-3.12	-11.8
1963-64	20.87	27.04	+6.17	+29.6

The excess of Rs. 6.17 crores in 1963-64 was mainly due to more capitalisation of interest on loans taken from the Central Government for financing the Chambal Project (Rs. 2.92 crores), more expenditure on medium and minor irrigation works (Rs. 1.74 crores) and on buildings and communications (Rs. 1.55 crores) which was partly offset by decrease under 'Schemes of Government Trading' (Rs. 1.30 crores) mainly due to less purchase of foodgrains.

(b) *Analysis of expenditure*:—An analysis of (i) the expenditure during 1963-64 and (ii) progressive outlay up to the end of 1963-64 is given below:—

Head of account	During 1963-64	Progressive total up to 1963-64
(In crores of rupees)		
I. Capital Expenditure on—		
(i) Compensation to landholders, etc., on the abolition of the Zamindari System.	0.25	13.85
(ii) Social and Developmental Services—		
(a) Improvement of Public Health	0.86	5.35
(b) Agricultural Improvement and Research	1.24	9.83
(c) Industrial Development	1.25	10.88
(iii) Multipurpose River Schemes, Irrigation and Electricity Schemes—		
(a) Multipurpose River Schemes	8.85	46.83
(b) Irrigation Works (Commercial and Non-Commercial)	6.91	36.36
(iv) Public Works (including Roads) and Schemes of Miscellaneous Public Improvements.	8.66	59.35
(v) Madhya Bharat Roadways	..	1.16*
(vi) Rail-Road Co-ordination Scheme	..	0.10*
(vii) Schemes of Government Trading	-1.24	4.48
(viii) Forests	0.03	0.30
(ix) Miscellaneous	0.23	4.01
Total	27.04	1,92.50

\*These have to be transferred to the head 'Capital Outlay on Industrial Development,' consequent on the formation of the Madhya Pradesh State Road Transport Corporation with effect from the 1st June, 1962. The transfer has been pending on account of the non-finalisation of the valuation of the assets and liabilities of the Madhya Bharat Roadways and Central Provinces Transport Services.

(\*) Represents excess of receipts over expenditure mainly on account of Grain Supply Scheme.



Head of account	During 1963-64	Progressive total upto 1963-64
	(In crores of rupees)	
	(**)	
II. Net expenditure under 'Loans and Advances', i. e., after taking into account recoveries of loans.	27.60	1,10.80
Total ..	54.64	3,03.30

Further details of the capital expenditure are given in Statement Nos. 2 and 13 of the Finance Accounts, 1963-64.

(c) *Resources*:—The sources from which the total expenditure outside the Revenue Account including that on 'Loans and Advances' during 1963-64 were met are indicated below, along with the figures for the preceding year:—

	1962-63	1963-64
	(In crores of rupees)	
I. Net additions to—		
(i) Market Loans .. .. .	4.04	—2.00
(ii) Loans from the Central Government .. .. .	28.33	43.16
(iii) Loans from other sources and Unfunded Debt .. .. .	1.46	2.06
(iv) Floating Debt .. .. .	—0.68	0.09
II. Miscellaneous (mainly excess of Deposits, etc., received by Government over repayments on that account).	4.27	1.43
III. Decrease in Cash Balance and Investments .. .. .	4.92	2.62
Total ..	42.34	47.36

(d) The cash balance of the Government of Madhya Pradesh with the Reserve Bank of India was a minus figure at the end of 1963-64 and the three preceding years as shown below:—

Balance as on	Amount
	(In lakhs of rupees)
31st March, 1961 .. .. .	—64.26
31st March, 1962 .. .. .	—4,20.62
31st March, 1963 .. .. .	—9,19.14
31st March, 1964 .. .. .	—11,14.66

The balance with the Reserve Bank of India continued to be a minus figure till 29th June, 1964 when it was converted into a credit balance of Rs. 35.14 lakhs. This was mainly due to the receipt in June 1964 of an advance of Rs. 5,75 lakhs from the Central Government for clearance of the overdraft with the Reserve Bank of India.

8. *Capital and Revenue Accounts of Irrigation Works*:—Mention was made in para 5 (c) of the Audit Report, 1964 and also in the earlier Audit Reports regarding non-supply of data by the Chief Engineer (Irrigation) for preparation of the Capital and Revenue accounts of irrigation works in the State for the year 1959-60 and onwards. The requisite data are still awaited (October 1964).

9. (a) *Loans and Advances given by State Government*:—The disbursements and recoveries under 'Loans and Advances' made by the State Government during

(\*\*) Excludes Rs. 10.83 crores allocated to Maharashtra Electricity Board.



1963-64 and the preceding three years as compared with the budget estimates are given below:—

	Disbursements			Recoveries		
	Budget	Actuals	Variations (Percentage)	Budget	Actuals	Variations (Percentage)
	(In crores of rupees)					
1960-61 ..	10.93	10.21	-0.72 (6.6)	5.26	3.90	-1.36 (25.9)
1961-62 ..	18.08	14.53	-3.55 (19.6)	5.91	3.11	-2.80 (47.4)
1962-63 ..	23.89	18.43	-5.46 (22.9)	5.75	3.45	-2.30 (39.9)
1963-64 ..	20.33	33.40	+13.07 (64.3)	5.54	5.79	+0.25 (4.6)

During 1963-64, both the disbursements and recoveries exceeded the budget estimates. The appreciable increase in disbursements (Rs. 13.07 crores) was mainly due to payment of more loans to the Madhya Pradesh Electricity Board consequent on the Central Government's approval for additional outlay on power (Rs. 12.00 crores).

(b) The total loans and advances given by the State Government and outstanding on the 31st March, 1964 amounted to Rs. 1,10.80 crores. The principal classes of loans granted by Government are indicated below:—

	Amount of loans outstanding on the 31st March, 1964 (In crores of rupees)
Advances to the State Electricity Board .. .. .	75.60
Advances to cultivators .. .. .	16.82
Loans to Municipalities and other local bodies .. .. .	4.69
Loans under Community Development Programme .. .. .	2.65
Loans to the Housing Board .. .. .	3.70
Loans to Co-operative Societies .. .. .	1.88
Housing Loans other than to the Board .. .. .	1.22
Miscellaneous .. .. .	4.24

(c) *Acceptance of balances*:—In a large number of cases, the officers maintaining the detailed accounts of loans and advances have not yet accepted the balances outstanding in their jurisdiction as communicated to them by Audit. This was generally due to non-reconciliation by the departmental officers of their figures with the figures in the Audit office.

The following are some illustrative cases in which the verification and acceptance of balances involving large amounts have been delayed for several years:—

Heads of account	Number of acceptances awaited	Year from which acceptances are awaited	Amount outstanding as on 31-3-64
	(In crores of rupees)		
(i) Advances to Cultivators .. .. .	49	1956-57	16.82
(ii) Loans for financing Community Development Projects .. .. .	43	1956-57	2.24
(iii) Loans for National Extension Service Scheme .. .. .	43	1956-57	0.41
(iv) Loans under State Aid to Industries Act .. .. .	1	1956-57	1.06
(v) Loans under Low Income Group Housing Scheme .. .. .	1	1957-58	2.79
(vi) Loans to Industrial Housing Board .. .. .	1	1957-58	0.88
(vii) Loans under Village Housing Scheme .. .. .	1	1958-59	0.24
(viii) Loans to Co-operative Societies for development .. .. .	1	1958-59	0.18
(ix) Loans for Middle Income Group Housing Scheme .. .. .	1	1960-61	0.97



In regard to Advances to cultivators, the Revenue Secretary informed the Public Accounts Committee in June 1964 that certain proposals for providing accounts trained staff for completing the work of reconciliation of the figures were under the consideration of Government.

## DEBT POSITION

10. (a) *Outstanding Debt*:—The total debt outstanding at the end of each of the five years ending 1963-64 was as shown below:—

	31-3-1960	31-3-1961	31-3-1962	31-3-1963	31-3-1964
	(In crores of rupees)				
Market Loans .. ..	15.03	19.56	24.61	29.01	27.36
Ways and Means Advances from the Reserve Bank of India.	0.11	..	0.80	0.12	0.21
Loans from the Central Government	98.36	1,15.36	1,34.20	1,62.34	2,05.50
Other Loans (from Life Insurance Corporation, etc.)	4.47	3.88	4.34	5.10	6.23
Unfunded Debt .. ..	4.62	5.15	5.77	6.47	7.40
Total .. ..	1,22.59	1,43.95	1,69.72	2,03.04	2,46.70

(b) *Debt transactions during the year*:—Details of the debt transactions of the year 1963-64 are given below:—

	Receipts during the year	Repayments during the year	Net increase + decrease - during the year
	(In crores of rupees)		
(i) Market loans .. ..	..	1.65	-1.65
(ii) Floating loans—			
(a) Ways and Means Advances taken from the Reserve Bank of India on 90 occasions during 1963-64.	32.95	32.86	+0.09
(b) Advances from the Reserve Bank of India to maintain the minimum Cash Balance with the Bank on 196 occasions during 1963-64.	44.58	44.58	..
(iii) Loans from the Central Government .. ..	57.76	14.60	+43.16
(iv) Other Loans (from the Life Insurance Corporation, National Agricultural Credit Fund of the Reserve Bank of India and National Co-operative Development Corporation and Central Warehousing Board).	1.42	0.29	+1.13
(v) Unfunded Debt .. ..	1.46	0.53	+0.93
Total .. ..	1,38.17	94.51	+43.66

Interest at rates ranging between 3 to 4½ per cent amounting to Rs. 21.58 lakhs was paid during 1963-64 on the Ways and Means Advances and overdrafts from the Reserve Bank of India.



(c) (i) *Loans from the Central Government*:—The broad details of the loans from the Central Government, which formed 83 per cent of the public debt as on the 31st March, 1964 are given below:—

Purpose for which loan was taken	Outstanding on	
	31-3-1963	31-3-1964
	<i>(In crores of rupees)</i>	
Share of small savings collections .. .. .	12.91	16.27
Agricultural production and allied schemes .. .. .	19.62	20.67
Industrial Development .. .. .	2.74	2.93
Community Development, Co-operation and National Extension Services Schemes.	6.80	7.17
Miscellaneous Development Schemes .. .. .	61.10	85.30
Major Irrigation and Multipurpose River Projects .. .. .	36.14	45.68
Housing Schemes .. .. .	4.75	4.94
Rehabilitation of displaced persons .. .. .	1.96	1.87
Water Supply and Drainage Schemes .. .. .	4.37	4.76
Other Loans .. .. .	11.95	15.91
Total .. .. .	1,62.34	2,05.50

(ii) *Delay in repayment of loans*:—In respect of 3 loans taken from the Government of India for Agricultural (Food) Production (Reclamation work) during the period 1953-54 to 1955-56, the principal and interest totalling Rs. 2.25 crores which fell due on different dates till the 31st March, 1964 have not been paid. The nature and quantum of certain concessions allowed by the Government of India in February 1963 in the repayment of these loans are stated to be under correspondence between the State and Central Governments.

The loans for schemes of handloom and other industries are given in lump by the Government of India. As the terms and conditions of the repayment are dependent on the particular schemes on which these loans are utilised, the State Government are required to communicate the amounts utilised on each scheme to Audit. As this information has not been furnished in six cases (amount Rs. 0.12 crore received during the period 1958-59 to 1962-63), the payment of interest and repayment of principal could not be made.

An amount of Rs. 0.35 crore (Principal Rs. 0.18 crore, Interest Rs. 0.17 crore) is in arrears in the repayment of loans for rehabilitation of displaced persons from East Pakistan. The State Government are making repayments to the extent of actual realisations of principal and interest without adhering to the terms and conditions governing these loans.

In the case of loans for rehabilitation of displaced persons from West Pakistan, the Government of India decided in January 1964 that the repayment would be limited to actual realisations by the State Government whether in the form of principal and interest, sale proceeds of properties built out of loans or the rent thereof. The information regarding the extent of arrears in repayment of these loans is awaited from the State Government.

\*Includes Rs. 2.98 crores received during 1963-64 for payment of interest on loans taken from the Government of India for execution of Chambal Project.

\*\*Includes Rs. 0.69 crore on account of Consolidated Debt taken over by the former Government of Central Provinces and Berar on the introduction of provincial autonomy with effect from the 1st April, 1937. This is being repaid in half-yearly equated instalments of Rs. 2,79,900 which will continue up to the 31st March, 1982.



(d) *Arrangements for amortisation*:—The following arrangements have been made for the amortisation of market loans:—

- (i) *Depreciation Fund*:—A sum equal to  $1\frac{1}{2}$  per cent of the total nominal amount of the loans is set apart to form a Depreciation Fund for purchasing securities of the loans for cancellation. No securities were purchased for cancellation during the year.
- (ii) *Sinking Fund*:—An annual contribution is made to the Sinking Fund for the amortisation of the loans at such rates as the Government may decide from time to time to be necessary.

The above arrangements have been adopted on the expectation that in practice about 80 per cent of the loans which mature would be converted into fresh loans, and that the amounts set apart every year (as contributions to the Depreciation and Sinking Funds) during the pendency of the loans would cover the balance of the liability.

Government stated in November 1963 that "increasing of the contribution to Sinking Funds was not financially practicable, as sufficient surplus resources were not available in the revenue budgets to finance such transfers".

During 1963-64, sums of Rs. 43.70 lakhs and Rs. 43.70 lakhs were appropriated from Revenue to the Depreciation Fund and Sinking Fund respectively. The total balance in these funds on the 31st March, 1964 was Rs. 3,86.46 lakhs, out of which Rs. 2,02.62 lakhs stood invested in Government securities as shown below:—

Securities of—	(In lakhs of rupees)				
Madhya Pradesh Government .. .. .	..	..	..	..	38.65
Union Government .. .. .	..	..	..	..	87.62
Orissa Government .. .. .	..	..	..	..	66.28
Bihar Government .. .. .	..	..	..	..	6.61
Madras Government .. .. .	..	..	..	..	2.87
Uttar Pradesh Government .. .. .	..	..	..	..	0.59
				Total ..	2,02.62

The remaining balance of Rs. 1,83.84 lakhs at the credit of the Fund was merged in the general cash balance of the State.

The Government of Madhya Pradesh have not considered it necessary to make any arrangements for the amortisation of the loans taken from the Central Government with the exception of the Industrial Housing Loan (balance on the 31st March, 1964, Rs. 1.83 lakhs) in respect of which an annual contribution to the Sinking Fund has been made since 1954-55. The amount at the credit of the Sinking Fund at the end of 1963-64 was Rs. 0.97 lakh.

(e) *Interest charges*:—Interest payments on account of debt are analysed below:—

	1959-60	1962-63	1963-64
	(In crores of rupees)		
(i) Interest paid by State Government .. .. .	4.07	5.48	12.63
(ii) Interest received by State Government—			
(a) Interest on Loans and Advances .. .. .	0.93	1.03	7.87
(b) Interest on Investment of Cash Balances .. .. .	0.08	0.49	0.08
(c) Interest transferred to the accounts of Multipurpose River Schemes and treated as capital expenditure. .. .. .	..	..	5.62
(d) Recovery from the Government of Maharashtra of their share of interest paid on the loans taken prior to reorganisation of States. .. .. .	0.11	0.09	0.08
Net interest charges .. .. .	2.95	3.87	1.02



The gross interest charges paid during 1963-64 amounting to Rs. 12.63 crores represented 12.1 per cent of the total revenues as against 6.7 per cent in 1962-63. The increase in gross interest charges was mainly due to payment of arrears of interest charges on loans taken from the Central Government for financing the Chambal Project.

The total interest charges paid during the year under review were more than offset by interest receipts and adjustments an account of—

- (i) realisation of arrears of interest (Rs. 6.41.88 lakhs) from the Madhya Pradesh Electricity Board for the years 1961-62, 1962-63 and part of 1963-64; and
- (ii) capitalisation of interest (Rs. 5,62.14 lakhs) on loans from the central Government for financing Chambal Project.

#### GUARANTEES GIVEN BY THE STATE GOVERNMENT

11. Government have guaranteed repayment of loans, share capital, etc., raised by statutory corporations, joint-stock companies and co-operative institutions. The payment of minimum dividend on the working capital of the Madhya Pradesh Financial Corporation has also been guaranteed.

The guarantees are in the nature of contingent liabilities of Government. Brief particulars of the maximum amount of contingent liability in terms of the guarantees are given below. Further details are given in Statement No. 6 of the State Finance Accounts, 1963-64.

	Maximum amount guaran- teed	Amount guaranteed outstand- ing on the 31st March, 1964
(In crores of rupees)		
(i) Guarantee for working capital raised by statutory corporations and dividends thereon.	1.13	0.60
(ii) Guarantees for loans, debentures, bonds, etc., raised by—		
(a) Statutory corporations .. .. .	0.98	0.78
(b) Joint-stock companies .. .. .	0.24	0.14
(c) Co-operative Banks and institutions .. .. .	43.85	8.85
(d) Municipal Committees .. .. .	0.97	0.79
(iii) Guarantee for gross out-turn of 12½ per cent on the capital invested by the Madhya Pradesh Electricity Board on Lift Irrigation Scheme.	0.12	0.65
Total ..	47.29	11.21

An amount of Rs. 2.02 lakhs was paid as subvention to the Madhya Pradesh Financial Corporation during 1963-64 to meet the guaranteed dividend for the year 1962-63. The Corporation has also claimed a subvention of about Rs. 2.23 lakhs for the year 1963-64. Such subventions paid or payable to the Corporation since its inception (June 1955) to end of 1963-64 amounted to Rs. 15.03 lakhs.



## CHAPTER II

### APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

#### APPROPRIATION AUDIT

##### *Grants/Appropriations and actual expenditure*

12. The table given below compares the total expenditure met from the Consolidated Fund of Government of Madhya Pradesh during the year 1963-64 with the total amount of voted grants and charged appropriations:—

	Voted grants	Charged appropriations	Total
<i>(In crores of rupees)</i>			
Original Grants/Appropriations .. .. .	1,47.36	35.48	1,82.84
Supplementary (October 1963 and March 1964) ..	26.99	74.77	1,01.76
Total ..	1,74.35	1,10.25	2,84.60
Actual expenditure .. .. .	1,71.97	1,08.34	2,80.31
Savings .. .. .	2.38	1.91	4.29

The total amount of savings amounting to Rs. 4.29 crores was the result of:—

- (i) savings in 66 grants/appropriations amounting to Rs. 13.71 crores out of a provision of Rs. 2,13.94 crores (6.1 per cent) offset by
- (ii) excesses in 16 grants/appropriations amounting to Rs. 9.42 crores against a provision of Rs. 70.66 crores (13.5 per cent); in one other case, the expenditure of Rs. 71 was incurred without provision.

The total original provision of Rs. 1,82.84 crores was made after deducting a sum of Rs. 1.00 crore on account of 'Economy cut on non-plan expenditure' spread over 24 grants and 1 appropriation. The Economy cut (Rs. 0.08 crore) however, did not materialise at all in 5 grants and only partly (Rs. 0.16 crore against the Economy cut of Rs. 0.41 crore) in 3 other grants.

13 *Supplementary grants/appropriations.*—Excluding cases of token grants, supplementary provision was obtained in 34 voted grants and 16 charged appropriations, the total amount being Rs. 1,01.76 crores. The details of some of these given in Appendix I (pages 92-93) bring out the following points:—

(a) (i) Supplementary provision (exceeding Rs. 1 lakh in each case) amounting in all to Rs. 1.78 crores in 10 grants proved wholly unnecessary as the expenditure did not come up to even the original grants. In the case of 4 of these grants, *viz.*, Agriculture, Industries, Forests and Miscellaneous, the supplementary grants proved unnecessary in each of the preceding 4 years also.

(ii) The supplementary provision (exceeding Rs. 1 lakh in each case) totalling in all Rs. 16.39 crores obtained in 9 other grants was found to be excessive; the amount utilised was only Rs. 14.39 crores.

(b) The supplementary provision of Rs. 11.97 crores obtained in 13 grants and 1 appropriation was exceeded by Rs. 9.26 crores.

(c) In 6 out of 10 cases mentioned in sub-para (a) (i) above, in which the supplementary provision obtained in March 1964 proved entirely unnecessary,



funds were surrendered in March 1964 substantially in excess of the supplementary provision obtained in that month. These cases are given below:—

Grant	Original	Supplementary obtained in March 1964	Actual expenditure	Amount surrendered in March 1963
(In lakhs of rupees)				
2—State Excise .. .. .	42.13	1.57	40.65	2.95
17—Education .. .. .	25,63.84	31.53	23,51.02	1,99.20
23—Industries .. .. .	1,48.23	1.78	1,15.27	35.36
35—Forest .. .. .	4,11.71	2.06	4,09.63	8.70
36—Miscellaneous .. .. .	2,41.97	16.04	2,36.91	24.12
41—Capital Outlay on Industrial development.	2,51.44	47.22	1,35.68	1,42.91

This shows that the departments concerned were unable to estimate their requirements closely even towards the end of the year.

14. *Unutilised provisions*:—The unutilised provision of Rs. 13.71 crores in 63 grants/appropriations was equal to 6.1 per cent of the total amount of the grants/ appropriations. Particulars of the cases in which the provision was not utilised to the extent of 10 per cent or more are given in Appendix II (page 94).

(a) In 15 grants/appropriations the unutilised provision exceeded 10 per cent of the total amount granted/appropriated, and in 8 cases of these the unutilised provision ranged between 20 per cent and 80 per cent. Non-utilisation of a substantial portion of the grants/appropriations has become a recurring feature in some of these grants; in the case of 5 grants (Agriculture, Industries, Capital Outlay on Public Works, Capital Outlay on Industrial Development and Schemes of Government Trading) over 10 per cent of the total provision remained unutilised during the 3 preceding years also.

(b) As a result of directions given by the Government in June 1963 to reduce the expenditure on certain Plan Schemes on account of the anticipated shortfalls in the financial resources of the State Government, provisions initially made for those schemes was not utilised to the full extent. The more important of these cases are mentioned below:—

S. No.	Grant	Group-head	Provision	Provision not utilised
(In lakhs of rupees)				
(1)	17—Education	B.1(4)—Opening of new Middle Schools.	42.96	7.75
		B.1(5)—Opening of additional Higher Secondary Schools.	46.50	9.96
(2)	21—Animal Husbandry	D.12—Scheme for Milk Union at Bhopal.	4.31	2.13
		D.14—Scheme for Milk union, Indore	13.33	7.17
		I.5—Nutrition programme for Animal Husbandry.	4.00	2.86
(3)	24—Community Development Projects, National Extension service and local development works.	A.8—Communications ..	21.49	18.40
(4)	35—Forest	C.1—Forest Protection ..	16.40	3.00
(5)	33—Miscellaneous	E.16—Specific purpose grants to municipalities for development schemes.	11.61	2.39
(6)	50—Loans and Advances ..	A.6(1)(a)—Loans for financing Community Development Projects through Departmental Agencies.	67.50	24.57



(c) A provision of Rs. 25.31 lakhs, in respect of certain works included in the detailed budget of the Public Works department, remained unutilised as the essential preliminaries had not been completed as shown below:—

	Number of works	Amount not utilised
(In lakhs of rupees)		
Non-receipt of or late receipt of administrative approval or revised administrative approval.	6	3.40
Technical approval of Government of India awaited .. .. .	1	0.10
Non-finalisation of site .. .. .	4	0.72
Delay in land acquisition .. .. .	2	1.78
Tenders not finalised .. .. .	3	4.35
Works not started due to delay in completion of formalities .. .. .	6	11.58
Want of materials .. .. .	3	0.48
Detailed estimates not sanctioned .. .. .	1	2.90

15. *Savings in individual group-heads*:—Some cases of large savings in individual group-heads (other than those which have been specifically mentioned elsewhere) are given below:—

S. No.	Grant No.	Scheme/Group-head	Total Grant	Actual expenditure	Saving (and its percentage to the total)
--------	-----------	-------------------	-------------	--------------------	--

(In lakhs of rupees)

I—SAVINGS IN 'NON-PLAN' EXPENDITURE

1.	17—Education	.. C.1(4)—Universal Free and Compulsory Primary Education.	1,32.90	93.41	39.49 (29.7)
----	--------------	--	---------	-------	-----------------

Attributed mainly to vacant posts (Rs. 29.97 lakhs) and less payments of grants to local bodies consequent on taking over under Government employ of teachers of institutions managed by local bodies.

	C.3—Grants to Local bodies for Primary Education.	2,36.96	1,54.74	82.22 (34.7)
--	---	---------	---------	-----------------

Attributed mainly to non-reassessment of grants as a measure of economy.

2.	23—Industries	.. A.2(1)—Gwalior Potteries	8.66	0.76	7.90 (91.2)
		A.2(2)—Gwalior Engineering Works.	9.25	0.41	8.84 (95.5)
		A.2(3)—Leather and tent factory, Gwalior	5.22	0.08	5.14 (98.5)
		A.2(4)—Gwalior Tannery	2.24	0.02	2.22 (99)

The savings have been explained as due to taking over of the concerns by the Madhya Pradesh Industries Corporation from the 15th April, 1963.

3.	24—Community Development Projects, National Extension Service and local Development Works.	C.1(5)—Pilot Projects for works programme for utilisation of rural man power.	70.00	17.68	52.32 (74.7)
----	--	---	-------	-------	-----------------

The reasons for the savings were not intimated by the department.



S. No.	Grant No.	Scheme/Group-head	Total Grant	Actual expenditure	Saving (and its percentage to the total)
(In lakhs of rupees)					
4.	41—Capital Outlay on Industrial development.	A.8—Capital Contribution to Road Transport Corporation by Transfer of assets.	1,56.81	..	1,56.81 (100)
Pending receipt of the report of the Evaluation Committee set up to assess assets and liabilities taken over by the Madhya Pradesh Road Transport Corporation from the two units, the provision could not be utilised.					
5.	49—Schemes of Government trading.	A.2—Cost of purchase of grain.	4,00.00	2,59.36	1,40.64 (35.2)
Attributed to less purchase of grains owing to reportedly improved food position (Rs. 75 lakhs) and non-receipt of debits for the supply of foodgrains from the Pay and Accounts Officer, Bombay (Rs. 66 lakhs).					

II—SAVING IN 'PLAN' EXPENDITURE

6.	17—Education	D.1(2)—Technical Vocational and industrial schools.	20.11	11.43	8.68 (43.2)
Attributed to vacant posts owing to non-availability of suitable persons and non-supply of equipment by certain firms.					

	E.3(2)—Scholarships controlled by the Director of Public Instruction.	12.54	1.75	10.79 (86)
--	---	-------	------	------------

Reasons for the savings have not been furnished by the department.

7.	23—Agriculture	N—Grants-in-aid contributions, etc.	88.23	69.50	18.73 (21.2)
----	----------------	-------------------------------------	-------	-------	--------------

Reasons for the savings have not been furnished by the department.

8.	33—Miscellaneous	G.5(5)—District Institutes for Community Development, Panchayats and Co-operation.	11.96	3.48	8.48 (70.9)
----	------------------	--	-------	------	-------------

Non-opening of new Panchayat Raj training centres owing to postponement of the introduction of Panchayati Raj Scheme.

9.	40—Capital Outlay on Schemes of Agricultural Improvement and Research.	C—Soil Conservation and land development.	1,71.85	1,44.16	27.69 (16.1)
----	--	---	---------	---------	--------------

Attributed mainly to execution of contour bunding by the Agriculture department from funds made available by Planning and Development department (Grant No. 24) (Rs. 12.62 lakhs) and non-receipt of tractors due to non-completion of formalities regarding foreign exchange (Rs. 9 lakhs).

10.	50—Loans and Advances	Loans to cultivators by departmental agency.	5,38.49	1,70.67	3,67.82 (68.3)
-----	-----------------------	--	---------	---------	----------------

Due to transfer of work of distribution of loans to co-operative societies in some district and less demand.

The Public Accounts Committee in their sixth report (March 1963) recommended that the department should "budget the expenditure under this head on a more realistic basis".

16. *Excess expenditure over grants/appropriations*:—(a) There was a total excess of Rs. 9.42 crores over 16 grants/appropriations which was equal to 13.5 per cent of the total grants/appropriations in these cases.

These excesses, as well as expenditure incurred without provision as indicated in paragraph 17 below require to be regularised under Article 205 of the Constitution. The following points have been noticed in this connection:—

- (i) The excess was more than Rs. 10 lakhs each in 9 grants, viz., "Police", "Public Health", "Miscellaneous Social and developmental organisations", "Irrigation Works", "Public Works", "Capital Outlay on multipurpose river schemes", "Capital Outlay on irrigation works"



(Commercial), "Capital Outlay on irrigation works (Non-commercial)" and "Capital Outlay on Public Works". In the four preceding years also the excess was more than Rs. 10 lakhs under "Irrigation Works" and "Public Works".

- (ii) Explanations for important variations between the provision and the actual expenditure during 1963-64 as also in earlier years were not furnished by the department in respect of a majority of group-heads under "Irrigation Works" since the reorganisation of States (1956).
- (iii) The major part of the excess occurred in the 4 cases mentioned below:—

No. and name of grant	Total	Actual expenditure	Excess
			(In crores of rupees)
19—Public Health .. .. .	4.17	6.12	1.95
27—Irrigation Works .. .. .	2.52	3.68	1.16
28—Public Works .. .. .	12.12	14.26	2.14
42—Capital Outlay on multipurpose river schemes ..	8.97	11.36	2.39

The total excess of Rs. 7.64 crores in these cases occurred mainly under 'Suspense' (Rs. 6.41 crores). This was mainly due to inadequate provision under "Suspense" in these grants. The Public Accounts Committee in their Seventh Report (February 1964) recommended that "the instructions on the subject be reiterated so as to bring them pointedly to the notice of all the officers concerned".

An excess occurred for the sixth time during six years ending with 1963-64 under "Irrigation Works", for the fifth time under "Public Works" and for the fourth time under "Public Health".

(b) The details of excesses by grants appropriations are given below:—

(A) Voted grants

Particulars of grant	Total grant	Expenditure	Excess	
			Amount	Percentage
	Rs.	Rs.	Rs.	
8—Parliament and the State Legislature.	25,92,900	26,59,011	66,111	2.5

The excess over the grant was mainly due to excesses under C.2—Expenditure on election to the House of the People and State Legislative Assembly (Rs. 0.59 lakh); reasons for the excess are awaited.

10—Commissioners and District Administration.	2,89,32,345	2,93,67,269	4,34,924	1.5
---	-------------	-------------	----------	-----

The excess over the grant was due to excesses under E(1)(1)—District Establishment (Rs. 1.54 lakhs), E(1)(2) Treasury Establishment (Rs. 1.50 lakhs) and E(3) Other Establishment (Rs. 1.35 lakhs.)

The reasons for the excess have not been furnished by the department except for the second item wherein the excess was attributed mainly to the extension of the benefits of the revised scales of pay to the treasury establishment of Madhya Bharat and Bhopal regions by an order of Government issued in February 1964.

12—Jail .. .. .	65,02,400	67,66,934	2,63,534	4.1
-----------------	-----------	-----------	----------	-----

The excess of Rs. 2.63 lakhs was stated to be mainly due to increased expenditure on 'Diet Charges' under 'A.2—Central, District and Sub-Jails' owing to rise in the price of food commodities.



APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE 19

Particulars of grant	Total grant Rs.	Expenditure Rs.	Excess	
			Amount Rs.	Percentage
13—Police ..	8,62,34,580	8,81,02,676	18,68,096	2.2
The excess of Rs. 18.68 lakhs was attributed by the Inspector General of Police mainly to non-sanctioning by Government of full supplementary provision asked for to cover anticipated excess under B.1(ii)—District Police (Rs. 11.32 lakhs) and B.7—Other Police (Rs. 10.71 lakhs).				
19—Public Health ..	4,16,93,150	6,11,87,940	1,94,94,790	46.8
The excess occurred mainly under the following group-heads.				

Particulars of Grant	Total grant Rs.	Expenditure Rs.	Excess	
			Amount Rs.	Percentage
C.2—Malaria ..	..	..	1,10.12	23.55
The excess was explained by the Director of Health Services as due to non-sanctioning by Government of the full supplementary provision asked for to cover the increased expenditure of the National Malaria Eradication programme.				
F.5—Suspense ..	..	..	20.31	1,64.9
See sub-para a(iii) above.				

Particulars of Grant	Total grant Rs.	Expenditure Rs.	Excess	
			Amount Rs.	Percentage
25—Labour and Employment ..	1,24,59,400	1,25,37,251	77,851	0.6

The excess was under C. (2) (ii)—Technical and Vocational Training Centres; this was attributed to payment of arrears of pay and allowances as a result of unification and revision of pay scales.

26—Miscellaneous Social and Developmental Organisations.	3,04,46,900	3,16,62,358	12,15,458	4.0
--	-------------	-------------	-----------	-----

The excess over the grant occurring mainly under group-heads C.1(3)—Education (Rs. 3.33 lakhs), C.4(9)—Education (Rs. 1.95 lakhs) and C. 1 (2) (c)—Subsidy for minor irrigation (Rs. 6.30 lakhs).

The excess under C.1(3) was explained by the Director of Tribal Welfare as due to non-sanctioning by Government of the full supplementary provision asked for to cover expected excess on account of payment to teachers of arrears of pay as a result of unification and revision of pay scales.

The excess under C.4(9) was attributed to non-submission of correct requirement of funds by the officers of the Education department.

The excess under C.1 (2) (c) was attributed by the Director of Tribal Welfare to withdrawal of funds to the extent of Rs. 6.80 lakhs on the last day of the financial year, anticipating that the entire expenditure would be transferred to Irrigation department (Grant No. 44). This was not effected due to the decision of Government in July 1964 that it was not regular for the Tribal Welfare department to withdraw funds as the works were executed by the Irrigation Department after the necessary authorisation of funds and administrative approval by the former.

27—Irrigation Works ..	2,52,05,000	3,67,75,905	1,15,70,905	45.9
------------------------	-------------	-------------	-------------	------

The excess over the grant occurred mainly due to excesses under group-heads A.1(3)—Maintenance and Repairs (Rs. 5.61 lakhs) and A.2 (5)—Suspense (Rs. 1,10.87 lakhs); the reasons for the excess have not been furnished.

28—Public Works ..	12,11,67,300	14,25,86,511	2,14,29,211	17.7
--------------------	--------------	--------------	-------------	------

The excess occurred mainly under the following group-heads:—

Total provision Excess  
(In lakhs of rupees)

B. (i)—Original Works—Communication—Financed from Ordinary Revenues.	8.02	2.20
--	------	------

Attributed mainly to increase in the cost of construction of Umaria-Shahdol Road.

See p 17  
Appx 96

TwD



	Total Provision	Excess
	<i>(In lakhs of rupees)</i>	
D. (i) (b)—Repairs .. .. .	4,50.00	32.17

The excess of Rs. 32.17 lakhs was attributed to extensive repairs to (i) roads owing to increasing heavy vehicular traffic (Rs. 27.25 lakhs) and (ii) buildings at Bhopal and other places (Rs. 4.92 lakhs) for which the cost of material and labour was high.

F—Suspense .. .. .	5,58.59	1,81.86
--------------------	---------	---------

The excess was attributed to larger purchase of stock materials.

Particulars of grant	Total grant	Expenditure	Excess	
			Amount	Percentage
	Rs.	Rs.	Rs.	
31—Pensions and other retirement benefits.	1,45,30,000	1,52,93,305	7,63,305	5.2

The excess occurred mainly under the group-head A. (1) (ii)—Superannuation and retired allowances—payable to pensioners owing to more drawals towards the close of the year (Rs. 8.99 lakhs).

42—Capital Outlay on Multipurpose river schemes.	8,96,61,000	11,36,05,512	2,39,44,512	26.7
--	-------------	--------------	-------------	------

The excess occurred mainly under the following group-heads:—

	Total provision	Excess
	<i>(In lakhs of rupees)</i>	
I—Chambal—B. 1—Works .. .. .	1,99.68	3.34
Due to adjustment of cost of work done by the Irrigation Department.		
B.2—Establishment .. .. .	18.45	3.08
Due to payment of arrears of pay and allowances of staff.		
B.4—Suspense .. .. .	55.00	139.96
The excess was due to making net provision for 'suspense' head although Government had issued orders in June 1961 that provision for gross amounts should be made.		
Ranapratap Sagar Dam. .. .. .	25.23	24.77

Out of the original provision of Rs. 50 lakhs, an amount of Rs. 24.77 lakhs was reappropriated from this head on the 31st March, 1964, although the Deputy Chief Engineer, Chambal had accepted in February 1964 the debit of Rs. 50 lakhs on account of the share of Madhya Pradesh Government of the cost of construction of Ranapratap Sagar Dam.

## II—Tawa Project

(i) Works .. .. .	3.98	21.70
(iv) Suspense .. .. .		44.39

The reasons for the excesses have not been furnished by the department.



Particulars of grant	Total grant	Expenditure	Excess	
			Amount	Percentage
			Rs.	Rs.
43—Capital Outlay on Irrigation Works (Commercial).	2,84,32,100	3,09,43,190	25,11,090	8.8
The excess occurred under the group-heads A.(1)—Construction of new irrigation projects under the programme of permanent improvement of scarcity works (Rs. 7.34 lakhs) and A.1(2)—Major and Medium Irrigation Projects (Rs. 17.32 lakhs). Reasons for these excesses were not intimated by the department.				
44—Capital Outlay on Irrigation Works (Non-Commercial).	2,21,83,000	2,46,21,986	24,38,986	11.0
Excesses occurred mainly under the group-heads A.5—Major and Medium Irrigation Projects (Rs. 13.81 lakhs) and A.6—Minor Irrigation Works (Rs. 17.61 lakhs); the reasons for the excesses have not been furnished by the department.				
45—Capital Outlay on Public Works.	6,97,88,300	7,69,48,805	71,60,505	10.3

The excesses occurred mainly under the following group-heads:—

	Total provision	Excess
	(In lakhs of rupees)	
A.5—Education .. .. .	1,21.87	9.20
B.(ii)—Original Works—Communications .. .. .	1,83.64	82.41

The above excesses were partly counter-balanced by savings under other group-heads.

The excess was explained by the Chief Engineer, Buildings and Roads Branch as due to non-sanctioning by Government of full provision asked for to cover the expected excess on account of accelerated progress of works.

(B) Charged Appropriations

Particulars of grant	Total grant	Expenditure	Excess	
			Amount	Percentage
			Rs.	Rs.
Interest on debt and other obligations.	12,53,63,000	12,62,97,192	9,34,192	0.7
Excess mainly under B—Interest on loans taken from the Central Government (Rs. 8.80 lakhs).				
37—Contributions and miscellaneous adjustments.	14,18,000	14,34,102	16,102	1.1

17. *Expenditure without provision.*—An expenditure of Rs. 71 was incurred in April 1963, on the pay and allowance of a peon of the Office of the Collector in-charge, Agricultural Income Tax Act, Satna (Vindhya Pradesh region), although no provision had been made in the Budget Estimates for 1963-64. The Bhopal Agricultural Income Tax Act, 1953 was declared unconstitutional by the Madhya Pradesh High Court in January 1961. Considering similar Acts applicable to the Vindhya Pradesh and Sironj regions identical in the context, Government stayed assessment and recovery of tax under these Acts and ordered in January 1963 the absorption of the surplus staff suitably in the Tehsil and District Offices before the 28th February, 1963. No provision was accordingly made in the Budget Estimates for 1963-64.

The expenditure of Rs. 71 in this case which was incurred without any provision requires regularisation under Article 205 of the Constitution.



18. *Control over expenditure*:—(a) The object of control over expenditure is to secure as close an approximation as possible between the actual expenditure and the final grant/appropriation. This is exercised by

(i) sanctioning reappropriations for the transfer of funds from sub-heads of grants where savings are anticipated to other sub-heads in the same grant where there is need for additional provision of funds,

(ii) obtaining supplementary grants/appropriations where necessary, and

(iii) effecting surrender of surplus funds as soon as these can be foreseen.

If the control is effective, the actual expenditure would approximate closely to the final modified grant, *i. e.*, the original grant as modified by supplementary grants, reappropriations and surrenders.

(b) Instances where the additional funds provided in the course of the year by supplementary grant/appropriation proved wholly or partly unnecessary have been indicated in paragraph 13.

(c) Cases where the total expenditure against a grant or appropriation, as a whole, has exceeded the total amount granted/appropriated and require regularisation by Legislature have been mentioned in paragraphs 16 and 17 above.

(d) In accordance with the financial rules and instructions issued by the Government from time to time, savings occurring within a grant/appropriation, should be surrendered as soon as the possibility of such savings is envisaged unless these are required to meet excesses which can definitely be foreseen at that time. No savings can be held in reserve to meet possible future excesses. Surrenders were, however, mostly made at the close of the year. Against the total savings in grants and appropriations amounting to Rs. 13.71 crores, a sum of Rs. 13.50 crores was surrendered; of this, surrenders in March 1964 amount to Rs. 10.26 crores (surrenders on the 31st March, 1964 being Rs. 9.16 crores).

(e) Some instances, where the amount surrendered by the controlling officers were either not actually available for surrender (there being excess over the grant as a whole) or were substantially in excess of the amounts available for surrender are given in Appendix 3 (page 95). In 10 cases, a total amount of Rs. 0.29 crore was surrendered although there were excesses over these grants ultimately.



**CHAPTER III**  
**CIVIL DEPARTMENTS**  
**AGRICULTURE DEPARTMENT**

**SCHEME FOR TRAINING OF FARMERS' SONS ON GOVERNMENT FARMS**

19. A scheme to train young sons of farmers in improved techniques of farming was introduced in 1960-61 at 19 Government farms in the State. A review of the expenditure on the scheme in 9 farms brought to notice that within two to three years of its introduction, the scheme was abandoned in all the 9 farms. The total expenditure incurred in these cases up to March 1963 amounted to Rs. 0.96 lakh of which about 50 per cent (Rs. 0.46 lakh) represented expenditure on establishment and contingencies. The expenditure did not fully serve the intended purpose, as indicated below :—

- (a) Two of the farms which were closed down in April-June 1962 did not have a single trainee at any time; the expenditure in these cases amounted to Rs. 3,500.
- (b) In the remaining 7 farms the average number of trainees was 23 as against the target of 35, the shortfall ranging between 45 per cent and 75 per cent. The scheme was abandoned in two of these farms in 1961-62 and in the remaining five in 1962-63.

**ANIMAL HUSBANDRY DEPARTMENT**

**POULTRY DEVELOPMENT SCHEME**

20. There are 57 poultry farms, centres and units in the State. The annual expenditure of these farms is of the order of Rs. 8 lakhs. A review of the expenditure of 22 of these farms, centres and units (7 established in 1960-61 or in earlier years, 12 in 1961-62 and 3 in 1962-63) indicated the following points :

(a) The maintenance expenditure in all these units has exceeded their receipts from the sale of eggs and birds as indicated below:—

	Expendi- ture.	Receipts	Excess of expenditure over rece- ipts.
		(In lakhs of rupees)	
7 units established in 1960-61 or earlier years—			
April 1961 to March 1964	1.20	0.60	0.60
15 units established in 1961-62 (12) and 1962-63 (3)			
From the date of establishment to March 1964	1.84	0.52	1.32
Total	3.04	1.12	1.92

The cost of production per egg ranged between Re. 1 and Rs. 2.55 in 6 centres and between 50 paise and 99 paise in 6 other centres during 1963-64.

(b) In 12 poultry centres/units (4 established to end of 1960-61 and 8 after 1960-61) the average rate of mortality in chickens during the period from 1961-62 to 1963-64 ranged between 25 to 53 per cent. The high rate of mortality



has been explained by the District Livestock Officers as due to outbreak of disease, sunstroke, etc. The cost of the birds which died during the period from 1961-62 to 1963-64 was estimated to be Rs. 0.26 lakh.

(c) In sixteen poultry farms/units equipment like incubators and refrigerators of the value of Rs. 0.17 lakh purchased during the period from 1957 to 1963 have either not been put to use at all or have been sparingly used.

### CO-OPERATION DEPARTMENT

#### SCHEME FOR THE INSTALLATION OF POWERLOOMS

21. A scheme for the installation of powerlooms was approved by the Government of India in November 1958. It was financed wholly by the Central Government and provided for grant of (i) loans to weavers' co-operative societies towards share capital, working capital and purchase of looms and (ii) subsidy for preparatory plant. Up to the end of March 1961, a total amount of Rs. 10.30 lakhs (Loan Rs. 9.73 lakhs and subsidy Rs. 0.57 lakh) was disbursed to 33 Co-operative Societies for installation of 258 powerlooms.

The scheme was discontinued by the Government of India from 1961-62.

The following points have been noticed in audit :

(i) *Delay in utilisation of loans*:—Against the target of installation of 258 looms up to March 1961, only 166 looms were installed by that date, although loans aggregating Rs. 9.73 lakhs for the installation of all the 258 looms had been disbursed. A total amount of Rs. 2.37 lakhs disbursed as loan to 12 societies between March 1958 and March 1960 for purchase of 62 looms, remained unutilised for 2 to 5 years, due to delay in purchase of looms, as indicated below:—

Delay in purchase of looms	No. of looms	Amount of loan (In lakhs of rupees)
2-3 years .. .. .	27	1.03
3-4 years .. .. .	14	0.53
More than 4 years .. .. .	21	0.81

Even up to September 1964, 26 looms for which loans amounting to Rs. 0.99 lakh were disbursed during March 1958 to March 1960 have not been installed. The Registrar of Co-operative Societies stated in November 1964 that out of these 26, only 6 looms had been purchased and the loans given for the purchase of remaining 20 looms were proposed to be recovered.

73 installed looms (loan disbursed Rs. 2.92 lakhs) have not commenced production (September 1964). The non-operation of these looms was attributed by the Registrar of Co-operative Societies mainly to 'non-availability of electricity, mismanagement of the affairs of the societies and want of adequate funds'.

(ii) *Arrears in recovery of loans*:—As against Rs. 4.14 lakhs representing the amount of equated instalments of principal which fell due for recovery up to the 31st March, 1964, an amount of Rs. 2.68 lakhs was in arrears on that date, as indicated below :

Year to which the arrears relate	Amount of principal outstanding on the 31st March, 1964 (In lakhs of rupees)
1960-61 .. .. .	0.26
1961-62 .. .. .	0.68
1962-63 .. .. .	0.82
1963-64 .. .. .	0.92



The arrears in the recovery of interest on these loans amounted to Rs. 1.06 lakhs against the dues of Rs. 1.84 lakhs.

(iii) *Avoidable payment of interest*:—A loan of Rs. 2.72 lakhs drawn by State Government from Government of India in October 1960 remained unutilised till March 1963, when it was refunded. An amount of Rs. 22,064 was paid as interest on this loan.

(iv) *Other points*:—(a) The scheme formulated by the Government of India envisaged that the State Government should place orders for the looms departmentally and that payment should be made to the supplier after receipt of looms by the societies. Nevertheless, the loans for the purchase of the looms were disbursed in full to the societies who were required to purchase them. It could not therefore be ascertained how far the purchases had been made economically and with due regard to the prescribed rules for the purchase of stores.

(b) Two societies, to which loans and grants amounting to Rs. 27,000 were disbursed in March 1960, had been reported by the Deputy Director-cum-Deputy Registrar, Co-operative Societies to "have misutilised the amount for other purposes". The amount has not so far been recovered (September 1964).

### EDUCATION DEPARTMENT

#### IDLE INVESTMENT AND UNNECESSARY EXPENDITURE

22. Equipment required for starting certain technical courses in the Multi-purpose Higher Secondary School, Sagar was purchased during the period 1955-56 at a cost of Rs. 28,000. The courses, however, were not started owing to difficulty in getting qualified teaching staff. The equipment is, therefore, lying unutilised (August 1964). Government intimated in August 1964 that a scheme was being drawn up to transfer the equipment to other technical schools.

Three workshop attendants appointed during 1955-56 were retained in service till January-March 1964, when they were transferred to other institutions. The expenditure incurred on the pay and allowances of these three attendants till their transfer to other institutions amounted to Rs. 20,000.

### FOREST DEPARTMENT

#### FARM FORESTRY SCHEME

23. A scheme of farm forestry sanctioned by Government in May 1961 envisaged the creation of fuel-cum-fodder reserves by raising plantations in 1.20 lakh acres of wasteland during the period 1961-66. The scheme was implemented through the agency of the Community Development Blocks, with the technical aid of the Forest Department; the actual work of preparation of land, digging of pits, planting of saplings, etc., was to be done by the people, free of cost.

After incurring an expenditure of Rs. 3.32 lakhs (Rs. 1.12 lakhs on establishment, Rs. 0.82 lakh on contingencies and Rs. 1.38 lakhs on construction of sheds) the scheme was dropped from 1963-64, owing to lack of response from the public and the Block Development Officers, and as a measure of economy.

Against the target of raising 14,000 acres of plantations during the period 1961-63 at a cost of Rs. 5.40 lakhs, plantations were raised only on 2,544 acres at a cost of Rs. 3.32 lakhs; the average cost of plantation per acre worked out to Rs. 130.50 as against the estimated cost of Rs. 38.60 per acre.

There was no adequate follow-up programme after the seeds were sown or saplings planted. To an enquiry from Audit as to whether the plantations raised in an area of 377 acres in 1962-63 in the Central Circle were surviving, the Conservator of Forests, Central Circle, Jabalpur stated in June 1964 that "Forest Department is only to give technical aid; further progress is left in the hands of the villagers".



## TEAK AND OTHER PLANTATIONS

24. An expenditure of Rs. 0.55 lakh incurred on the plantations undertaken by the West Bhopal Forest Division during the period 1961-63 proved largely infunctuous in the circumstances indicated below.

*Teak plantations:*—The saplings planted in an area of 50 acres (expenditure Rs. 6,799) could not survive, and only about 20 per cent of the plantations could survive in another area of 27 acres (expenditure Rs. 3,165). The Divisional Forest Officer attributed the failure of the plantations to the use of undersized root shoot cuttings and inadequate care of the soil.

*Other plantations:*—In the progress reports of the plantations for the years 1961-62 and 1962-63 prepared by the Divisional Forest Officer, West Bhopal Division, it has been reported that due to improper fencing, the plantations in an area of 30 acres (expenditure Rs. 7,030) were completely damaged, and that in another area of 20 acres (expenditure Rs. 7,567) nearly 40 per cent of the plantations were damaged by grazing cattle. About half of the saplings did not survive in another area of 51 acres known as "Lakshminarayan Giri" situated in Bhopal town due to damages caused by the local population and their cattle (expenditure Rs. 30,793).

## HOUSING DEPARTMENT

## SLUM CLEARANCE SCHEME

25. This scheme aims at clearance of slum-areas and provision of better housing accommodation to slum-dwellers. The expenditure on the scheme is shared between the Central and State Governments, Central Government bearing 75 per cent (by way of loan and subsidy) and the State Government 25 per cent.

The works are executed by Town Improvement Trusts and local bodies to whom loans and subsidies are paid for the purpose by the State Government.

Against the total assistance of Rs. 24.97 lakhs (Rs. 15.50 lakhs as loan and Rs. 9.47 lakhs as subsidy) received from Government of India during the period from 1958-59 to 1963-64, the loans and subsidies disbursed by the State Government amounted to Rs. 39.95 lakhs.

The following points have been noticed during audit of the records of the Housing Commissioner and the Chief Town Planner:—

(i) Work on five projects sanctioned during the period 1960-61 to 1962-63 for which loans and subsidies amounting to Rs. 4.26 lakhs were disbursed to four local bodies has not yet been started (August 1964).

(ii) Out of six projects, involving construction of 266 tenements and development of 100 plots, for which a total amount of Rs. 6.75 lakhs was disbursed as loans and subsidies, during the period 1959-60 to 1962-63, only 80 tenements were completed by June 1964; the construction of another 86 tenements and development of 100 plots were stated to be in progress on that date. Work on 100 tenements had not been started so far (June 1964).

(iii) 72 tenements (cost Rs. 2.73 lakhs) constructed in December 1962 remain unoccupied; 271 (cost Rs. 3.50 lakhs) out of 283 developed plots remain unallotted since December 1962 (232 plots) and September 1963 (39 plots) (June 1964).

The Housing Commissioner and the Chief Town Planner attributed the shortfall in the achievements of the scheme mainly to

- (i) legal and other complications in the eviction of dwellers from slums, and
- (ii) refusal of slums-dwellers to shift to new plots, inspite of persuasion.



## RURAL HOUSING SCHEME

26. In paragraph 25 of the Audit Report, 1964, mention was made of the slow progress in the implementation of the Rural Housing Scheme and consequential delay in utilisation of the loans.

The following further points have since come to notice :—

(i) The loans disbursed during the period from 1957-58 to 1963-64 amounted to Rs. 29.15 lakhs; the loans are repayable in 20 annual equated instalments, commencing eighteen months after the drawal of the first instalment of the loan. However, the detailed records to watch the recovery of the loans have not been maintained by the department, with the result that the extent of arrears in the recovery of instalments due could not be computed. The instructions issued by Government in August 1962 that the Housing Commissioner "should ensure that the detailed accounts are kept in his office" have not been complied with (June 1964).

No proper procedure for the communication to the Housing Commissioner by the Collectors/Block Development Officers of the loans disbursed by them and of the recoveries effected has been prescribed so far (June 1964).

(ii) According to the instructions of Government, the construction of the houses under the scheme should be undertaken only after the Rural Housing Cell completes the socio-economic survey, prepares the lay-out plan and approves the master-plan. It was, however, noticed from the Inspection Reports of the Executive Engineer, Rural Housing Cell that loans amounting to Rs. 1.44 lakhs were drawn by four Collectors (in respect of six villages) during the period 1958-59 to 1962-63, and in three out of these six villages the construction of the houses was also started, even though the above requirement had not been fulfilled. In the case of the remaining three villages, loans amounting to Rs. 0.18 lakh were disbursed during 1962-63 to the villagers without execution of mortgage bonds.

## MIDDLE INCOME GROUP HOUSING SCHEME

27. The scheme provides for the grant of loans for the construction of houses, to persons with an annual income between Rs. 6,001 and Rs. 15,000. The scheme is financed by loans obtained by the State Government from the Life Insurance Corporation of India and is implemented through the Madhya Pradesh Housing Board, to which the loans are advanced by the State Government.

The following points have been noticed in audit:—

(a) The details of loans received from the Life Insurance Corporation of India by the State Government and those disbursed by the Housing Board to individuals and housing co-operatives, as shown below, indicate that the borrowings were far in excess and in advance of requirements resulting in avoidable payment of interest charges of the order of about Rs. 2 lakhs (up to the 31st March, 1964) to the Life Insurance Corporation of India.

Year	Amount of loan drawn from Life Insurance Corporation of India by the State Government.	Amount advanced to the Housing Board.	Amount utilised by the Board.	Progressive unspent balances (with the Board and Government) at the close of year.
1958-59	9.00	9.00	1.71	9.00
1959-60	25.50	30.50	29.22	32.79
1960-61	5.00	16.85	18.31	8.57
1961-62	16.85	20.00	17.28	7.11
1962-63	20.00	25.00	15.13	9.83
1963-64	25.00	101.35	81.65	19.70
Total	101.35	101.35	81.65	..

(In lakhs of rupees)

P475-478

P515  
2PA

P478  
EIA



(b) Out of 566 houses for which loans amounting to Rs. 66.52 lakhs were disbursed up to March 1963 and which should have been completed by March 1964, only 332 houses were stated to have been completed (June 1964). The Housing Board stated in September 1964 that shortage of building materials in the market and rising prices generally upset the original building programme of the borrowers.

#### LOW INCOME GROUP HOUSING SCHEME

28. Under the Low Income Group Housing Scheme, loans are granted for the construction of houses to persons having an annual income not exceeding Rs. 6,000 to co-operative societies of such individuals and local bodies. These loans are repayable in 30 annual equated instalments.

The scheme is financed out of loans received from the Government of India. During the period from 1957-58 to 1963-64 the amount received from the Government of India was Rs. 2,04.23 lakhs. The total expenditure incurred by the State Government on the scheme during the same period amounted to Rs. 2,11.53 lakhs.

The loans under the scheme were disbursed by Collectors as well by the Madhya Pradesh Housing Board which receives loans from the State Government (the total amount of loans paid by Government to the Board under this scheme up to March 1964 was Rs. 2,00.70 lakhs).

The following points were noticed in connection with this scheme :—

(i) The rules require that the loanees should complete the houses within one year of the payment of the first instalment of the loan. Loans amounting to Rs. 2,65.34 lakhs for constructing 6,074 houses were disbursed up to March 1963; of these the construction of 2,372 houses had not been started at all or the houses were stated to be under construction in April 1964.

Two loans amounting to Rs. 0.96 lakh were paid in February-March 1956 by the Collector, Morena to two housing societies for construction of 24 houses by March 1957. Only 8 houses were stated to be under construction; the work on the remaining houses has not so far commenced (April 1964). The loans amounting to about Rs. 0.64 lakh paid for the remaining 16 houses had not been recovered so far, although, in such cases, the whole amount of loan together with the interest thereon is required to be recovered in one lump.

(ii) Construction of 44 houses at Khandwa (estimated cost Rs. 3.97 lakhs) for sale on hire-purchase terms, scheduled to be completed by November 1959, had not been completed till July 1963. Owing to this delay in completion of houses 20 out of 22 persons who had deposited Rs. 0.23 lakh with the Board for the purchase of the houses withdrew their deposits. The Board have now decided to lease these houses on rent, instead of selling them on hire-purchase terms.

(iii) The instructions issued by Government in August 1962 require that the Housing Commissioner should maintain consolidated accounts of these loans. The accounts have not been maintained. It was, however, seen from a statement compiled by the Housing Commissioner that instalments of principal and interest amounting to Rs. 2.01 lakhs and Rs. 20.08 lakhs respectively which fell due for recovery up to March 1963 had not been recovered (April 1964).

(iv) The mortgage deeds were not executed by the loanees in respect of loans amounting to Rs. 9.89 lakhs.

(v) According to the rules of the scheme, the amount of loan to an Improvement Trust for construction of houses for its low-paid staff should not exceed Rs. 3,000 per house. Notwithstanding this, a loan of Rs. 2.40 lakhs was paid to the Gwalior Improvement Trust during the period March 1962 to November 1963.



for construction of 40 houses (the admissible amount was Rs. 1.20 lakhs) only. The houses were also allotted by the Trust to persons other than its low-paid staff.

#### SUBSIDISED INDUSTRIAL HOUSING SCHEME

29. Under the Subsidised Industrial Housing Scheme introduced in September 1952 by the Government of India, 50 per cent of the cost of houses for industrial workers whose income does not exceed Rs. 350 per month is given to the State Government as subsidy and the remaining 50 per cent as loan repayable in 30 equated instalments. The total expenditure incurred on the scheme during 1956-57 to 1963-64 amounted to Rs. 174.61 lakhs; the assistance received from the Government of India during the same period was Rs. 1,83.30 lakhs (Loan Rs. 84.33 lakhs and subsidy Rs. 98.97 lakhs).

The following points were noticed:—

(i) At the end of March 1964, out of 5,537 quarters constructed, none was occupied by industrial workers due to want of demand; 5,484 quarters were occupied by non-industrial workers and 53 were vacant.

(ii) The loss of rent during the period April 1956 to March 1962 on account of vacant quarters (618 as on 31st August, 1962) was intimated by Government to be Rs. 0.54 lakh.

(iii) A total amount of Rs. 2.83 lakhs, being the arrears in recovery of rent from the occupants of these tenements, remained to be recovered on the 31st March, 1964. In addition, rent for the period up to May 1959 in respect of the tenements at Indore, Ujjain and Ratlam allotted to the staff of the Public Health Department has not so far been recovered as the rate at which the rent should be recovered has not been decided by Government (June 1964).

(iv) In 370 out of 1,640 tenements constructed at Indore, in 1956, cracks occurred soon after one year of their construction. The Executive Engineer, Housing Division, Indore and a Director of a firm of civil engineers who conducted a joint inspection of the quarters observed (November 1963) as follows:—

“.....The quarters were founded about 2 feet below the ground level on black soil. ....As the foundations have not been taken to non-cracking strata and kept only 2 feet below the ground level, the structures are subjected to high stresses due to the movements in the black soil”.

An expenditure of Rs. 0.14 lakh was incurred in 1961-62 for emergent repairs of these quarters. The expenditure for extensive repairs to these tenements was estimated to be Rs. 1.01 lakhs, for which administrative approval of Government was accorded in March 1962. The total expenditure on extensive repairs up to March 1964 was Rs. 0.33 lakh.

Responsibility has not so far (October 1964) been fixed for the original defective construction which has caused an estimated additional expenditure of Rs. 1.15 lakhs (Rs. 0.14 lakh on emergent repairs and Rs. 1.01 lakhs estimated for extensive repairs in progress).

#### INDUSTRIES DEPARTMENT

##### STATE AID TO INDUSTRIES

30. In accordance with the legislation made from time to time, loans are advanced to individuals, co-operative societies and industrial establishments for development of industries. According to the information furnished by the Director of Industries the total amount of loans disbursed during the period from 1952-53 to 1963-64 amounted to Rs. 153 lakhs.

During local audit of 12 offices of the Industries Department conducted between August 1963 and September 1964, the following points came to notice:—

Jh, Dewar, Mohar, Raigah,  
Bh, Ujja, Gul, Loo, Sapar, Darp,  
Indore

P237  
C14



*(i) Misutilisation of loans:*—Out of 7,926 cases of loans amounting to Rs. 73.97 lakhs checked by the Department up to March 1964 a total loan of Rs. 10.72 lakhs (817 cases) was found to be "completely misutilised" according to the information furnished by the Director of Industries. In such cases, the rules require that the amount of loan together with interest should be recovered from the borrowers forthwith; the information regarding the amounts recovered has not been furnished.

*(ii) Non-verification of utilisation of loans:*—The State Aid to Industries Act and the rules made thereunder require that the departmental officers should inspect the premises and the accounts of the recipient of the aid. The utilisation of loans amounting to Rs. 79.03 lakhs disbursed up to March 1964 had not been verified by the Department (September 1964). In the districts of Raisen and Sehore, no inspection was carried out in respect of 59 cases of loans amounting to Rs. 0.34 lakh though the loans were disbursed between 1956-57 and 1961-62. In respect of 8 other districts, the utilisation of loans amounting to Rs. 4.92 lakhs (661 cases) disbursed up to the end of 1961-62 was not verified till March 1964.

*(iii) Arrears in recovery of instalments of loans:*—In 12 districts, Rs. 8.77 lakhs which had fallen due for recovery up to March 1963 had not been recovered till the date of audit (September 1963-September 1964), as indicated below:—

Year in which the recovery fall due	Amount (In lakhs of rupees)
1956-57 and 1957-58	1.00
1958-59	0.30
1959-60	1.28
1960-61	1.61
1961-62 and 1962-63	4.08

*(iv) Non-recovery of penal interest:*—According to the rules, penal interest at the rate of 8 per cent per annum is leviable on overdue instalments of principal and interest. Such penal interest was not being levied generally. Information obtained in respect of 4 districts indicated that an amount of Rs. 17,184 only was recovered against a demand of Rs. 90,184 (December 1963-March 1964).

*(v) State of loan records:*—(a) Loan ledgers were not maintained properly (6 districts). In many cases the entries were not attested nor were the ledgers reviewed by the Assistant Director of Industries, though this is required under the rules.

(b) The departmental figures of disbursements and repayments have not been reconciled at all with the treasury figures and the figures in the Audit Office with the result that the accuracy of the departmental figures cannot be vouchsafed (3 offices).

(c) Annual acceptance of balances of loans had not been obtained from the borrowers (4 offices).

(d) Payees' receipts in support of loans amounting to Rs. 5,450 paid in February 1963 and February 1964 in Bilaspur and Sagar districts were not shown to Audit.

#### DISTRICT WORKSHOP RUN BY INDUSTRIES DEPARTMENT

31. Three district workshops, set up during 1956-57 at Biora (Rajgarh district), Shujalpur (Shajapur district) and Neemuch (Mandsaur district), were closed down in March 1963 due to poor performance. There were no trainees during 1955-56, 1957-58, 1961-62 and 1962-63 in the workshop at Biora and during 1962-63 in the workshop at Shujalpur.



The total number of persons trained in the three workshops up to March 1963 was only 171 as against 525 expected to be trained.

In view of the poor performance of the workshops the bulk of the expenditure of more than Rs. 1.86 lakhs incurred on the establishment of these workshops was apparently infructuous.

The equipment costing more than Rs. 1.03 lakhs purchased for these institutions is also lying undisposed of.

Further particulars about these workshops are given below:—

Particulars	Remarks
Workshop at Biora (Rajgarh district)— Total number of persons trained 25	During 1955-56, 1957-58, 1961-62 and 1962-63 there were no trainees. The expenditure on staff during these years amounted to Rs. 0.29 lakh. Machinery costing Rs. 0.40 lakh has been reported (September 1964) to be lying undisposed of since April 1963.
Workshop at Shujalpur (Shajapur district).— Total number of persons trained 62	During 1962-63 there were no trainees and the expenditure on staff amounted to Rs. 0.11 lakh.
Workshop at Neemuch (Mandsaur district).— Total number of persons trained 84	The expenditure incurred up to May 1964 on staff retained after the closure of the workshop in March 1963 amounted to Rs. 0.10 lakh.

Another workshop at Raipur has not started functioning so far; but one storekeeper and two peons were appointed in 1958; the expenditure on their pay and allowances amounted to Rs. 0.15 lakh till December 1963. Equipment costing Rs. 0.58 lakh was purchased during 1957-59 also remained unutilised.

#### WOOD SEASONING PLANT, BHOPAL

32. The following particulars regarding the working of a wood seasoning plant in Bhopal which was commissioned for operation in March 1960 indicate that the plant has not been working economically:—

- (i) Cost of plant .. Rs. 0.43 lakh.
- (ii) Output .. .. 24,268 cft. in all for the four years ending with 1963-64, as against the capacity of 24,000 cft. per year.
- (iii) Expenditure for the four years ending with 1963-64. Rs. 79,000 (including Rs. 55,000 on establishment).
- (iv) Receipts during the same period. Rs. 35,000.

The charges levied for the wood (as fixed in September 1960) vary from 50 paise to Rs. 1.50 paise per cft.; these have not been revised so far (June 1964); but the actual cost of seasoning has been found to be Rs. 3.30 per cft. during the period 1960-61 to 1963-64.

No *pro forma* commercial accounts to assess the financial results of the working of the plant have been prepared as the plant has not been declared a commercial undertaking.

#### MODEL BLACKSMITHY WORKSHOP, JABALPUR

33. Machinery and equipment costing Rs. 0.44 lakh purchased between October 1957 and May 1959 for the Model Blacksmithy Workshop, Jabalpur, (which was to impart training to ten persons per annum in improved methods of blacksmithy) remained unutilised till April 1960 as electric power was not available. The workshop started functioning from the 20th April, 1960 but the staff had been employed since April 1958. The expenditure of Rs. 12,000 incurred till then on their pay and allowances was largely infructuous.



## SOAPSTONE TRAINING CENTRE, BHEDAGHAT

34. In February 1958 a training centre for imparting training in the production of artistic articles from soapstone was started at Bhedaghat (Jabalpur District). 10 persons were to be trained in the centre annually.

During the two years 1958-59 and 1959-60, only 11 persons in all were trained as there were no trainees thereafter, the centre was closed in January 1961. Two; members of the staff were, however, retained up to March 1963 and June 1963 and a supervisor is still being continued (June 1964). The expenditure of Rs. 11,000 (up to March 1964) incurred on the staff after the centre was closed was thus largely infructuous.

The Joint Director of Industries in his inspection report observed (February 1964) that ".....the centre had been closed down; but the staff was not retrenched and the supervisor is being paid for no work being done by him". It has been reported (June 1964) that the services of the supervisor are being retained "just to guide the local artisans".

## INFRUCTUOUS EXPENDITURE

35. Twenty training centres relating to Industries Department were closed due to poor response from trainees by Government during 1960-61 and 1961-62 in Vidisha and Jabalpur districts. Even after the closure of the centres the staff employed in these centres, were retained for periods ranging from one to four years; the expenditure of Rs. 0.65 lakh incurred on their pay and allowances was apparently infructuous.

## UNAUTHORISED DIVERSION OF STAFF

36. The staff sanctioned for certain training centres were utilised in the office of the Assistant Director of Industries, Jabalpur as clerks and peons, in addition to those employed against posts sanctioned by Government. Brief particulars are given below:—

Details of staff diverted	Period during which the services of staff were diverted.	Pay and allowances paid to such staff up to March 1964. (In lakhs of rupees)
(1) One cashier, one clerk and two peons sanctioned for carpentry centre, Jabalpur.	July 1959— April 1964.	0.21
(2) One cashier sanctioned for Model Blacksmithy Workshop, Jabalpur.	November 1962— April 1964.	0.02
(3) One clerk sanctioned for Model Pottery Centre, Jabalpur.	May 1962— April 1964.	0.02

The Assistant Director of Industries, Jabalpur stated in June 1964 that "all the staff of the training centres attached to the district office were sent back to their respective centres with effect from the 1st April, 1964".

LABOUR DEPARTMENT  
CRAFTSMEN TRAINING SCHEME

37. The object of the scheme is to give training facilities to craftsmen through the establishment of industrial training institute. The expenditure on the scheme is shared between the Central Government (60 per cent) and State Government (40 per cent). The following points have been noticed in this connection:—

(a) Delay in construction of buildings:—A total amount of Rs. 61.50 lakhs was advanced to the Madhya Pradesh Housing Board by the State Government during the period 1960-61 to 1962-63 for construction of



13 buildings for the institutes. No dates for the completion of the buildings were fixed; the Board has not rendered accounts for the amounts advanced and only two buildings had been handed over to the department so far (June 1964).

(b) *Idle Outlay*:—In six institutes the machinery purchased at a total cost of Rs. 2.39 lakhs remained unutilised for 2 to 5 years on account of—

- (i) non-availability of electric power and space for installation (Rs. 0.29 lakh—2 institutes),
- (ii) non-execution of repairs and non-availability of accessories (Rs. 1.25 lakhs—3 institutes),
- (iii) non-starting of trade—courses (Rs. 0.18 lakh—1 institute) and
- (iv) machinery being surplus (Rs. 0.67 lakh—1 institute).

The institute at Mandla for which machinery of the value of Rs. 1.53 lakhs was purchased between March 1963 and September 1963 has not yet started functioning (November 1964); it is expected to function from February 1965.

(c) *Stores and finished products*:—(i) Permissible limits for wastage of raw materials have not been prescribed. On the raw materials of the value of about Rs. 30,000 per annum issued in the institute at Khandwa, the wastage was stated to be 100 per cent.

(ii) According to the reports of the inspecting officers of the Directorate finished goods registers were not properly maintained nor were reserve limits of stores prescribed.

(d) *Arrears in realisation of dues*:—A candidate is required to repay part of the expenses of his training, if he were to leave the course in the middle. An amount of Rs. 27,312 for the period from August 1957 to March 1964 is awaiting recovery on this account in 4 institutes (September 1964). Information from 10 institutes is awaited (November 1964).

## PLANNING AND DEVELOPMENT DEPARTMENT

### IDLE INVESTMENT

38. An expenditure of Rs. 0.70 lakh was incurred during 1957-58 on repairs, renovation, etc., of 20 tanks in Kotma block (Shahdol district) to make them useful for irrigating 241 acres of land. No irrigation was, however, done (March 1963).

The Commissioner, Rewa Division stated in December 1963 that this objective 'could not materialise for want of further construction of sluice gates and causeways'. The position remains unchanged so far (August 1964); the entire expenditure of Rs. 0.70 lakh has remained unfruitful for over six years.

Government stated in January 1964 that 'they have no comments to offer in view of the position explained by the Commissioner, Rewa Division'.

### CONSTRUCTION OF AN IRRIGATION WORK IN BALOD BLOCK

39. In February 1958, under the orders of the Collector, Raipur District the Balod Block undertook the construction of a bund across a *nallah* (estimated cost Rs. 24,047) with the technical supervision of the Executive Engineer, Tandula Division. By June 1958 the expenditure incurred on the work amounted to Rs. 29,205. The work was transferred to the Irrigation Department in December 1962.

The total expenditure incurred on the work up to March 1964 amounted to Rs. 1.59 lakhs and the work is still in progress. (A revised estimate for Rs. 1.39 lakhs is under the consideration of Government).

7/60

Rs. lakh (80)  
1.13

Sept 1964  
(167/57)



The increase in the estimated cost of the work was stated to be mainly due to the alteration in the design of waste-weir and bund, provision of more protective works and certain repairs and modifications in the work already executed.

No scheduled date for completion of the work was fixed at any stage. Non-completion of the work has resulted in unnecessary locking up of Government funds to the extent of Rs. 1.59 lakhs and delay in accrual of the intended benefits.

*Extra expenditure:*—After his inspection in June 1962 and a further survey in February 1963, the Executive Engineer, Tandula Division pointed out the following defects in the work already carried out and suggested certain repairs and modifications:—

- (i) The spill channel was unsafe during the rains "as there was deep scour in the downstream floor of first fall",
- (ii) The bund constructed by the block was not according to standard design,
- (iii) The sluice gate was improperly fixed,
- (iv) The irrigation channel was wrongly oblique and,
- (v) The sluice channel required certain repairs due to certain technical defects in the construction.

The cost of repairs and modifications was estimated to be Rs. 30,721. An expenditure of Rs. 14,776 has so far (March 1964) been incurred on these repairs.

### REVENUE DEPARTMENT

#### SCHEME OF COLONISATION AND SETTLEMENT OF LANDLESS PERSONS

40. As part of the 'Scheme of colonisation and settlement of landless persons', small plots of land are allotted to the landless persons where the settlers find it possible to settle down with their own means. This scheme is implemented by the Collectors at the district level. According to the instructions issued by Government in October 1961, the Collectors should allot forest lands for this purpose, only if no suitable revenue land is available. Before allotting forest lands, the Collectors should consult the Divisional Forest Officers and find out whether such allotments can be made without any loss of forest wealth.

At the time of local audit of three forest divisions during January 1963 to August 1963, it was noticed that allotments of forest lands had been made without consulting the Forest Department, and this has resulted in loss of forest produce exceeding Rs. 3 lakhs. The details are given below:—

S.No.	Division	Period of allotment	Area allotted	Approximate loss of standing forest produce
(1)	(2)	(3)	(4)	(5)
				(In lakhs of rupees)
(i)	Guna ..	.. 1958-62 ..	10,372 bighas ..	3.08 ✓
(ii)	Shivpuri ..	.. 1958-62 ..	3,984 bighas ..	0.32
(iii)	West Bastar ..	.. 1961-62 ..	1,687 acres in Bijapur Tehsil.	Not assessed.

In regard to (i) and (ii) above, the Commissioner, Gwalior division stated in July 1964 that the forest land was allotted by Revenue Officers in "good faith as they had no knowledge of the Protected Forest" at the time the allotment was made. This was stated to be "due to the fact that neither a detailed list of survey

Place P-5 of  
Memo 9/11

Irrigation done?

P19?  
SP

3.85  
0.77  
3.08

0.40  
0.08  
0.32



numbers included in the Protected Forest was sent to Revenue Officers nor an *ad hoc* demarcation line was drawn up under the joint survey by the Forest and Revenue Officers. Consequently the area of Protected Forest could not be recorded in the Patwari papers and it remained recorded as culturable waste".

Regarding (iii) above, the Collector, Bastar stated in December 1963 that, although the Revenue Officers had virtually no legal authority to allot the lands this was done as "lands were not available with the Revenue Department and the demand for land for cultivation was acute and if lands were not allotted and officers waited for procedural red tapism, great dissatisfaction would have been created and Government put to embarrassing position".

Government's remarks on the case are awaited (September 1964).

### SOCIAL WELFARE DEPARTMENT

#### INFRACTUOUS EXPENDITURE

41. (a) Four centres for providing temporary shelter to women rescued from moral danger set up during 1959-60 have not yet functioned at all; but the centres have not been closed and the staff continues to be employed; an expenditure of Rs. 8,000 has been incurred on the pay and allowances of the staff up to the end of 1963-64.

(b) A State Home at Rewa for women discharged from correctional institutions, set up in May 1961, was closed down in December 1962, as "no women from prison sought after-care".

The expenditure on staff and contingencies up to the date of the closure of the centre amounted to Rs. 9,300.

#### DIVISIONAL WORKSHOP, BHOPAL

42. A workshop was established at Bhopal in July 1962 for repairing radiosets and audio-visual equipment distributed under the Community Listening Scheme. During the period July 1962 to March 1964, the expenditure on staff amounted to Rs. 13,000 and that on the purchase of equipment and stores to Rs. 10,000. The cost of spare parts used in repairs to 76 radio sets and 32 other items of audio-visual equipment was Rs. 2,897 of which an amount of Rs. 969 ~~was still to be recovered (December 1964).~~ XX

#### IRREGULAR DISMISSAL, RETRENCHMENT OR SUSPENSION FROM GOVERNMENT SERVICE

43. A sum of Rs. 0.65 lakh was paid during October 1951 to October 1963 on account of pay and allowances to 5 officials for the periods they did not perform any duties, as they remained under suspension or had been retrenched or dismissed from service. The periods ranged from 3 to 6 years in 4 of these cases. The suspension/retrenchment/dismissal of these officials was eventually found irregular by a law court in one case and by the departmental appellate authorities in other cases, and the officials were reinstated in service.

The particulars of these cases are given in Appendix 4 (Pages 96).

#### MISCELLANEOUS IRREGULARITIES, LOSSES, ETC.

44. Cases of miscellaneous irregularities involving a total amount of Rs. 8.15 lakhs are given in Appendix 5 (Pages 97-98).

#### WRITES OFF OF LOSSES.

45. During the year 1963-64 losses totalling Rs. 4.12 lakhs in 163 cases were written off by competent authorities; the loss written off exceeded Rs. 5,000 in each of the 20 cases mentioned in Appendix 6 (Page 99).

Xx  
was awaiting recovery at the end of December 1964. As regards labour and supervision charges, no recoveries have been made; Government have stated (February 1965) that "the value of services, which are rendered free, for repairing these items, would amount to Rs. 10,000 approximately."



## MISAPPROPRIATIONS

46. 304 cases of misappropriation of Government money involving Rs. 12.49 lakhs as detailed below were pending final action on the 31st March, 1964.

	No. of cases	Amount (In lakhs of rupees)
Cases outstanding on the 31st March, 1963 ..	275	9.97
Cases reported during the period from 1st April, 1963 to 31st March, 1964.	72	3.33
Cases closed during the above period. (Supervisory officers were punished in 13 cases. In 29 cases amounts totalling Rs. 25,683 were recovered; a sum of Rs. 55,424 was written off in 18 cases).	.. 43	0.81
Cases outstanding on the 31st March, 1964 ..	304	12.49

The departmentwise analysis of the pending cases is given in Appendix 7 (pages 100-101). 92 of these cases (Rs. 4.13 lakhs) were reported more than 5 years ago.

Out of the 304 cases outstanding on the 31st March, 1964, in 69 cases involving Rs. 3.59 lakhs departmental action/criminal proceedings have been completed, but the recovery/write off of the amount is still pending. The present position of disposal of the remaining 235 cases (Rs. 8.90 lakhs) is indicated below:—

	No. of cases	Amount (In lakhs of rupees)
(i) Cases in which departmental proceedings have not been initiated.	17	1.49
(ii) Cases in which departmental proceedings have been initiated but not finalised.	152	4.44
(iii) Cases in which Police investigations are pending.	29	1.29
(iv) Cases which are subjudice .. .. .	37	1.68
Total ..	235	8.90



## CHAPTER IV

### WORKS EXPENDITURE

#### DETAILED/REVISED ESTIMATES

47. According to the rules, no expenditure should be incurred before detailed estimates are sanctioned, except in urgent cases. Further, if the expenditure exceeds or is likely to exceed the amount of original estimate by more than 5 per cent, a revised estimate should be sanctioned before incurring further expenditure.

Expenditure amounting to Rs. 18.21 crores was incurred up to the 31st March, 1964 on 63 works estimated to cost Rs. 10 lakhs or more each, without sanctioned detailed estimates. Departmentwise details are given in Appendix 8 (Page 102). These include Dudhawa Tank Project (Rs. 226 lakhs), Surhi Tank Project (Rs. 59 lakhs), Keshwa Nala Project (Rs. 45 lakhs) and Nahlesara Tank Project (Rs. 80 lakhs) mentioned in Para 1, page 28 of the Audit Report, 1962.

Similarly on 23 works (each estimated to cost Rs. 10 lakhs or more) an expenditure of Rs. 9.63 crores was incurred up to March 1964 in excess of 5 per cent of the sanctioned estimates and such excess has been awaiting regularisation since 1961-62 and earlier years in several cases. Departmentwise details are given in Appendix 8 (Page 102).

The Public Accounts Committee in their Sixth Report (March 1964) urged that "whatever steps are considered necessary may be taken without further delay so that at least in future works are not commenced without prior sanction of the detailed estimates and revised estimates are got sanctioned as soon as there is likelihood of excess in expenditure by more than 5 per cent".

#### TAWA MULTIPURPOSE PROJECT

48. The project was administratively sanctioned by Government in December 1960 for Rs. 27.10 crores. The detailed estimates have not been sanctioned so far; nevertheless, expenditure amounting to Rs. 2.33 crores has been incurred on the following items up to March 1964 :—

(In crores of rupees)

Works .. .. .	0.18
Buildings .. .. .	0.43
Communications .. .. .	0.26
Tools and Plant—New Supply .. .. .	0.44
Establishment .. .. .	0.22
Other items .. .. .	0.80
Total	2.33

The detailed estimates submitted by the Superintending Engineer to the Chief Engineer in June 1964 indicate that the project would cost Rs. 48.05 crores, i.e., about Rs. 20 crores more than the amount for which the project was administratively sanctioned by Government. The increase in the cost is attributed to increase in the length of the masonry dam (from 1130 feet to 1512 feet) and construction of an additional power house. Despite this increase of about 77.3 per



cent in the estimated cost no significant increase in the expected physical targets is contemplated, as indicated below:—

				Original target	Revised target
Irrigation	..	..	..	7.5 lakh acres	7.7 lakh acres
Power	..	..	..	20,000 K.W.	21,000 K.W.

The project is expected to be completed by 1974 as against the originally stipulated year 1969-70. According to the Chief Engineer, Major Projects, the work on the project was slowed down in 1962-63 "due to paucity of funds following the declaration of National Emergency".

(ii) *Loss on construction of submersible bridge*:—The construction of a submersible bridge over the Tawa river was entrusted to the National Projects Construction Corporation Ltd. at an estimated cost of Rs. 6.52 lakhs. The work was commenced in November 1960. During the floods in September 1961, 8 reinforced concrete wells, sunk for foundation of the piers, were damaged. According to the Executive Engineer, Tawa Division No. I, had the wells been taken up to safe levels as directed by the Superintending Engineer in June 1961, the damage could have been avoided or minimised. The loss is estimated at Rs. 37,197. The responsibility for the loss has not so far been fixed (December 1964).

(iii) *Idle Outlay*:—Two shovels costing Rs. 13.60 lakhs purchased in January-May 1963 are lying idle since their purchase. One of the shovels was sent to the Hasdeo Project, Korba and is lying idle there since then.

Besides the idle outlay of Rs. 13.60 lakhs on the purchase of the shovels, an avoidable expenditure of Rs. 15,112 on transportation charges of the shovel from Itarsi to Korba was also incurred. The Superintending Engineer, Hasdeo Project stated in May 1964 that the shovel was not required for that project. The Chief Engineer, Major Projects has sought the sanction of State Government for bringing it back to Tawanagar (September 1964).

(b) A bulldozer costing Rs. 1 lakh has not been used since May 1963 for want of spare parts.

(iv) *Non-recovery of rent*:—241 quarters were built at the project site to end of March 1964. The majority of these quarters is occupied by the project staff. No rent is being recovered from them, as the question of grant of rent-free accommodation to the project staff is stated to be under the consideration of Government.

No rent is also being recovered from the staff of Survey and Investigation Circle (Non-Project Staff) who are in occupation of some of these quarters. The arrears of rent recoverable on this account were Rs. 8,206 to end of August 1964. A sum of Rs. 1,325 is also recoverable from the National Projects Construction Corporation.

#### CHAMBAL MULTIPURPOSE PROJECT

49. Stage I of the Chambal Multipurpose Project comprises of the Gandhi Sagar Dam, Power Station and appurtenant works and canals, distributaries and minors. The power sector was completed and handed over to the Madhya Pradesh Electricity Board in April 1961. The work on the irrigation portion is in progress.

The expenditure on the irrigation portion of the project to the end of March 1964 was Rs. 29.64 crores against the latest sanctioned estimate of Rs. 31.34 crores.



The target for irrigation, the actual potential created and the actual area irrigated are indicated below :—

Year	Target according to the revised Project Report, 1958	Actual potential created	Target fixed by the department	Area actually irrigated
		(In acres)		
1960-61 ..	1,00,000 ✓	Nil	Nil	Nil
1961-62 ..	1,50,000 ✓	20,000	4,300	5,186
1962-63 ..	2,50,000 ✓	86,000	11,605	10,424
1963-64 ..	3,25,000 ✓	96,435	31,700	17,312

The shortfall in the creation of the irrigation potential was attributed to delay in completion of earthwork on canals owing to —

- (i) non-availability of labour in sufficient numbers,
- (ii) unwillingness of pieceworkers to take up the works, and
- (iii) poor response to tenders for works.

Against the target of 85 miles of upper main canal to be completed and handed over to the Irrigation Department by March 1964, only 40 miles have been completed and handed over (October 1964).

The shortfall in utilisation of the irrigation potential actually created was stated to be due to—

- (i) unanticipated closures of the canals in Rajasthan territory,
- (ii) non-stabilisation of the canal and branches and leakages therein, and
- (iii) unwillingness of cultivators to take water from the canals for irrigation.

The expenditure on the maintenance of the dam and canals during the four years mentioned above amounted to Rs. 3.93 lakhs.

The total revenue assessed during the period 1961-64 was Rs. 1.26 lakhs against Rs. 19.35 lakhs anticipated in the Project Report.

#### BARNA PROJECT

50. The construction of the Barna Project (estimated cost Rs. 5.56 crores) was commenced in October 1960. After incurring an expenditure of Rs. 1.28 lakhs on the earthen dam, the department encountered (December 1961) certain difficulties in proceeding with the work at the original site according to the designs approved by the Central Water and Power Commission; the difficulties were attributed to the unsuitability of the site for foundation. After extensive core-drilling in adjacent areas and further consultations with the Geological Survey of India and the Central Water and Power Commission, it was decided, in January 1964, to have a masonry dam (instead of the earthen dam) about 225 feet downstream of the original site. The design of the dam has, however, not so far been finalised (December 1964). Dec 1964

Although doubts about the suitability of the original site for the dam had been raised as early as in December 1961 and alternative sites were being explored, the construction of the appurtenant works of the earthen dam at the original site was not stopped; an expenditure of Rs. 6.38 lakhs was incurred on the work after that date.

Loss of land revenue:—5,745 acres of land coming under submergence on construction of the dam were acquired up to March 1963 at a cost of Rs. 7.47 lakhs. Out of this area, 1,596 acres (cost Rs. 5.89 lakhs) are stated to be cultivable lands. In May 1963, the Superintending Engineer, Hoshangabad Irrigation Circle stated



that it would take at least 5 years for completion of the project and proposed that the land-holders, from whom the agricultural lands had been acquired, might be permitted to continue cultivation on payment of land revenue till the completion of the project. Pending decision on this proposal, these lands are lying fallow resulting in loss of land revenue (approximate amount Rs. 5,000 per annum).

#### BAISA WEIR SCHEME

51. The construction of the Baisa Weir across the Behar *nalla* in Rewa district, intended to irrigate an area of 2934 acres of *khari* and 1936 acres of *rabi* crops, was taken up in 1954. Although the expenditure incurred up to August 1964, amounted to Rs. 8.11 lakhs as against the sanctioned estimate of Rs. 5.87 lakhs the work has not been completed; the work was expected to be completed in 1958, but only the headworks and right bank canal were completed in 1957 and 1958 but work on the left bank canal is still in progress (December 1964).

During inspection in October 1960, the Deputy Chief Engineer observed that (i) the weir was not properly designed to stand the maximum flood discharge, and (ii) the sluice gates in two tiers were not moving quickly to reduce obstruction of incoming floods. The defects have not been rectified so far nor has any responsibility been fixed for defective designs (August 1964).

The flanks of the weir were washed away by floods in August 1962. The loss was estimated at Rs. 15,000. The damaged portion has not yet been restored pending decision on certain revised proposals submitted to the Chief Engineer by the Superintending Engineer in pursuance of the observations of the Deputy Chief Engineer mentioned above.

During 1961-62, 179 acres of land were being irrigated. Since August 1962 no irrigation is being done as repairs to the breached portion have not been carried out. The expenditure of Rs. 8.11 lakhs incurred on the work thus remains unfruitful (August 1964).

#### KHARADI TANK PROJECT

##### 52. (a) Cost of construction—

(In lakhs of rupees)

Original estimate (1953) .. .. .	12.60
Revised estimate (1955) .. .. .	24.87
Proposed Revision (1964) .. .. .	34.00
Actual expenditure (up to July 1964) (work in progress) .. .. .	27.43

The increase in the estimated cost of the project is stated to be due to—

- (i) increase in the cost of material and labour, and
- (ii) changes in designs.

##### (b) Target of Irrigation—

	Acres
Original (1953) .. .. .	3,940
Revised (1955) .. .. .	9,000
Proposed Revision (1964) .. .. .	9,500

##### (c) Estimated return after providing for interest charges—

Percentage

Original estimate (1953) .. .. .	..
Revised estimate (1955) .. .. .	2.83
Proposed revision (1964) .. .. .	..

The work on the project was commenced in June 1954; it was scheduled for completion in June 1960. But the headworks were completed only in June 1962 and the canals are expected to be completed by June 1965. The delay in the completion of the project was attributed to—

- (i) non-finalisation of the alignment of the bund, canals, etc., and
- (ii) damage to the project due to heavy rains in September 1961.



*Defective measurement of earthwork:*—During the local audit in May 1963 it was noticed that as against the estimated quantity of 29.55 lakh cft. of earthwork for "heating and casing", the work executed was shown as 63.70 lakh cft. on the Register of Works. The payment on account of the excess earthwork (34.15 lakh cft.) amounted to Rs. 1.89 lakhs. In November 1963 the Executive Engineer, Irrigation Construction Division, Balaghat stated that the "work was measured as per borrow pits and the quantity was not checked by cross section measurements of the finished work. No investigation for this excess can be made at this stage, as no pertinent records are available".

The matter was reported to the Chief Engineer, Irrigation in June 1963 and Government in September 1964.

STATE CAPITAL PROJECT

53. (a) *Defective construction*

The construction of 119 bungalows for officers under the Capital Project Scheme at Bhopal was completed by four contractors between May and July, 1959 at a cost of Rs. 39 lakhs. The final bills were paid in October 1959 in one case and in March 1960 in the other cases on the basis of the certificates of completion of work furnished by the Sub-Divisional Officers; the security deposits were also partly refunded by June 1960.

In September 1960, the Executive Engineer, Construction Division II, Bhopal pointed out the following defects in the buildings:—

- (i) leakages of the roof due to poor waterproofing and bad coursed rubble masonry,
- (ii) use of sub-standard lime and lime mortar,
- (iii) sub-standard plumbing, and
- (iv) poor workmanship in stone masonry resulting in unusually wide joints.

An expenditure of Rs. 44,932 was incurred in 1960-61 by the department for the rectification of these defects.

In February 1962, Government directed the Commissioner for Departmental Enquiries to enquire into the alleged neglect of duties by five officers (one Superintending Engineer, one Executive Engineer and three Sub-Divisional Officers). The Superintending Engineer has since been exonerated of the charges. The findings against the other officers are awaited; action has not yet been initiated against the subordinates who were in charge of the works (June 1964).

(b) *Infructuous Expenditure*

The construction of 1250 quarters (estimated cost Rs. 167.40 lakhs) in T.T. Nagar, Bhopal (divided into six groups) was entrusted in May 1960 to the three construction divisions in Bhopal, each division taking up two groups. While the work was in progress, instructions were issued by the Chief Engineer in January 1961 that the reinforced cement concrete roofing should be made waterproof by providing brickbat *coba*. These instructions were not complied with by construction divisions Nos. II and III; in the work executed by these two divisions, the roofing was made waterproof by  $\frac{1}{2}$ " cement plaster. This came to the notice of the Chief Engineer in July 1961 and he ordered in October 1961 that brickbat *coba* also should be provided in the construction, where cement plastering had already been done. The expenditure of Rs. 68,857 already incurred for cement plastering over the roof in these cases thus became infructuous.

The case was reported to Government in August 1963 and their reply is awaited (September 1964).

(Addition & Correction)



## BRIDGE OVER THE BAIRMA RIVER

54. A contract for the construction of a bridge over the Bairma river was awarded by the Government to a firm in March 1962 for a lump sum amount of Rs. 9.17 lakhs. In November 1962 about five months after the Executive Engineer, Buildings and Roads Division, Sagar had issued the order to commence the work, the Chief Engineer advised to the firm that the bed slope to be adopted for the design should be 1 in 550 instead of 1 in 1000 as indicated in the tender specification. The firm claimed an extra payment of about Rs. 3.14 lakhs due to the revision of data and designs. Before the approval of Government for the revised designs and the extra claims was accorded, the Deputy Chief Engineer (Roads) ordered in July 1963, extra payment of (i) 30 per cent of the amount payable for foundation, and (ii) 24 per cent of the amount payable for piers.

Extra payments on this account to the extent of Rs. 1.54 lakhs were made till January 1964.

Meanwhile, in October 1963 the Deputy Chief Engineer (East) had observed after inspection of the work that the extra payments would not be required to be made as in actual execution some of the piers had not gone to the designed depth. These observations were not brought to the notice of Government, and they accorded sanction in January 1964 for the extra payments amounting to Rs. 1.82 lakhs.

The Chief Engineer has ordered in April 1964 that in view of the observations of the Deputy Chief Engineer (East) the matter should be examined in detail by the Superintending Engineer, Jabalpur Circle.

The responsibility for furnishing defective data initially is yet to be fixed (October 1964), although Government has issued orders in March 1963 that this should be done.

## BRIDGE OVER THE NARMADA RIVER AT RAJGHAT

55. In September 1959, the State Government accepted the offer of a firm for construction of a bridge over the Narmada river at Rajghat on a lump sum contract of Rs. 25.00 lakhs. The firm commenced the work in January 1960, without executing an agreement; the agreement has not been finalised so far (October 1964). In the absence of an agreement, the payment of Rs. 29.06 lakhs made to the contractor to end of December 1963 could not be admitted in Audit; some of the additional payments which are not covered even by the terms of the original offer of the firm are detailed below :—

Particulars	Amount (In lakhs of rupees)
(i) During the floods in September 1961, 4 piers toppled and had to be reconstructed. Government held the firm responsible for the loss and recovered (January 1962) Rs. 0.84 lakh; the amount was, however, refunded to the firm in January 1963 under the orders of the Deputy Chief Engineer without reference to Government.	0.84
(ii) Payments for reconstruction of the fallen piers mentioned in (i) above	0.85
(iii) Payments for extra work done for taking the foundations of piers deeper than the designed level at the rates demanded by the firm.	0.99
(iv) Additional payments for rock cutting below 2 feet rock in item (iii) above sanctioned by the Deputy Chief Engineer in January 1963.	1.05

The case was reported to Government in March 1964 and their reply is awaited (December 1964).

## TIKAMGARH WATER SUPPLY SCHEME

56. A scheme for the supply of protected water to Tikamgarh town was sanctioned by Government in December 1960 for Rs. 8.70 lakhs. The water was to



be pumped from a well called 'Mahendra Kup' and two other wells to be dug in Pratap Sagar Tank. The total quantity of water available from all these three wells was estimated to be about 5 lakh gallons per day which would be sufficient for a population of 25,000. ✓

As against the estimate of Rs. 8.70 lakhs, an expenditure of Rs. 7.31 lakhs has been incurred on the scheme to end of March 1964. The total yield of water from the three wells is stated to be 0.50 lakh gallons as against the estimated quantity of 3.50 lakhs gallons per day. Alternate sources of water are being investigated (December 1964). *we*

AVOIDABLE EXPENDITURE RESULTING FROM NON-OBSERVANCE OF THE  
PRESCRIBED PROCEDURE IN DEALING WITH TENDERS

*Delay in completion of essential preliminaries*

57. (a) The Medical College Project, Jabalpur was approved by Government in March 1956; the estimate of the work 'Construction of hospital building' included in the project was, however, not prepared before the tenders for this work were invited by the Executive Engineer, Construction Division II, Jabalpur in October 1960. The lowest of the four tenders received was 3.9 per cent above the schedule of rates. The tenders were rejected by the Government in February 1961 stating that "the tenders may be recalled after the estimates and drawings are prepared and sanctioned by the competent authority". These orders were not complied with and a second call of tenders was made in October 1961 again, without getting the detailed estimates sanctioned. The lowest rate received this time was 7.86 per cent above the schedule of rates. The tender was again rejected by the Government in March 1962 stating that "the work should be taken up only when all formalities have been fulfilled." *Sanction 24/10/61 5/8/62*

Tenders were invited for the third time in May 1962 again without preparation of the detailed estimates. The lowest rate received was 19.1 per cent above the schedule of rates. Government, after negotiations, awarded the work in September 1962 to a firm (who had quoted the lowest rate of 7.86 per cent above the schedule of rates in response to the second call) at 14.88 per cent above the schedule of rates, with the probable amount of contract assessed at Rs. 29 lakhs. *5/8/62*

The extra expenditure computed with reference to the lowest tender received on the first occasion amounted to about Rs. 1.98 lakhs. *1/10/62*

The detailed estimates have not so far been sanctioned (June 1964). The case was reported to Government in December 1962; their reply is still awaited (December 1964). *1/10/62*

(b) In October 1959, Government accorded administrative approval for the construction of quarters for Police personnel at Raipur at a cost of Rs. 6.81 lakhs. According to the special provisions in the rules, Government ordered in December 1959 the commencement of the work in anticipation of sanction to detailed estimates. In August 1960, the Executive Engineer, Buildings and Roads Division, Raipur called for tenders for the building portion of the work estimated to cost Rs. 5.31 lakhs, the last date of tender being fixed as the 22nd December, 1960; 13 tenders were received, the lowest being 18.91 per cent below the schedule of rates. On the 17th December, 1960 the Chief Engineer, Buildings and Roads sent a telegram to the lowest tenderer to keep his offer open for a further period of two months. The lowest tenderer declined to do so. *1/10/62*

Tenders were called for the second time in July 1961. Ten tenders were received and in September 1961 the Chief Engineer recommended to Government the acceptance of the lowest tender at 13.32 per cent below the schedule of rates. In October 1961 Government rejected the offer stating that "the estimates for the work should be sanctioned immediately and with a view to bringing down the rates, negotiations may be made" *1/10/62*



The work was awarded in October 1962 at the negotiated rate of 10 per cent below the schedule of rates to a tenderer who had on the first occasion tendered at 15.44 per cent below the schedule of rates. The detailed estimates for the work have not so far been sanctioned by the Chief Engineer (June 1964). Had the work been awarded to the lowest tenderer on the first occasion a saving of about Rs. 0.47 lakh would have accrued to Government.

The case was reported to Government in June 1963 and their final reply is awaited (December 1964).

*Delay in acceptance* (P)

58. (a) Tenders for the construction of residential quarters for the Madhya Pradesh Agricultural Research Institute, Jabalpur received in two groups by the Executive Engineer, Construction Division II, Jabalpur on the 22nd November, 1962 were submitted to the Superintending Engineer, Jabalpur on the 28th November, 1962 and by the latter to the Chief Engineer on the 5th December, 1962. The lowest tender in one group was accepted by the Chief Engineer on the 16th March, 1963 and the acceptance was communicated on the 20th March, 1963; the second lowest in another group was recommended to Government for acceptance on the same date and it was accepted by them in April 1963. Before the communication of the acceptance, the tenderer in both the cases withdrew his offers on the 18th March, 1963.

The work has been taken up departmentally; according to the revised schedule of rates which came into force from the 1st April, 1963, the cost of the work is estimated at Rs. 5.95 lakhs as against Rs. 5.70 lakhs for which the work could have been entrusted to the approved tenderer referred to above.

Government ordered in April 1963 that "the responsibility should be fixed for abnormal delay in submitting the tenders to Government".

(b) Tenders for the construction of a submersible bridge across Ghatoinalla in Dalora-Chandrapur Road were received in Buildings and Roads Division, Raigarh on the 11th September, 1959. The Superintending Engineer, Bilaspur Circle recommended on the 2nd January, 1960 acceptance of the tender quoted at schedule of rates (contract value Rs. 45,282). As the acceptance of the tender by the Chief Engineer was not communicated even after more than one and half years, the contractor withdrew his offer in October 1961. Fresh tenders were invited in February 1963 and the work was let out at 12 per cent above the revised schedule of rates (contract value Rs. 65,240) in February 1963. The delay in the finalisation of the original tenders received in September 1959 thus resulted in an extra expenditure of Rs. 19,958.

The case was reported to Government in May 1964; their remarks are awaited (October 1964).

*Irregular stoppage of work*

59. The construction of a hostel for the multipurpose higher secondary school at Sarangarh (estimate Rs. 2,41,300) was entrusted in 1956-57 to a contractor at 16.5 per cent below the then schedule of rates. When the building had reached plinth level and an expenditure of Rs. 31,042 had been incurred, the work was stopped in February 1957 under the verbal order of the Superintending Engineer, Bilaspur Circle. It was intimated in September 1962 by the Superintending Engineer, Bilaspur Circle that "no written orders were issued either by the then Superintending Engineer or the Executive Engineer to stop the work which was completed up to plinth level. The circumstances under which the work was ordered to be stopped cannot be elucidated further".

Tenders were called for again in April 1963 for completing the remaining portion of the work and the tender of the same contractor at 2.5 per cent above



the revised schedule of rates was accepted in May 1963. This has resulted in an extra expenditure of about Rs. 33,434 to Government.

The case was reported to Government in May 1961, their final reply is still awaited (December 1964).

#### *Extra Expenditure*

60. In 1962, the Executive Engineer, Barna Construction Division, Bari invited tenders for the construction of (a) twenty "H" type quarters (estimated cost Rs. 1,18,000) and (b) six "G" type and twelve "I" type quarters (estimated cost Rs. 75,000).

The lowest tenders for both the works (which were 6.97 per cent above the schedule of rates) were received from the same tenderer and were rejected on the ground that the tenderer was 'poor in resources and working capacity'. The rates offered by the second lowest tenderers were 7.50 per cent and 7.90 per cent respectively above the schedule of rates. These were also not accepted on the ground that the Executive Engineer had unauthorisedly entered into negotiations with them and that "once negotiations have been carried out with the party there is no sanctity left in calling for tenders". (During these negotiations both of them had agreed to accept the work at the rates quoted by the lowest tenderer).

Fresh tenders were, therefore, called in November 1962 and the lowest tenders at 17.25 per cent above the schedule of rates were accepted in both the cases. The extra expenditure amounted to more than Rs. 18,000 to Government computed with reference to the rates tendered on the earlier occasion by the second lowest tenderers whose tenders could have been accepted but for the unauthorised negotiations by the Executive Engineer.

The matter was reported to the Government in May 1963.

#### EXCESS PAYMENTS

61. (i) Separate "Schedules of Rates" have been prescribed for different Public Works Circles in the State. Payments for 'collection of picked up boulders including  $\frac{1}{4}$  mile lead' in the Chandrakeshar Project (Indore Circle) were, however, made (during the period from May 1961 to August 1961) at a rate of Rs. 13.75 per 100 cft. which was applicable to Rewa Circle instead of the correct rate of Rs. 6.75 per 100 cft. applicable to the Indore Circle; the excess payments amounted to Rs. 13,574. The Superintending Engineer accepted the excess payments but ordered in June 1963 that "all boulder collection which has already been paid for or got done at the higher rate should be treated as paid finally and no recovery need be ordered".

The case was reported to the Chief Engineer, Irrigation in March 1963 and to Government in March 1964; the responsibility for the excess payments has not been fixed so far (December 1964).

(ii) A recovery of an excess payment of Rs. 14,032 ordered at the instance of Audit, by the Chief Engineer in June 1961 could not be made in the circumstances indicated below:—

The tender notice for the construction of Shivgarh-Bajana road (Buildings and Roads Division, Ratlam), issued in February 1955 provided that the rates for consolidation included lead for water and that no extra rate for the same would be paid for. Nevertheless, payment for lead for water to the extent of



Rs. 14,032 was made to the contractor under the orders of the Superintending Engineer, Circle No. II, Ujjain issued in October 1956. This was objected to in local audit of the division in December 1957 and reported to the Chief Engineer, Buildings and Roads in February 1958.

In June 1961, the Chief Engineer stated that "the extra lead of water should not have been paid to the contractor in view of the provision in the tender notice and in the agreement" and ordered recovery of the amount. The amount has not been recovered so far (August 1964).

Subsequently, in April 1964, the Chief Engineer referred the matter to Government, as the case was reported by the Superintending Engineer, Ujjain Circle as time-barred. The Government pleader to whom the case was referred opined that "ours is not a sound case as payment to the contractor has been made under order of competent authority (*i.e.*) Superintending Engineer".

The responsibility for the excess payment has not been fixed so far (December 1964).

(iii) In connection with the execution of the work "construction of buildings for Government offices at Jashpur" payments to the extent of Rs. 3,05,426 were made to the contractor up to January 1955. The bulk of the security deposits was refunded to him in June—July 1955, although under the rules this can be done only after the payment of the final bill. When the accounts of the work were finalised in July 1963, it was noticed that the total value of the work done by the contractor was Rs. 2,92,384 only. An amount of Rs. 20,731 was also found outstanding for recovery from him on account of cost of materials issued, fine imposed and other recoveries. After adjusting Rs. 8,849 against the security deposit available with the department, the net amount recoverable from the contractor was Rs. 24,924.

The Executive Engineer, Buildings and Roads Division, Raigarh stated in June 1964 that the Sub-Divisional Officer and the then subordinate in charge of the work were responsible for the excess payments and that the then Executive Engineer had wrongly refunded the security deposit.

The case was reported to Government in March 1964; their reply is awaited (September 1964).

#### UNFRUITFUL EXPENDITURE

62. In the following cases, expenditure amounting to Rs. 41.59 lakhs incurred during April 1952—August 1964 has remained unfruitful over a period of 4 to 12 years, as the works were suspended for reasons such as dispute with a contractor, delay in sanction of revised estimates, difficulty in land acquisition and non-finalisation of designs.

Particulars of the work and expenditure incurred	Remarks
(i) Bhaishwar Project (Satna District)— Rs. 3.17 lakhs incurred during December 1958-August 1964.	The work remains suspended since June 1961 owing to non-finalisation of the revised estimates. On a detailed survey by the department, it was found in 1961 that the project would cost Rs. 30 lakhs for irrigating 6,400 acres of land as against the sanctioned amount of Rs. 12.92 lakhs for irrigating 3,600 acres of land. The revised estimate for Rs. 47.72 lakhs due to raising of the full tank level by 10 feet and increasing irrigation potential to 7,000 acres proposed by the Executive Engineer, Irrigation Division, Satna in September 1961 is under consideration of the department.



Particulars of the work and expenditure incurred	Remarks
(ii) Gopalpura tank— Rs. 7.20 lakhs incurred during April 1952-August 1964.	The work remains suspended since October 1955 as certain points of disputes with the contractor are awaiting settlement. The work (estimated to cost Rs. 7.64 lakhs) was let out to a contractor in April 1952 to be completed in two years. The contractor did not complete the work, and, while the work was in progress, the tank breached in October 1955; the damage was assessed by the Chief Engineer at Rs. 1.35 lakhs.  After necessary enquiry and investigation, the Chief Engineer proposed (January 1960) to fore-close the contract and recover the cost of repairing the breach from the contractor. In October 1960, Government ordered that a negotiated settlement should be made with the contractor. According to the report of the Chief Engineer (Irrigation) sent to Government in July 1964, the contractor had filed a civil suit against Government.
(iii) Pick-up weir across the river Jamner— Rs. 1.43 lakhs incurred during April 1956- May 1958.	The irrigation channels have not been constructed. The delay in taking up the construction of the channel is stated to be due to difficulty in land acquisition. ✓
(iv) High level bridge over the Narmada river at Hoshangabad— Rs. 29.79 lakhs incurred during February 1960-May 1962.	The piers of the bridge were completed by May 1962 and thereafter the work is reported to be "at a standstill for want of finalisation of designs and settlement of claims."

## INFRACTUOUS EXPENDITURE

63. In the following three cases the alignments of roads were changed after the work on the approved alignment had been started; the expenditure of Rs. 48,816 incurred in these cases, on portions of work abandoned during September 1960 to April 1962 proved infructuous:—

S.No.	Name of the road, its estimated cost and the year of commencement of the work	Amount of infructuous expenditure. Rs.	Remarks
(i)	Pon Ira-Chirimiri Road, Ambikapur division— Estimated cost Rs. 12.98 lakhs. Work commenced in September 1956.	21,000	The original alignment was changed in November 1961 as it passed through colliery areas. ✓
(ii)	Lanji-Saletkri Road, Balaghat division— Estimated cost Rs. 1.48 lakhs. Work commenced in April 1960.	8,038	The work was started in April 1960. In September 1960, the Chief Engineer inspected the work and ordered certain changes in alignment to avoid two crossings on the Sone river. The expenditure incurred on the portion of the road between the two crossings became infructuous. ✓
(iii)	Jaraura-Sumaoli Road, Morena division— Estimated cost Rs. 7.22 lakhs. Work commenced in August 1959.	19,778	In October 1962, the Superintending Engineer, Gwalior Circle approved a change in alignment to avoid acquisition of cultivated land, reduction of the number of crossings and rock cuttings met with in the old alignment. ✓

In all these cases, the approval of the Government for the revised alignments has not so far been taken, although this is required under rules.

The cases were reported to Government and Chief Engineer, Buildings and Roads during March-July 1964. Their replies are awaited (December 1964).

11-10-64



## IDLE INVESTMENT ON BUILDING

64. In March 1960, Government purchased for Rs. 80,000 a private building constructed in 1948 at Dongargarh (Durg District) with the object of starting a hostel. The building has not been utilised so far (October 1964) in the absence of (i) Government sanction to start a hostel at Dongargarh and (ii) execution of certain additions and alterations (estimate Rs. 17,000) proposed (June 1962) by the Superintending Engineer, Raipur Circle.

The case was reported to Government in April 1961, but their reply is still awaited (December 1964).

## WRITES OFF OF LOSSES

65. In 69 cases, losses amounting to Rs. 2.40 lakhs were written off by competent authorities during 1963-64; the loss written off exceeded Rs. 5,000 in each of the 6 cases mentioned in Appendix 9 (page 103).



**CHAPTER V**  
**STORES AND STOCK ACCOUNTS**  
**SYNOPSIS OF IMPORTANT ACCOUNTS**

66. A synopsis of the important Stores and Stock Accounts (excluding those relating to Government commercial and quasi-commercial departments/undertakings is given below:—

S. No.	Department	Description of stores	Opening balance (as on the 1st April, 1963)	Receipts (during 1963-64)	Issues (during 1963-64)	Closing balance (as on the 31st March, 1964)
<i>(In lakhs of rupees)</i>						
<b>A—Works Departments</b>						
1.	Public Works—Buildings and Roads.	Building materials, painter's stores, fuel, timber, etc.	2,18.00	3,94.73	3,35.79	2,56.9
2.	Public Works—Irrigation ..	Do.	64.56	1,09.19	98.51	75.24
3.	Public Works—Chambal Project.	Do.	65.70	82.70	86.46	61.94
4.	Public Works—Tawa Project	Do.	3.95 (a)	5.59	5.55	3.90
5.	Public Works—Major Projects.	Do.	4.78	41.66	30.37	16.07
6.	Housing .. ..	Do.	0.21	0.08	0.19	0.10
<b>B—Civil Departments</b>						
7.	Separate Revenue ..	Stamps ..	6,39.34 (b)	2,81.48	3,64.09	5,56.73
Certificates of physical verification of balances of stamps as on the 31st March, 1964 have not been furnished by 8 out of 44 depots (October 1964).						
Book balance of 3 depots (Raipur, Bilaspur and Hoshangabad) do not agree with the balances as per certificate of physical verification as on the 31st March, 1964.						
8.	Separate Revenue ..	Opium ..	0.69	..	0.25	0.44

(a) The opening balance on the 1st April, 1963 differs from the closing balance on the 31st March, 1963 due to exhibition of figures relating to Tawa Project separately.

(b) The opening balance on the 1st April, 1963 differs from the closing balance as on the 31st March, 1964 by Rs. 1.07 lakhs due mainly to

(i) exclusion of balance of Rs. 0.05 lakh of custodian stamps in three treasuries (i. e. Rewa, Shivpuri and Jabalpur) as they are to be included in the Central section of accounts,

(ii) reduction in opening balance in one treasury (Durg) by Rs. 1.15 lakhs due to adjustment in respect of transfer of stamps during the year 1962-63 to other treasuries which was left out from the closing balance of that year and

(iii) increase in opening balance in five treasuries by Rs. 0.16 lakh which are under reconciliation. The reasons for the increase have not been intimated.



S.No.	Department	Description of stores	Opening balance (as on the 1st April, 1963)	Receipts (during (1963-64)	Issues (during (1963-64)	Closing balance (as on the 31st March, 1964).
(In lakhs of rupees)						
9.	Animal Husbandry	.. Departmental Stores-Tools and plant and Machinery.	10.96	3.74	5.56	9.14
		Other Stores	22.99	30.57	25.66	27.80
10.	Jails	.. .. Manufacturing Branch Stores.	7.74	18.53	17.38	8.89
		Maintenance Branch Stores.	7.66	27.30	26.54	8.42
11.	Stationery (Government Regional Presses).	Departmental Stores -Plant, machinery, metal, etc.	11.66	1.11	1.35	11.42
		Other Stores	(c) 34.23	18.00	26.02	26.21
12.	Stationery (Regional Stationery and Publications, Gwalior and Bhopal).	Stationery Stores	(d) 9.20	18.92	18.84	9.28

67. The store accounts of the following departments for the year 1963-64 have not yet been received for incorporation in the Audit Report (December 1964):—

- (i) Forest
- (ii) Stationery and Printing (Government Central Press, Bairagarh),
- (iii) Medical,
- (iv) Public Health,
- (v) Co-operation (fertilisers),
- (vi) Agriculture,
- (vii) Food and
- (viii) Public Health Engineering.

The accounts of the Agriculture department (Grow More Food schemes) for the period from 1956-57 are still awaited.

The accounts of stores and stock for the year 1962-63 relating to agricultural stores, fertilisers, manures etc., have not been received so far (December 1964). The accounts were not received in time for inclusion in the Audit Report in any of the years since reorganisation of States on the 1st November, 1956.

(c) Difference of Rs. 21.68 lakhs between the closing balance as on the 31st March, 1963 and the opening balance as on the 1st April, 1963 is due to non-submission of Store Account for 1963-64 by Government Central Press, Bairagarh (LLCjal).

(d) Difference of Rs. 4.10 lakhs between the closing balance as on the 31st March, 1964 and the opening balance as on the 1st April, 1963 is due to inclusion of Store Account of Stationery Depot, Bhopal which was not included in earlier years.



*Reserve limit of stock and stock verification*

68. (a) The rules lay down that the total value of reserve stock in a division should not exceed the money limit prescribed for the purpose. During the year 1963-64, reserve limit of stock was not fixed in respect of 7 divisions (3 Buildings and Roads, 3 Irrigation and 1 Chambal Project). The total value of stock held in these divisions was Rs. 24.71 lakhs on the 31st March, 1964.

Out of 89 divisions for which reserve limit of stock was sanctioned, the value of stock held on the 31st March, 1964 exceeded the prescribed limits in 23 divisions (14 Buildings and Roads, 8 Irrigation and 1 Tawa Project), the total excess being Rs. 40.72 lakhs. The largest excess was in Buildings and Roads Division, Hoshangabad (Rs. 7.74 lakhs, being 155 per cent of the sanctioned limit).

(b) The rules require that the stock of stores should be verified at least once a year and that the reasons for the shortages/excesses should be investigated and the amount adjusted early.

According to the information furnished by 87 out of 112 divisions which held stock, the stores were not verified at all in 1963-64 in 13 divisions while these were only partially verified in 22 other divisions as shown below:—

S. No.	Works branches	No. of divisions holding stock	No. of divisional officers who furnished information to Audit	No. of divisions [mentioned in Column (4)] stock in which was not verified not fully verified	
1.	Buildings and Roads ..	48	36	3	12
2.	Irrigation ..	37	27	..	8
3.	Major Projects ..	7	6	2	1
4.	Chambal Project ..	2	2	..	..
5.	Public Health ..	16	14	7	..
6.	Housing ..	2	2	1	1

Out of the divisions in which stock was verified, there were shortages totalling Rs. 82,103 in 19 divisions and excesses amounting to Rs. 34,837 in 13 divisions; these have not been so far regularised. In 22 divisions (12 Buildings and Roads, 8 Irrigation, 1 Major Project and 1 Housing) where the stock verification was stated to have been done, results of verification have not been intimated to Audit.

*Stock Registers*

69. Mention was made in paragraph 51 of the Audit Report, 1964 and earlier years regarding the extent of arrears in the closing of stock registers in public works divisions. Government issued instructions in February 1963 that the divisions should physically verify the actual balance of stock materials and open the stock registers with those balances; simultaneously efforts should be made to complete the old stock registers up to the date of physical verification. The variations, if any, between the book balances and those found at the time of physical verification should be reconciled before December 1963.

The information furnished by 33 divisions (21 Buildings and Roads, 8 Irrigation, 2 Major Projects and 2 Housing) indicated that these instructions have not been complied with by them.

## NON-UTILISATION OF MACHINERY AND EQUIPMENT

70. (a) Certain cases, which have come to notice where machinery/equipment have been lying unutilised for considerable periods ranging from 2 to 8 years,



are tabulated in Appendix 10 (pages 104-105). A department-wise analysis is given below:—

S.No.	Name of Department	Number of cases	Amount (In lakhs of rupees)
( i )	Education	2	2.13
( ii )	Medical	3	1.80
( iii )	Public Health Engineering	2	1.10
( iv )	Commerce and Industries	4	0.90
( v )	Excise ..	1	0.59
( vi )	Rehabilitation	1	0.26
( vii )	Public Works	1	0.23
( viii )	Agriculture	2	0.14
( ix )	Forest ..	1	Value to be assessed by Government.
	Total ..	17	7.15

Apart from the locking up of Government money, there is a risk of loss due to deterioration of the materials.

Government issued instructions in October 1964 that the fact of availability of unutilised machinery and equipment should be borne in mind while sending proposals for purchase of similar new items.

(b) A motor grader costing Rs. 80,000 was received in Buildings and Roads Division, Nowgong in June 1960. It was used for 68 hours in all till December 1960 when it went out of order. It could not be repaired till June 1962 for want of spare parts. During the period June 1962 to January 1964 it worked only for 8 days in all.

#### CENTRAL GODOWNS

71. The goods to be marketed through the arts and crafts emporia in the State are purchased from the artisans and co-operative societies or received from Government production centres; these are stocked centrally in the godowns at Indore, Jabalpur and Gwalior. The supplies are made to various emporia from these godowns.

The godown at Indore was established in November 1955 and handles goods of the value of Rs. 9 lakhs annually; the other godown at Jabalpur which had been functioning since June 1962 handles goods of the value of Rs. 2 lakhs annually. The stock ledgers in the godown at Indore were incomplete and, therefore, an effective stock verification had not been done. As regards the godown at Jabalpur, no stock ledgers were maintained and no physical verification of stock was ever conducted.

The Deputy Director of Industries, Jabalpur in his report to the Directorate intimated (May 1964) that "two thefts in the godown at Jabalpur amounting to Rs. 431 were reported in mysterious circumstances and there was apprehension that considerable shortages running into several thousands of rupees would ultimately be detected".

The value of unsaleable and damaged goods in the central godown at Indore was reported to be Rs. 4.14 lakhs and action to dispose them of has not been taken (September 1964).

#### HEAVY EXPENDITURE ON REPAIRS TO VEHICLES

72. In the Irrigation Construction Division Balaghat a firm was entrusted in March 1961 with the repairs to the tippers and jeeps without obtaining proper



quotations. A total amount of Rs. 2.88 lakhs was paid to the firm during the period from March 1961 to March 1962 for repairs to 16 vehicles. The expenditure exceeded Rs. 20,000 per vehicle in respect of seven vehicles and varied between Rs. 10,000 and Rs.20,000 in respect of 8 others. No account of old and un-serviceable parts replaced was maintained nor were entries made in the log books about the issues of new parts. In July 1963, the Chief Engineer, Irrigation stated that "in spite of such heavy repairs the Executive Engineer (E & M) had reported that all the vehicles were out of order".

In March 1961, spare parts costing about Rs. 37,500 for tippers and jeeps had been purchased by the Division from the same firm after obtaining quotations from them only; the approval of the Stores Purchase Committee had not been obtained, although this was required under the orders of Government. The Superintending Engineer, Balaghat Irrigation Circle stated in April 1964 that *ex post facto* sanction was being obtained for the purchase; the sanction is still awaited (August 1964).

The matter was reported to Government in March 1963; they stated in August 1964 that "action is being taken against the persons at fault".

#### NON-ADJUSTMENT OF COST OF PETROL, ETC.

73. Petrol, Oil and Lubricants valued at Rs.1.80 lakhs were issued between November 1960 and July 1961 by the Electrical and Mechanical sub-division of Irrigation Construction Division, Balaghat for use on machines working on Dhuandhar Tank Project executed by the Irrigation Division, Seoni. The receipt of the materials was acknowledged by a sub-overseer attached to the project. The materials were not, however, taken in the materials-at-site account; nor the machine-wise consumption was worked out.

The debit on account of the cost of the materials raised by the supplying division in August 1961 was not accepted by the Irrigation Division, Seoni on the ground that according to the orders issued by the Superintending Engineer, Wainganga Circle in October 1961, it was the responsibility of the Sub-Divisional Officer, Electrical and Mechanical, Balaghat to account for the consumption. An account of the consumption of the materials has not been furnished so far (October 1964).

The case was reported to the Chief Engineer, Irrigation/Government in February 1964 and October 1964 respectively; their replies are awaited.



**CHAPTER VI**  
**REVENUE RECEIPTS**  
**SALES TAX**

74. (i) The Sales Tax Receipts and Expenditure incurred on collection during the last five years are indicated below :—

Year	Gross collection	Expenditure incurred on collection	Percentage of expenditure on Revenue collected.
	<i>(In lakhs of rupees)</i>		
1959-60	605	19.69	3.25
1960-61	720	21.75	3.00
1961-62	806	30.96	3.84
1962-63	960	34.60	3.60
1963-64	1,266	33.91	2.68

(ii) The increase of Rs. 6.61 crores from Rs. 6.05 crores in 1959-60 to Rs.12.66 crores in 1963-64 was mainly due to enhancement of the rates of tax of certain commodities, general rise in prices and increased consumption of taxable goods.

(iii) Against the budget estimates of Rs.13.72 crores, the actual receipts during 1963-64 amounted to Rs.12.66 crores. The Commissioner of Sales Tax attributed the shortfall mainly to the following factors :—

- (a) Inter-State sale of cash crops like cotton was charged at 1 per cent under the Madhya Pradesh General Sales Tax Act instead of at 2 per cent under the Central Act as the former was less (Rs. 72 lakhs),
- (b) Exemption of foodgrains sold to the Government of India from taxation (Rs.10 lakhs),
- (c) Less realisation of sales tax on motor spirits due to their reduced consumption on account of restrictions on the sale of motor vehicles etc., imposed by the Government of India (Rs. 9.31 lakhs) and
- (d) Non-payment of dues by some factories, partial remission of tax in two cases and less realisation due to stoppage of crushing of sugarcane by one factory (Rs. 12 lakhs).

75. *Results of test audit in general:*—The comments in the following paragraphs relate to test audit of assessment documents and other records in 23 offices out of 51 offices conducted during the period from June 1963 to March 1964. As a result of this audit, under-assessments of tax to the extent of Rs. 4.44 lakhs were noticed in 385 cases.

The under-assessment of Rs. 4.44 lakhs has been the result of

- (a) errors and omissions,
- (b) failure to follow correctly the provisions of Acts and Rules while working out the gross turnover/total turnover, and
- (c) wrong application of rates of tax and mistakes in tax calculation.



76. *Errors and omissions resulting in non-levy of tax or under-assessments.*— The total amount of tax short levied on account of errors and omissions comes to Rs. 2.23 lakhs. Some instances where such mistakes had arisen and noticed in Audit are mentioned below:—

- (i) According to the Central Sales Tax Act, 1956, sales to a registered dealer, in the course of inter-State trade and commerce, are subject to a concessional rate of tax at one per cent of the turnover provided that proper 'declaration' in the prescribed form is produced in support thereof. The concession was, however, allowed in 144 cases where the declarations were either not produced or defective, when produced, resulting in an under-assessment of tax of Rs. 2.02 lakhs in 17 offices. ✓
- (ii) In one case, turnover of Rs. 2,66,396 was allowed as deduction from the gross turnover on account of inter-State sales supported by valid declarations; but the tax under Central Sales Tax Act was not levied at 1 per cent, resulting in an under-assessment of Rs. 2,664. ✓
- (iii) The term 'turnover' as per the amendment to the Central Sales Tax Rules which came into force from 1st October, 1958 and which was in force up to 9th June 1961, was defined as the aggregate of sale price, less any amount allowed as cash discount. Hence, the consideration, inclusive of tax, that is collected by the assessee becomes the sale price and should be included in 'turnover'. But this was lost sight of in certain cases, resulting in short levy of tax of Rs. 1,730 (27 cases). Sec 8(1)  
8(2)  
Rule 11  
-P33
- (iv) A deduction is allowed from the gross turnover where the amount is chargeable under the Central Sales Tax Act, and in such a case, action is required to be taken simultaneously to assess the Central Sales Tax payable or to keep a note thereof in the register of assessments. Omission to do so resulted in under-assessment to the extent of Rs. 11,227 (2 cases).
- (v) Under the Madhya Pradesh General Sales Tax Act, exemption from payment of sales tax is allowed in respect of sales made to a registered dealer of goods on which tax is payable at the last point. To claim this exemption, the dealer who made the sales, is required to obtain a declaration from the purchaser and submit the same to the assessing officer with the returns. It was seen that in two circles, the assessing officer accepted incorrect declarations resulting in the loss of revenue of about Rs. 2,600. P37

77. *Failure to follow correctly the provisions of Sales Tax Act and Rules framed thereunder while working out Gross Turnover, rate of tax or exemptions.*— The bulk of the under-assessments noticed in audit has arisen on account of failure to apply the provisions of Acts and Rules or mistakes committed in applying the said provisions. The total amount of under-assessment resulting therefrom is Rs. 2.14 lakhs. Some of the important cases are detailed below:— +

- (a) Medicines other than patent medicines dispensed by a medical practitioner from his dispensary on his prescription are exempt from the levy of sales tax. It was, however, noticed that sales tax had not been levied on sales amounting to Rs. 25,592 of imported patent medicines from the dispensary of an assessee (who was a medical practitioner). This resulted in the non-levy of tax of Rs. 1,024. P199



(b) Under the Central Provinces and Berar Sales Tax Act, 1947, tax was not payable on the goods on which excise duty under the Central Provinces and Berar Excise Tax, 1915 was payable. After the enactment of the Medicines and Toilet Preparations (Excise Duties) Act, 1955, sales tax was leviable on items like spirituous preparations, quinine, aspirin, etc., which come under the term 'medicines and toilet preparations'. However, it was noticed that sales to the extent of Rs. 2,33,103 were excluded from gross turnover resulting in under-assessment to the extent of Rs. 7,063.

Sec 5  
P28 Act- ✓  
78. *Suspected Defalcation*:—In para 54(e) (iii) of the Audit Report, 1964, mention was made of the omission on the part of Sales Tax Officers to compare the challan for payment of tax received from the assessee with the duplicate sent directly by the treasury. This omission continued in 16 offices in 1963-64. In July 1963, the Assistant Commissioner of Sales Tax, Bilaspur reported a suspected loss to the extent of Rs. 0.48 lakh as a group of dealers had submitted forged challans. The Commissioner of Sales Tax reported in October 1964 that the total amount defalcated was Rs. 1.57 lakhs out of which an amount of Rs. 0.43 lakh has been recovered to end of August 1964. The cases are stated to be under scrutiny.

(+)  
79. *Mistakes in calculation of tax or applying rates of tax*:—The total amount of under-assessment of tax due to mistakes/omissions in calculation in 42 cases worked out to Rs. 7,262.

80. *Losses written off and Remissions of Sales Tax Revenue*:—During the year 1963-64, losses of revenue on account of sales tax amounting to Rs. 0.95 lakh were written off/remitted in 55 cases by the competent authorities on the ground that assessee did not have sufficient assets which could be attached or sold. In 17 cases, the amount written off exceeded Rs. 1,000 of which in 4 cases the amount involved exceeded Rs. 5,000.

The highest amount written off was Rs. 31,921; the details are given below:—

An amount of Rs. 42,674 was outstanding for recovery from the Government Shellac Factory, Umaria on account of sales tax for the years 1957-58 and 1958-59, as the factory did not collect the sales tax from its customers on certain sales under the misapprehension that these sales were inter-State sales instead of intra-State sales. The Forest Department had expressed their inability to recover the above dues from its customers due to efflux of time. Consequently an amount of Rs. 31,920 was written off by Government in February 1964 after adjusting an amount of Rs. 10,754 which was due to the Forest Department on account of refund under the Central Sales Tax Act.

In 3 other cases sales tax dues exceeding Rs. 5,000 each were written off by Government as they were declared irrecoverable for want of property of any kind belonging to the assessee.

(+)  
81. *Non-recovery of annual fee for Registration*.—Under the Madhya Pradesh General Sales Tax Act, 1958 every dealer shall, until his registration is cancelled, be liable to pay within the prescribed period a fee of Rs. 5 for every financial year subsequent to that in which a certificate of registration is granted to him. This period has been prescribed under the Madhya Pradesh General Sales Tax Rules, 1959 as 30 days from the commencement of the financial year for which the registration certificate is to continue.

It was, however, observed that the amount of fees aggregating Rs. 55,885 was not paid in 9 circles.



82. *Defects in maintenance of records, non-observance of prescribed procedure etc.*—(i) Mention was made in para 54(e) of the Audit Report, 1964 about the Registers of Assessment cases and Progressive Collection not being maintained properly. The failure to maintain these Registers still continues (5 offices in the case of Register of Assessment and 12 offices in the other case).

(ii) Under the Madhya Pradesh General Sales Tax Act, 1958 a dealer who desires to claim exemption from payment of tax on sales made to a registered dealer of goods on which tax is payable at the last point, should furnish a declaration in the prescribed form from such registered dealer, *i.e.*, the purchaser. The Sales Tax Commissioner issued instructions in May 1961 that in order to detect any possible attempt to avoid tax, lists of such sales should be made out by the officer assessing the supplier; he is required to send the lists to the officer assessing the purchaser with a view to enabling him to carry out necessary verification with reference to the accounts and returns furnished by the purchaser. A note of having sent the lists, is also required to be kept in the order sheets. The procedure is not being followed in 6 offices.

(iii) The Madhya Pradesh General Sales Tax Rules require that every registered dealer shall, within 90 days of the close of the last quarter, furnish a statement in the prescribed form giving a ratewise opening and closing balance of the stock of his goods. It was, however, noticed that such a statement was not filed by many registered dealers (6 offices). Submission of the statement was neither insisted upon nor was any penal action taken for the default under the rules.

83. *Arrears of revenue*:—The arrears on account of Sales Tax increased from Rs.1,29.61 lakhs on 1-4-1963 to Rs.1,57.96 lakhs on 1-4-1964.

#### STATE EXCISE DUTIES

84. In May 1964, the Government of Madhya Pradesh agreed to the extension of the Revenue Audit to cover State Excise Duties also. A test audit of the assessment documents and other records in six district offices, thirteen warehouses and three distilleries was conducted during the period from June to September 1964.

Against the budget estimates of Rs. 6.31 crores the actual receipts during 1963-64 amounted to Rs. 6.75 crores. The increase of Rs. 0.44 crore was mainly due to more receipts under 'Wines and Spirits' and 'Fines, Confiscations and Miscellaneous'.

The receipts under State Excise Duties and expenditure incurred on collection of the same during the last five years are indicated below:—

Year	Gross collection	Expenditure incurred on collection	Percentage of expenditure on revenue collected
1959-60	453	37	8.2
1960-61	502	37	7.4
1961-62	571	39	7.0
1962-63	578	39	6.8
1963-64	675	41	6.1

(In lakhs of rupees)

85. *Wrong payments resulting in reduction of revenue*:—(a) Under the conditions for the grant of licence for the wholesale supply of country liquor, whenever there is any change in the licensee, a distillery contractor is required at the com-



Rule 36 (1)

mencement of the term of the licence, to buy the entire stock of spirit remaining in the distillery and at the warehouses specified in the schedule appended to the licence at the rates applicable to the outgoing licensee. It was, however, noticed that in the following cases payments were made to the new contractor at the higher rates resulting in overpayments to the extent of Rs. 34,958, thereby reducing the excise duties accruing to Government:—

- 82 86t  
new 135
- Recovery in 10/64 ✓  
Notice in 9/64 ✓
- (i) In Barwaha distillery, payments were made to the new contractor whose licence commenced from the 1st April, 1964 at the higher rates applicable from that date instead of the rates applicable to the outgoing contractor. This resulted in an overpayment of Rs. 11,180. ✓
- Notice in 9/64 ✓  
Recd 9/64 ✓
- (ii) In Bhopal, the licensee who took over the stock of 33,405 litres of spirit remaining on stock on the 1st April, 1964, was paid at the rates applicable from that date instead of at the rates applicable to the outgoing contractor. This resulted in an overpayment of Rs. 19,375. ✓
- Notice in 6/64 ✓  
Recd 6/64 ✓
- (iii) In Seoni distillery, 8,986.30 litres of liquor were taken over on the 1st April, 1964 by a licensee for the period from the 1st April, 1964 to the 31st March, 1967. He was paid at the rate of Rs. 1.35 per proof litre instead of at Re. 0.86 per proof litre. This resulted in an overpayment of Rs. 4,403. ✓

(b) The terms and conditions of contract entered into with a distillery contractor for the period from the 1st April, 1962 to the 31st March, 1964 stipulated that all liquor manufactured and issued during the period of contract should be paid at Re. 0.86 per proof litre. A quantity of 11,557 litres issued towards the close of March 1964 from Balaghat and Baihar warehouses was taken as issues of April 1964 and paid at the higher rate applicable from the 1st April, 1964 resulting in an overpayment of Rs. 5,663. ✓

(c) One of the conditions of the licence in Gwalior distillery was that the licensee should sell and Government should buy or cause to be bought by the incoming licensee the entire stock of spirit at the distillery at the rate shown in the schedule of the licence less Re. 0.06 per litre. Omission to deduct the above amount on the termination of licence on 1st April, 1960, 1st April, 1962 and 1st April, 1964 resulted in an overpayment of Rs. 4,857. ✓

86. *Losses of revenue*:—(a) According to the conditions of the license for the wholesale supply of country spirit, the distillery contractor is required to maintain at the distillery and at each of the warehouses mentioned in the schedule appended to the licence, a minimum stock of spirit as determined by the Excise Commissioner. It was noticed during the local audit of warehouses and distilleries in five districts that the minimum stock was not maintained by the outgoing contractors at the time their licenses were terminated on the 31st March, 1932 and the 31st March, 1964. This resulted in payment of Rs. 3.30 lakhs to the incoming contractors at higher rates. ✓

(b) Under the Madhya Pradesh Excise Rules, 1960, whenever duty on any intoxicant is enhanced for the next financial year, the issues of that intoxicant to retail vend shops during the last three months of the contract should be restricted to the issues made to these shops during the corresponding period of the previous year plus twenty-five per cent thereof. ✓

Excise duty on 'ganja' was enhanced by Rs. 25 per kilogram with effect from the 1st April, 1932. It was noticed that in four districts, failure to control the issues as per rules, resulted in the loss of revenue of Rs. 15,871 due to excess issue to the extent of 634.85 kilograms. ✓



(c) The licence for running a foreign liquor shop in Gwalior was put to auction on the 9th January, 1964. The highest bid received was for Rs. 32,000. The bid was confirmed by the Excise Commissioner on the 12th March, 1964 but the District Excise Officer failed to collect the security from the successful bidder till the 30th March, 1964, when the Excise Commissioner issued instructions to withhold the issue of licence. The acceptance was communicated to the bidder on the 8th April, 1964; he, however, refused to take the licence on the ground that it was not given to him before the 1st April, 1964 and denied liability for loss, if any, arising out of any re-auction. The shop was put to auction again on the 27th April, 1964. The highest bid of Rs. 22,000 received on this occasion was accepted, as the bidder already had a wholesale licence and was not entitled under the rules to run a retail shop. The auction was held for the third time on the 30th May, 1964. The highest bid received was for Rs. 10,000; this was rejected as being low. The highest bid of Rs. 15,000 received in the auction held on the 15th June, 1964 was accepted by the Excise Commissioner on the recommendation of the Collector. The failure to accept the highest bid of Rs. 32,000 received in the first auction resulted in a loss of revenue of Rs. 17,000 to Government.

87. *Non-levy of duty*:—(a) The Distillery and Warehouse Rules lay down the limits of allowance for actual loss of spirits in transit by leakage or evaporation while transporting them from distilleries to warehouses in wooden or metal containers. If the wastage exceeds the limits prescribed, the consignor is required to pay duty on the excess wastage at the rates fixed by the Excise Commissioner or as specified in the bond conveying the consignment. Omission to levy the duty in four districts on excess wastage in transit, resulted in short recovery of Rs. 7,872.

(b) One of the conditions of licence for retail vend shop of country liquor is that the contractor should purchase a fixed minimum monthly quota of liquor from the warehouses. If in any month the minimum guaranteed quantity of liquor is not taken, the contractor is liable to pay by the 10th of the following month, the duty on the difference between such minimum quantity and the quantity actually sold by him during the month. During the audit of six offices it was noticed that non-levy of this duty had resulted in a short recovery of Rs. 3,60,851 between May and August 1964.

(c) Under the Distillery and Warehouse Rules a distiller or contractor is required to pay duty levied by the Government at the tariff rate for plain spirit, the duty being levied at the end of the financial year on the total wastages (shortage and blending) that occurred in excess of the quantities permitted under rules. During the course of test check of warehouse and distilleries of six districts, it was noticed that excise duty of Rs. 1,12,784 was not levied on such wastages in excess of the permissible limits.

88. *Remissions and Writes off*:—An amount of Rs. 12,393 was written off by Government in 6 cases during the year 1963-64. One case exceeded Rs. 5,000 where Government ordered remission of permit fee recoverable from military canteens run on a commercial basis.

#### FOREST DEPARTMENT

89. Unlike 'Sales Tax' and 'State Excise Duties', there are no detailed statutory provisions or case law built up governing the principles of levy of forest revenues. During the expenditure audit of Forest Divisions, forest receipts also were subjected to some general checks. Consequent on the entrustment of the audit of receipts and refunds of Forest Department also by Government in February 1964, the audit of Forest Divisions has been intensified.

90. *Loss due to non-recovery of instalments in time*:—Under the Forest Contract Rules, when the amount due on a forest contract is payable in instalments,



the divisional forest officer is empowered to stop further removal of forest produce, whenever he considers that the value of the forest produce already removed by the contractor exceeds the amount of the instalments already paid. It was observed during local audit of the Harda Forest Division in May 1964, that an amount of Rs. 79,800 was not recovered in 6 cases as the Divisional Forest Officer did not exercise these powers. The details of the cases are given below:—

S. No.	Name of Coupe	Period of Lease	Sale Price	Amount received	Amount not recovered	Price fetched by auction of left over material
(Rupees in units)						
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1.	19—Moran ..	December 1956 to December 1957.	31,600	7,900	23,700	6,000
2.	2—Khari ..	December 1960 to June 1961.	13,600	3,600	10,000	4,200
3.	23—Ratanpura	December 1959 to December 1960.	17,000	4,250	12,750	100
4.	22—Dabia ..	December 1959 to December 1960.	15,600	3,900	11,700	600
5.	3—Ratanpur ..	December 1959 to December 1960.	69,000	60,000	9,000	700
6.	24—Dungaria..	December 1960 to December 1961.	25,300	12,650	12,650	2,300
Total			1,72,100	92,300	79,800	13,900

Only an amount of Rs. 4,000 could be recovered in April 1963 from the contractor in the sixth case; no further recovery was made so far in any of these cases. In the first case it was reported by the revenue authorities in January 1964 that no recovery was possible either from the contractor or from his surety. In the second case it was stated that the whereabouts of the contractor were not known; the surety of the contractor had also been discharged of the liability by an appellate revenue court in June 1963 on the ground that the department had allowed the contractor to take away the forest produce.

These cases were reported to Government in July 1964. •

91. *Loss due to non-acceptance of highest bid:—*(a) In North Betul Forest Division a coupe was auctioned (upset price Rs. 21,000) in July 1960 when there was no bid. The upset price for the coupe was then reduced to Rs. 18,000 and it was again auctioned in December 1960 when the highest bid received was for Rs. 15,000. This was considered low and the offer was rejected. Another auction was held in December 1961 reducing the upset price as Rs. 8,000 on the ground that the original fixation of upset price was not done properly; the coupe was finally leased out for Rs. 7,000. Non-acceptance of the bid of Rs. 15,000 has resulted in a loss of Rs. 8,000.

The case was reported to Government in January 1964 and their reply is awaited (November 1964).

(b) In Guna Forest Division the bids of Rs. 12,000 and Rs. 12,500 (upset price Rs. 14,000) respectively for a coupe at successive auctions held on 30th



July, 1962 and 31st July, 1962 were rejected in the expectation that higher price would be fetched. The coupe was eventually auctioned for Rs. 8,500 in March 1963. Non-acceptance of the bid of Rs. 12,500 on 1st July, 1962 thus resulted in a loss of Rs. 4,000.

The Chief Conservator of Forests stated in November 1964 that "the Divisional Forest Officer did not exercise his discretion properly".

The case was reported to Government in November, 1963 and their reply is awaited (November 1964).

✓ 92. *Loss of grazing revenue*:—According to the "Vindhya Pradesh Forest Nistar, Grazing and other Rules, 1954" grazing by goats and sheep in the reserved and protected forests should be permitted by the Forest Department under a licence on payment of a yearly fee of 19 paise per animal.

During the local audit of the Chhatarpur Forest Division in March 1964 it was noticed that no such fee was ever recovered, although the entire forest area in the division was declared as protected forest. When this omission was brought to the notice of the Divisional Forest Officer, he stated that "the requirement is noted and necessary instructions are being issued to the Range Officers for recovery of the grazing fee of sheep and goats".

According to the District Statistical Officer, Chhatarpur District contained over three lakhs of sheep and goats. Even assuming that only one-third of these animals were grazed in the protected forests, there is a minimum loss of revenue to Government of Rs. 20,000 per annum. In the adjoining Tikamgarh Forest Division, 78,748 animals were licensed for grazing per annum on an average (average annual revenue Rs. 14,962) during the period 1961-62 to 1963-64.

The matter was reported to Government in June 1964 and their reply is awaited.

✓ 93. *Low estimation of forest produce*:— (a) In the Forest Department the right of collection and removal of forest produce in a coupe is sold in public auction. For this purpose the approximate quantities of forest produce in each coupe are estimated by the department and are announced at the time of auction for the information of intending bidders. The revenue anticipated in each coupe is worked out on the basis of estimated quantities of the produce after allowing for the cost of collection at the prescribed rates and the auction is confirmed in the name of the highest bidder if the bid amount compares favourably with the estimated net revenue. ✓

During the local audit of the East Bhopal Forest Division, it was noticed that in the auction held in July 1962 in 11 coupes of the division, the contractors had collected 85,614 bags of charcoal against the approximate quantity of 27,353 bags of charcoal worked out by the division. The actual quantity thus collected exceeded the estimated quantity by 213%. The percentage of collection in excess of estimated quantity in each individual coupe ranged from 77% to 881%. The market value of the quantity of charcoal actually collected was Rs. 4.28 lakhs as against the estimate of Rs. 1.37 lakhs.

The case was reported to Government in June 1964.

(b) In South Shahdol Forest Division, the *Kattha* that could be extracted from *Khair* trees in a coupe was estimated as 245 maunds and accordingly the "upset price" for the year 1962-63 for this coupe was fixed as Rs. 40,000. The right of working this coupe was let out in September 1962 at a price of Rs. 55,700. The lessee actually extracted about 825 maunds of *Kattha* (i.e.) 23% more than the estimated quantity. On the basis of the actual yield, the "upset price" of the department should not have been less than Rs. 1,00,000 (i.e.) Rs. 44,300 more ✓



than the price obtained. Due to this under estimation there was thus a minimum loss of revenue of Rs. 44,300 to Government.

The case was reported to Government in March 1964.

(c) The area of a coupe containing bamboos is generally about 2,500 acres. For estimating the bamboos available in the entire coupe 8 to 12 one-acre plots are selected at random in the coupe and the bamboos in the selected plots are counted; the average number per acre is multiplied by the total area of the coupe and the estimated revenue of the coupe is worked out.

During local audit of three forest divisions, large variations between the estimated number of bamboos and the actual number extracted were noticed as indicated below:—

Name of Forest division	Details of coupes	Estimated number in lakhs	Actual number extracted in lakhs	Percentage by which the actual extraction exceeded estimated numbers	Market value of excess quantity taken in respective coupes
(1)	(2)	(3)	(4)	(5)	(6)
					(In lakhs of rupees)
1. Chhatarpur	31 Coupes auctioned in 1957-58, 1958-59, 1960-61 and 1962-63.	44.15	112.35	154%	3.44
2. Harda	4 Coupes auctioned in July 1962.	12.99	21.61	66%	1.72
3. North Manilla	3 Coupes auctioned in July 1960.	1.73	10.30	495%	Not known.

The cases at S. Nos. 1, 2 and 3 were reported to Government in June, July and September 1964, respectively.

94. *Non-extraction of fuel*:—In the Rahatgaon range of the Harda Forest Division, teak and fuel trees are felled every year departmentally, but felled fuel trees are not extracted. On the basis of the conversion factors adopted in Hoshangabad Forest Circle, fuel trees felled during the period April 1960 to March 1963 would have yielded 8,47,162 c. ft. of fuel (84,716 bags of charcoal) of the value of Rs. 4,23,581; the total sale on passes during this period was, however, for Rs. 17,714 only.

In May 1934 the Divisional Forest Officer, Harda stated that the forests of this range are situated away from habitation and consequently fuel from the interior areas was not economically extractable and locally saleable. He also stated that it was not possible for the department also to manufacture charcoal from these fuel trees 'within the frame work of the existing rules, financial powers, staff and labour'.

Government agreed with the views of the Divisional Forest Officer and stated in November 1964 that they propose "to enter into a long-term lease for a plywood and chipboard plant to be set up at Itarsi and the agreement is yet to be finalised."

95. *Delay in recovery of Government dues*:—In March 1956, the Divisional Forest Officer, Chhatarpur intimated Audit that an amount of Rs. 4,500 being the loss sustained by Government due to non-payment of the sale price of the forest



coupe by a contractor, was "in the process of recovery (from the contractor concerned) by the Collector as arrears of land revenue". The amount has not so far been recovered. Government informed in March 1964 that "the Chief Conservator of Forests has been asked to take action for the recovery of the dues under delegation of powers for the recovery of forest dues as arrears of land revenue".

96. *Losses written off*:—During the year 1963-64, 28 cases of losses of revenue aggregating Rs. 1.56 lakhs were written off by the competent authorities. The losses exceeded Rs. 10,000 in 5 cases which were due to irrecoverable contract amount/illicit felling.

## PUBLIC WORKS DEPARTMENT

97. *Low utilisation of irrigation potential*:—A review of completed irrigation works in 27 out of the 43 Irrigation Divisions in the State, revealed that out of 456 tanks (Irrigation potential: 4.66 lakh acres), 65 tanks only (Irrigation potential: 1.18 lakh acres) irrigated on an average, their full "command-area" during 1961-62 to 1963-64. The details of irrigation from the remaining 391 tanks are indicated below:—

S.No.	Category	No. of tanks	Potential created	Average area irrigated during 1961-62 to 1963-64
(1)	(2)	(3)	(Acres)	(Acres)
1.	No irrigation .. ..	49	11,659	Nil
2.	Irrigation up to 10 per cent..	40	27,360	1,439
3.	Irrigation from 10 to 25 per cent	77	46,262	7,279
4.	Irrigation from 25 to 50 per cent	102	1,11,163	39,615
5.	Irrigation from 50 to 75 per cent	75	39,803	24,986
6.	Irrigation more than 75 per cent	48	1,11,827	1,07,022
	Total ..	391	3,48,074	1,80,341

This low utilisation of irrigation potential has resulted in loss of revenue to Government of about Rs. 10 lakhs annum (at Rs. 6 per acre for 1,67,733 acres) besides delaying accrual of benefits by way of increasing agricultural production. In general, the low utilisation has been attributed to the following causes:—

- (i) The cultivators did not take water from the tanks due to sufficient rainfall in the area (35 tanks).
- (ii) Disinclination of the cultivators to enter into agreements for taking water from the tanks (18 tanks).
- (iii) Channels not completed, although head works have been completed (11 tanks).
- (iv) Inadequate lift irrigation arrangements (43 tanks).
- (v) Defective construction of tanks by Community Development Blocks (14 tanks).

In January 1959, Government appointed a Committee to make recommendations, *inter alia*, regarding water structure. The report of the Committee was submitted in February 1961. One of the recommendations of the Committee was a compulsory cess on all cultivators who come within the "command" of an irrigation work. The report is stated to be under consideration (October 1964).



98. *Loss of rent*:—As part of the Chambal Project, Government administratively approved in March 1958 the construction of 47 residential quarters at a cost of Rs. 3.41 lakhs at Bhind. The construction of 43 residential quarters only was taken up in parts from November 1961 to March 1962 and completed by November 1962. The expenditure incurred on these buildings to end of March 1964 amounted to Rs. 3.33 lakhs. The work on sanitary and electrical fittings is in progress.

Fourteen of the 43 quarters were occupied in November 1963; the remaining 29 quarters were occupied in July 1964.

The department attributed the late occupation of the quarters to delay in receipt of orders for shifting the Bhind Canal Remodelling Division from Gwalior to Bhind.

This has resulted in a loss of rent amounting to about Rs. 8,600. In addition, house rent allowance amounting to about Rs. 200 per month had to be paid to the employees till their occupation of Government quarters.

#### NATURAL RESOURCES DEPARTMENT

99. *Lease of quarry*:—In March 1961, Government sanctioned the lease of Jawahar Tekri quarry near Indore to a Co-operative Society initially for one year and the lease was extended from year to year. The conditions of lease are indicated below:—

Period of lease	Conditions
April 1961 to May 1962	<p>(i) The royalty for extraction of 25,000 tons of metal was fixed at Rs. 25,000 plus Re. 1 for every ton extracted in excess.</p> <p>(ii) Interest at the rate of 12 per cent per annum would be charged on defaulted instalments of royalty.</p>
June 1962 to May 1963	<p>(i) The royalty was fixed at Rs. 1.00 lakh or Re. 1 per ton of metal extracted, whichever is less.</p> <p>(ii) Rate of interest was fixed at 9 per cent per annum for defaulted instalments of royalty.</p>
June 1963 to May 1964	<p>(i) The royalty was fixed at Re. 1 per ton.</p>

The following points were noticed in connection with this lease:—

- (a) The original lease and subsequent extensions were sanctioned without any public auction. The Collector, Indore District intimated Audit in September 1964 that had the lease been given on auction, the royalty would have come to Rs. 2.00 lakhs whereas the amount of royalty assessed for the period from June 1963 to May 1964 was Rs. 1.78 lakhs only.
- (b) Even though the contract envisaged the payment of royalty within the period of lease, a total amount of Rs. 3.40 lakhs has not so far been recovered from the lessee as shown below:—

Period to which the outstandings relate	Amount to be recovered (September 1964) (In lakhs of rupees)
April 1961 to May 1962	2.46 ✓
June 1962 to May 1963	0.30 ✓
June 1963 to May 1964	0.64 ✓



- (c) The total amount of interest recoverable up to March 1964 in respect of the royalty in arrears was Rs. 0.56 lakh.

No provision for charging interest has been made in the lease-deed for the period from June 1963 to May 1964.

- (d) The quantity of metal extracted during the period from June 1962 to May 1963 was 1.71 lakh tons. As the royalty was fixed at Rs. 1.00 lakh or Re. 1 per ton of metal extracted, whichever is less, the amount of royalty recoverable worked out to Rs. 1.00 lakh only. Government had therefore been put to a loss of Rs. 0.71 lakh.

#### REVENUE DEPARTMENT

100. *Lease of lac and harra trees*:—Lac and harra (*myrabolam*) trees in some villages of Seoni District are leased out by auction by the Collector for three years at a time from the year 1950-51 onwards on the following conditions:—

- (i) The first instalment of the lease money will be recovered in advance from the successful bidder and
- (ii) The second and third instalments of lease money will be payable after the harvest of the first and second years' produce respectively.

The second and third instalments were not recovered from a number of lessees between 1951-52 and 1962-63. In December 1962, a sum of Rs. 1,27,831 was written off by Government as the defaulters had no realisable assets and the amounts were irrecoverable. Even after this write off arrears on this account amounted to Rs. 2,84,104 on the 31st March 1963 (the earliest instalment due dating back to 1951-52).

The amounts which fell due for recovery each year during the period 1953-54 to 1961-62 varied between 1.3 per cent (Rs. 2,550 in 1958-59) and 18.9 per cent (Rs. 36,346 in 1960-61) of the lease amount which fell due in 1952-53 (Rs. 1,92,075). In April 1964 the Collector, Seoni District attributed the fall in revenue to "general failure in the yield of trees and lack of competition".



## CHAPTER VII

## LOANS AND ADVANCES, SUSPENSE AND REMITTANCE TRANSACTIONS

## LOANS UNDER THE SCHEME FOR IMPLEMENTATION OF MASTER PLANS

101. Under this scheme, loans amounting to Rs. 11.14 lakhs were disbursed to 10 local bodies during the period from 1960-61 to 1962-63 for execution of 11 town development or improvement schemes in accordance with the master plans prepared by the Chief Town Planner.

No dates for the completion of the schemes had been prescribed; even till June-July 1964, 62 per cent of the loans disbursed, i.e. Rs. 6.94 lakhs remained unutilised. According to the information furnished by the Chief Town Planner in September 1964, none of the schemes had been completed; work had not been started in respect of 5 schemes and 6 schemes were in progress, as indicated below:—

Particulars	Number of schemes involved	Month and year of payment	Amount of loan paid	Remarks
(In lakhs of rupees)				
(a) Schemes in respect of which work had not been started.	5	March 1961	1.00	The non-utilisation of loans (Rs. 2.75 lakhs) has been attributed to delay in acquisition of land in 3 cases. In another case, a loan of Rs. 1 lakh has remained unutilised with Bhopal Municipal Council, as the Council has not executed the scheme; it has been stated by the Chief Town Planner that it is proposed to transfer the scheme and the loan to the Bhopal Improvement Trust.
		February 1962	1.00	
		March 1963.	3.25	
			5.25	
(b) Schemes in progress.	6	May 1961	0.40	The total expenditure incurred up to June/July 1964 amounted to Rs. 4.20 lakhs only.
		December 1961	1.00	
		March 1962	2.95	
		January 1963	0.50	
		March 1963	1.04	
			5.89	

(ii) There were also arrears in the recovery of the instalments of loans; the amount overdue as in September 1964 was Rs. 0.69 lakhs as indicated below:—

Year in which the amount fell due for recovery	Amount outstanding on the 30th September, 1964	
	Principal	Interest
	(In lakhs of rupees)	
1961-62	0.06	0.11
1962-63	0.09	0.15
1963-64	0.11	0.17



## LOAN TO A PRINTING PRESS

102. No recovery has been made so far (May 1964) towards repayment of a loan of Rs. 15,000 advanced in 1948 to the owners of a printing press at Tikamgarh. The entire loan became repayable by August 1958. In addition, a sum of Rs. 6,412 is also recoverable as interest.

According to the conditions of the loan the press was to be registered as a co-operative society and the loan was to be transferred to the co-operative press. The press was registered as a co-operative society only in February 1950; the loan deed was not transferred in favour of the press.

A recovery of Rs. 2,510 on account of rent of a Government building let out to the press is also outstanding.

As against the outstanding dues of Rs. 23,922 the assets of the press amounted to Rs. 10,800 only. The press was ordered by the Registrar, Co-operative Societies in November, 1961 to be liquidated. The liquidation proceedings have not so far been finalised (May 1964).

## UNADJUSTED BALANCES IN PUBLIC WORKS ACCOUNTS

103. Mention was made in paragraphs 47 and 48 of the Audit Report, 1933 regarding the heavy balances outstanding under certain "Suspense" and "Remittance" heads as at the end of 1961-62; the details of the unadjusted balances at the end of 1963-64 and the implications of delay in adjustment are indicated below :—

Nature of balances	Amount outstanding and period of transaction	Remarks
	(In lakhs of rupees)	
<b>I—"Suspense" heads—</b>		
(i) <i>Miscellaneous Public Works Advances—*</i>		
<b>Buildings and Roads</b>		
Transaction of the following types where recoveries have to be made are initially accounted for under this head. The balances under this head get cleared, when recoveries are actually made and accounted for—	1930-61 and earlier years. . . . .	53.73
	1931-62 . . . . .	9.48
	1932-63 . . . . .	9.70
	1933-64 . . . . .	6.15
		82.06
		It is desirable that these should be adjusted by making recoveries without delay as delay may ultimately entail loss to Government, as the amounts may become irrecoverable.
<b>Irrigation</b>		
(a) Sales on credit . . . . .	1960-61 and earlier years.	1.66
(b) Expenditure incurred on deposit works in excess of deposits.		
(c) Certain types of losses, retrenchment and errors pending investigation.	1961-62 . . . . .	3.66
	1962-63 . . . . .	4.16
	1963-64 . . . . .	24.34
<b>Public Health</b>		
(d) Other miscellaneous items including amounts due from contractors on closed accounts.	1960-61 and earlier years.	14.25
	1961-62 . . . . .	0.53
	1962-63 . . . . .	10.29
	1963-64 . . . . .	17.06

\*Data from 30 divisions awaited (December 1964).



Nature of balances	Amount outstanding and period of trans- action	(In lakhs of rupees)	Remarks
<b>Multipurpose River Schemes</b>			
	1960-61 and earlier years.	15.29	
	1961-62 ..	22.32	
	1962-63 ..	11.94	
	1963-64 ..	10.10	
<b>Housing</b>			
	1960-61 and .. earlier years	0.27	
	1961-62 ..	1.34	
	1962-63 ..	0.66	
	1963-64 ..	0.14	
(ii) Purchases—(*) ✓			
<b>Buildings and Roads</b>			
This account head is credited with the value of stores received from the suppliers or other divisions for which payments have not been made; adjustments are made on payment of the cost in cash or by book transfer.	1960-61 and earlier years.	1,57.41	
	1961-62 ..	51.75	
	1962-63 ..	44.76	
	1963-64 ..	1,04.30	
			358.22 ✓
<b>Irrigation</b>			
The balances remaining unclaimed for more than three complete account years should be credited to Government as lapsed deposits.	1960-61 and earlier years.	40.76	It is necessary that such liabilities are liquidated quickly to avoid complications in accounts and disputes in settlement of liabilities.
	1961-62 ..	23.83	
	1962-63 ..	58.90	
	1963-64 ..	66.79	
<b>Public Health</b>			
	1960-61 and earlier years.	7.26	
	1961-62 ..	5.41	
	1962-63 ..	6.27	
	1963-64 ..	25.54	
<b>Multipurpose River Schemes</b>			
Why? It became Rs 580 lakhs -> Government of MP should offer → accept (Rs 580) ✓	1960-61 and earlier years.	6.20	
	1961-62 ..	2.22	
	1962-63 ..	3.41	
	1963-64 ..	36.15	
<b>Housing</b>			
	1960-61 and earlier years.	0.14	
	1961-62 ..	0.38	
	1962-63 ..	0.31	
	1963-64 ..	0.08	

(\*) Data from 33 divisions awaited (December 1964).



Nature of balances	Amount outstanding and period of transaction	Remarks
--------------------	--	---------

(In lakhs of rupees)

II—"Remittance" heads—

(iii) (a) Remittances into treasuries—

The balances under this head represent the difference between the figures shown by the individual public works divisions as remittances into treasuries and those acknowledged by treasuries.	Balance to end of 1963-64 —8.01	The minus balances represent amounts booked by the treasuries in excess of those accounted for by the divisions.
---	---------------------------------	--

(b) Public Works cheques—

The balance under this head represents the uncashed public works cheques.	Balance to end of 1963-64 1,48.30	According to rules, each public works division is required every month to reconcile with the treasury officers concerned the amounts remitted into treasuries and the amounts drawn by cheques for payment at those treasuries so that there remain no unreconciled difference at the close of the financial year.
---	-----------------------------------	--

(i) Unless the differences are settled, it cannot be certified that the amounts shown by the divisions as credited into treasuries were actually credited and that amounts which are shown by treasuries as disbursed on behalf of the divisions were actually authorised by cheques issued by divisional officers and

(ii) there is possibility of frauds or manipulations in accounts in the matter of cheques and remittances remaining undetected.

(iv) Items adjustable to Public Works Department—

Debit balance

This account head is debited with the value of stores supplied or services rendered to public works divisions by other departments of Government. The final adjustment is to be made by credit to this head and debit to the works, etc., to which the charges pertain.	1960-61 and earlier years.	69.59
	1961-62 ..	29.50
	1962-63 ..	62.75
	1933-64 ..	1,35.71

Credit balance

1960-61 and earlier years.	0.52
1961-62 ..	0.76
1962-63 ..	14.33
1963-64 ..	-10.36

Until the large balances are adjusted it cannot be said that the stores supplied by other Government departments or transferred from one division to another have actually reached the destination and have been acknowledged and accounted for, or whether the services said to have been rendered to other divisions have been duly acknowledged and brought to account.

*Handwritten signature/initials in a circle*



Nature of balances	Amount outstanding and period of transaction	Remarks
(In lakhs of rupees)		
(v) <i>Transfers between public works officers—</i>		
When a public works division makes supplies or renders services to other public works divisions or receives cash or stores on behalf of other public works divisions, the value is debited or credited to this head as the case may be. Debits or credits are cleared when the transactions are finally adjusted in the accounts of the divisions concerned.	Balance to end of 1963-64. 5,37.95	The outstandings are mainly due to omission on the part of the divisions to forward necessary supporting documents to the other public works divisions and not taking prompt action to rectify mistakes.

#### UNADJUSTED BALANCES IN THE FOREST ACCOUNTS

104. The Cash realisations in the divisions are remitted into the treasuries by challans. The amounts of these remittances as well as those made on behalf of the Forest Officers are required to be reconciled monthly with the corresponding amounts booked in the treasury accounts. There were, however, large unreconciled differences as indicated below; some of these differences related to periods as far back as 1945-46.

	1960-61 and earlier years.	1961-62	1962-63	1963-64
(In lakhs of rupees)				
(i) Cases in which the figures of divisions were less than treasury figures ..	23.25	2.41	0.20	148.37
(ii) Cases in which the figures of divisions were more than treasury figures ..	14.96	12.81	1.04	40.05

The outstanding differences are mainly due to non-pursuance of differences by the divisions regularly and promptly with treasuries and lack of co-ordination between the divisions and the treasuries; the reconciliation memoranda have also not been furnished by the divisions to the Audit Office regularly each month, though this is required by the rules.

Unless the differences are reconciled there is possibility of frauds or manipulations in accounts remaining undetected.

Government issued instructions (December 1963—January 1964) to the Chief Conservator of Forests and Collectors for the prompt and regular reconciliation of outstanding differences.



## CHAPTER VIII

### GOVERNMENT COMMERCIAL AND TRADING ACTIVITIES

#### SECTION A

#### GENERAL

105. This Chapter deals with the audit of

- (i) Statutory Corporations/Boards,
- (ii) Government Companies,
- (iii) Departmentally managed Government undertakings and
- (iv) Investments by the State Government.

#### SECTION B

#### STATUTORY CORPORATION/BOARDS

106. There were six Statutory Corporations/Boards in the State as on the 31st March, 1964.

The Madhya Pradesh State Road Transport Corporation have not so far furnished the *pro forma* accounts for the period from the 1st June, 1962 to the 31st March, 1964. The accounts of the Madhya Pradesh Electricity Board for the year 1963-64 have not been received so far (October 1964). A summary of the financial results of the Madhya Pradesh Financial Corporation, Indore, Madhya Pradesh Warehousing Corporation, Indore and Madhya Pradesh Electricity Board Jabalpur, for the last two years for which *pro forma* accounts are available, is given below:—

Name of the Corporation/Board (Year of incorporation) ..	Madhya Pradesh Financial Corporation, Indore. (1955)		Madhya Pradesh State Warehousing Corporation, Indore. (1958)		Madhya Pradesh Electricity Board, Jabalpur. (1957)	
	1962-63	1963-64	1962-63	1963-64	1961-62 (a)	1962-63 (a)
	(In lakhs of rupees)					
1. Paid-up Capital—						
(a) Share of the State Government.	58.35	58.35	19.00	19.00	..	..
(b) Others ..	41.65	41.65	8.50	19.00	..	..
2. Loans—						
(i) Secured ..	17.40	47.70	..	..	..	..
(ii) Unsecured ..	55.00	55.00	..	..	4,180.70	5,410.96
3. Free Reserve—						
(i) Capital Reserve ..	..	..	..	..	6.18	6.18
(ii) General Reserve	0.60	0.80	..	..	52.29	77.00

(a) The figures are provisional pending certification by audit.

(b) These include Rs. 5.20 lakhs and Rs. 1,05.45 lakhs on account of Capital loan of the Rajasthan State Electricity Board as on 31st March, 1962 and 31st March, 1963 respectively.

(c) As on 31st March, 1962.

(d) As on 31st March, 1963.

(e) As on 31st March, 1961.



Name of the Corporation/Board (Year of incorporation).. Year to which results relate	Madhya Pradesh Financial Corpora- tion, Indore (1955)		Madhya Pradesh State Warehousing Corporation, Indore (1958)		Madhya Pradesh Electricity Board, Jabalpur (1957)	
	1962-63	1963-64	1962-63	1963-64	1961-62 (a)	1962-63 (a)
	(In lakhs of rupees)					
(iii) Balance of Profit and Loss account.	(c) 3.63	(d) 3.78	..	..	(e) 20.52	(c) 47.71
(iv) Development Re- bate Reserve.	..	..	(c) 0.01	(d) 0.01	..	..
(v) Special Reserve ..	(c) 0.62	(d) 1.03	..	..	..	..
Total capital employed	1,77.31	2,08.31	27.51	38.01	42,59.69	55,41.85
4. Block assets (Net) ..	0.12	0.11	9.31	13.41	27,22.88	33,99.89
5. Depreciation ..	0.09	0.10	0.49	0.84	3,54.17	4,62.25
6. Total excess of Income over Expenditure—						
(i) Balance as per Profit and Loss account.	3.77	4.27	..	..	27.19	48.29
(ii) Special Reserve ..	0.41	0.52	..	..	..	..
(iii) Provision for General Reserve.	..	..	..	..	22.62	24.30
7. Interest—						
(a) Government Loans	..	..	..	..	1,93.25	2,10.29
(b) Other Loans ..	2.70	4.24	..	..	..	..
Total Return (6+7)	6.88	9.03	..	..	2,43.06	2,82.88
8. Percentage of Return on Capital.	3.91	4.37	..	..	5.7	5.1
9. Dividend declared and paid.	3.50	(f) 3.50	..	..	..	..
10. Subsidy received during the year.	1.86	2.02	..	..	..	..

#### MADHYA PRADESH FINANCIAL CORPORATION

107. As in earlier years, the profit of Rs. 1.27 lakhs (after providing Rs. 3.52 lakhs for taxation and reserves) available for distribution was not sufficient to meet the guaranteed dividend of 3½ per cent on the paid-up capital. The Corporation had, therefore, to claim a subvention of Rs. 2.23 lakhs from the State Government. Such subventions received or receivable by the Corporation since its inception to end of 1963-64 amounted to Rs. 15.03 lakhs which represent 53.8 per cent of the total dividend of Rs. 27.93 lakhs paid or payable to end of 1963-64. The subventions sought from the State Government during recent years are on the increase as shown below:—

Year	Amount of subvention*					
	(In lakhs of rupees)					
1960-61 .. .. .	..	..	..	..	..	1.62
1961-62 .. .. .	..	..	..	..	..	1.86
1962-63 .. .. .	..	..	..	..	..	2.02
1963-64 .. .. .	..	..	..	..	..	2.23

- (a) The figures are provisional pending certification by audit.  
(c) As on 31st March, 1962.  
(d) As on 31st March, 1963.  
(f) Declared dividend.



Loans to the extent of Rs. 1,65.08 lakhs sanctioned to 51 concerns by the Corporation were not availed of by the loanees till the 31st March, 1964. Of these, one case amounting to Rs. 0.40 lakh, seven cases amounting to Rs. 25.95 lakhs, 19 cases amounting to Rs. 93.64 lakhs and twenty four cases amounting to Rs. 45.09 lakhs relate to loans sanctioned during 1960-61, 1961-62, 1962-63 and 1963-64 respectively.

#### MADHYA PRADESH STATE WAREHOUSING CORPORATION, INDORE

108. The Corporation had been incurring losses every year since its inception except for a small profit of Rs. 457 during the year 1961-62. The accumulated loss to end of 1963-64 was Rs. 5.52 lakhs which includes a loss of Rs. 2.97 lakhs for the year 1963-64. The main reason for the increase in loss was a substantial decrease in the custom handled by the Corporation; during the year 1963-64 the average occupancy being 51.47 per cent as against 65.77 per cent in 1962-63 and 62.88 per cent in 1961-62.

The main reasons for decrease in custom have been attributed by the Corporation to:—

- (a) failure of crops in certain areas,
- (b) restrictions imposed by the Reserve Bank of India on advances by banks against food grains,
- (c) increase in the security margin from 25% to 40% by the State Bank of India on the cost of grains and also tightening the procedure for advancing loans to agriculturists and
- (d) Government policy regarding foodgrains and continued uncertainty in the foodgrain trade.

#### MADHYA PRADESH ELECTRICITY BOARD

109. *Arrears of Revenue*:—The arrears in the collection of revenue are on the increase as shown below:—

Arrears as on	Amount (In lakhs of rupees)	Percentage of arrears to the operating revenue for the year
31st March, 1961 ..	1,33.52	24.2
31st March, 1962 ..	1,53.39	23.2
31st March, 1963 ..	1,80.01	24.3

These arrears have not been reconciled with the consumers' accounts maintained in the field offices. The year-wise break-up of these outstandings is not available with the Board. The Board is not in a position to indicate as to how much of the outstanding amount is likely to become bad or doubtful.

110. *Stores*:—The following defects were noticed in the maintenance of stores:—

- (i) The periodical physical verification is not carried out regularly,
- (ii) Maximum and minimum limits up to which material should be stocked at a time are not fixed and
- (iii) A proper account of tools and plant issued to works is not maintained so as to watch return of material on completion of works.

111. *Avoidable expenditure*:—(i) Anticipating the supply of electricity from a certain Hydel Project by June 1960 for the Indore area, the Superintending Engineer, Indore Circle proposed to the Electricity Board in July 1959 the purchase of a new 6250 KVA transformer for stepping down the power. The new transformer



was indented for by the Board only in August 1960 with a guaranteed delivery period of 6 to 8 months and it was actually received in August 1961. The transformer was not installed till April 1962 for want of certain important accessories. The Board stated in November 1963 that (a) the delay in placing the indent was due to a detailed study of the equipment required to suit the modifications in the power supply system of Indore area and (b) the subsequent delays were "unforeseen and unavoidable".

The power from the Hydel Project which was available from 19th November, 1960 in the Indore area, had, therefore, to be stepped down with some other old transformers, which went out of order off and on. Hence, the then existing thermal power house, which was kept as a stand-by plant, had to be commissioned for supply of electricity either fully or partially during the following periods:—

19th November, 1960 to 24th February, 1961.

8th March, 1961 to 16th May, 1961.

5th July, 1961 to 24th December, 1961.

3rd January, 1962 to 17th January, 1962.

The expenditure on consumable stores alone for running the thermal power house during these periods was Rs. 9.27 lakhs which could have been avoided, if the transformer of the requisite type had been obtained by the Board in time. It has been ascertained from the department in March 1964 that there was no saving in the generation expense at the hydel project because of supply of power being not utilised in Indore area.

(ii) The National Projects Construction Corporation Ltd., and another firm quoted rates for the work of construction of an earth dam including masonry spillway across the Suthna *nalla* in February 1962. While comparing the rates of the Corporation and those of the other firm, the Electricity Board did not take into account the extra cost on account of the following concessions demanded by the Corporation:—

	<i>(In lakhs of rupees)</i>
(i) Royalty for sand, etc. to be paid by the Board .. .. .	0.33
(ii) Cost of magazine for explosives .. .. .	0.06
(iii) Loss of interest at 6% per annum on a loan of Rs. 15 lakhs to be given by the Board for about a period of 15 months. .. .. .	1.13
Total .. .. .	1.52

The cost of the quotations was arrived at as Rs. 56.26 lakhs and Rs. 56.59 lakhs as per the rates of the Corporation and those of the firm respectively. The work was, therefore, awarded to the National Project Construction Corporation in March 1962 and the concessions referred to above were also accepted by the Board. The Board stated in August 1964 that the Corporation was awarded the contract 'mainly on account of their wide experience in the field of construction of dams'; the other firm 'did not have enough experience in this field'.

In December 1962, the Corporation pointed out that for certain items they had quoted the rates erroneously and demanded higher rates therefor. The revised rates were considered reasonable by the Board and were sanctioned in April 1963.

According to the calculations of the Board, the extra expenditure on account of the acceptance of the revised rates would amount to Rs. 9.77 lakhs. Had the work been allotted to the other firm in the first instance, the Board could have avoided an extra expenditure of Rs. 10.96 lakhs.

[ ]  
Kulote

9.77  
10.96  
11.29

9.77  
3.33  
10.10



112. *Extra Expenditure*:—(i) According to the powers delegated by the Board, a Divisional Engineer can locally purchase stock materials under certain circumstances. During 1961-62, the Divisional Engineer, Neemuch purchased stock materials at rates much higher than the rates at which purchases were ordered by the Central purchase organisation of the Board. Such purchases amounted to Rs. 2.20 lakhs which had resulted in extra expenditure of about a lakh of rupees.

As a result of the preliminary investigations conducted by the Chief Engineer of the Board, the powers of purchases vested in the Divisional Engineer were withdrawn in June 1963.

The officer concerned resigned from the service of the Board and was relieved in September 1963. The Board stated (in August 1964) that this Officer 'indulged in frequently violating and circumventing the financial powers vested in him.... as the ultimate action *viz.* to dispense with the services, being inevitable and could be foreseen, it was decided to accept the resignation rather than to follow the detailed departmental proceedings'.

In March 1964, the Board stated that 'a verification, in regard to the irregularities in stores' was in progress; the results of the verification are awaited (November 1964).

(ii) In May 1963, the Electricity Board invited tenders for the supply of 26 "11 K. V. indoor O. C. B. Panels". The lowest tenderer quoted the rate of Rs. 15,300 per panel F. O. R. Calcutta, and agreed to deliver the panels in 8 to 10 months from the date of the order. The second lowest tender was Rs. 16,580 per panel F. O. R. Bangalore, the supply commencing in 18 to 20 months from the date of the order at the rate of 9 to 10 panels per month. In September 1963, the Board placed orders for the supply of 17 panels with the former firm and 9 panels with the latter firm on the ground that 'the supply in time might be ensured'; the Board appear to have not considered the fact that the latter firm would take not less than 18 months from the date of order for supplies. This has resulted in an extra liability of Rs. 11,520 at the rate of Rs. 1,280 per panel, even ignoring the difference in transportation charges. The Board stated in September 1964 that 'it would be necessary at times that the orders of important equipments required in large quantities are placed on more than one firm in order to ensure the supply'.

#### WRITES OFF OF LOSSES

113. (a) *Individual cases of losses amounting to Rs. 10,000 or more*:—(i) Loss of Board's property amounting to Rs. 24,100 due to an accidental fire at Satpura Thermal Project Site on 30th May, 1963 was written off in October 1963.

(ii) Shortage of 6,93.35 tonnes of coal at Neapanagar Power House (Cost Rs. 15,248) pertaining to the years 1959-60 and 1960-61 was written off in October 1963.

(iii) Cost of fan blades of Marelly cooling towers at Neapanagar Power House—(Cost Rs. 29,680) damaged due to accidents in December 1961 and September 1962, was written off in February 1964.

(iv) Cost of non-combustible coal lying at Irwin Power House, Gwalior (Cost Rs. 16,130) was written off in February 1964.

#### (b) Other cases

S.No.	Total No. of cases	Amount Rs.	Brief subject
1.	2	2,065	Losses due to theft.
2.	3	3,521	Losses due to fire.
3.	1	2,803	Losses on account of shortages of stores.
4.	2	423	Miscellaneous losses.



## MADHYA PRADESH STATE ROAD TRANSPORT CORPORATION

114. The Corporation was formed on the 1st of June 1962 to take over the two transport units, viz. Madhya Bharat Roadways, Gwalior and Central Provinces Transport Services, Jabalpur. The Corporation has a loan Capital of Rs. 25 lakhs (from the State Government) in addition to the inherited capital of *ex*-Madhya Bharat Roadways and *ex*-Central Provinces Transport Services as they stood on 31st May, 1962. The Corporation has not prepared the accounts from 1st June, 1962 onwards pending receipt of the report of the Evaluation Committee which has to assess the cost of the various assets and liabilities taken over by the Corporation from these two units.

The effective fleet strength of both the units at the time of formation of the Corporation was 741 vehicles which increased to 840 on 31-3-1963 and 891 on 31-12-1963.

## THE MADHYA PRADESH KHADI AND VILLAGE INDUSTRIES BOARD

115. The Madhya Pradesh Khadi and Village Industries Board was constituted under the Madhya Pradesh Khadi and Village Industries Board Act, 1959 with effect from 11th July, 1960.

(i) *Accounts*:—The rules for the maintenance of accounts and the forms for presentation of the annual statement of accounts have not been prescribed by the State Government so far (September 1964), as required under Section 29 of the Madhya Pradesh Khadi and Village Industries Board Act, 1959. The Board, however, has been presenting the annual accounts in the form of a receipts and payments account.

(ii) *Utilisation of loans and grants*:—The year-wise details of the amounts received from the Khadi and Village Industries Commission as loans and grants and the amounts utilised and refunded are given below:—

Year	Amount received		Amount utilised		Amount refunded up to March 1964	
	Loan	Grant	Loan	Grant	Loan	Grant
(In lakhs of rupees)						
Upto						
1961-62	1,45.91	61.07	97.94	42.60	43.29	12.51
1962-63	33.58	12.27	29.84	8.56	3.74	3.71
	1,79.49	73.34	1,27.78	51.16	47.03	16.22

Unutilised loans (Rs. 4.68 lakhs) and grants (Rs. 5.96 lakhs) received up to March 1962 have not so far been refunded (September 1964).

The Board has not yet (September 1964) furnished certificates of utilisation for the following amounts:—

Year	Loan	Grant
	(Amount received in lakhs of rupees)	
Up to		
1961-62	42.73	25.89
1962-63	29.84	8.56

The delay in furnishing the utilisation certificates has been attributed to the non-receipt of the certificates from the societies/institutions to whom the financial assistance has been given and non-completion of audit of the accounts of the societies by the Registrar, Co-operative Societies.



(iii) *Maintenance of the records to watch repayment of loans advanced by the Board:*—The records maintained by the Board in respect of loans advanced to various institutions do not indicate essential details such as the due date for repayment of instalments of loan, amount of instalment, rate of interest, etc., with the result that the extent of the amounts that have fallen due for repayment but are remaining unrealised is not known and timely action has not been taken for effecting recoveries. The total amount over-due for recovery from the borrowers up to the 31st March, 1964 was Rs. 16.77 lakhs (September 1964).

(iv) *Audit of grantee/loanee institutions:*—Up to March 1964, the Board had given financial assistance to about 600 co-operative societies; but in respect of these societies, audited statements of accounts have not been obtained so far from the Registrar, Co-operative Societies. There are no records to watch the receipt of periodical verification reports of utilisation of grants and loans disbursed to the societies/institutions.

52 societies, which received loans and subsidies amounting to Rs. 6.30 lakhs up to March 1964 have become defunct and 129 societies are reported to be working not satisfactorily as indicated below:—

Name of Industry	No. of societies	No. of societies defunct	No. not working satisfactorily
Village Oil .. .. .	336	25	102
Village Pottery .. .. .	41	1	19
Paper .. .. .	3	1	1
Fibre .. .. .	7	1	2
Bee-Keeping .. .. .	5	..	5
Handpounding of Rice .. .. .	} Not known	19	..
Khadi .. .. .		5	..

A review of the inspection reports of the offices of the Board and the Khadi and Villages Industries Commission and the annual progress reports, revealed

(a) that due to unsatisfactory working, Awantika Wool Industry Co-operative Society, Ujjain incurred a loss of Rs. 2,924 during 1961-62 and Hand-made Paper Industry, Indore incurred a loss of Rs. 33,982 up to 1962-63. X

(b) that funds to the extent of Rs. 1.14 lakhs disbursed to 14 Societies in Oil Industry were not utilised for the purpose for which the funds were provided. X

(v) *Repayment of loans by the Board:*—Repayment of loans advanced by the Commission to the Board to the extent of Rs. 29.61 lakhs was overdue as on the 31st of March, 1964. X

(vi) *Outstanding advances:*—The following irregularities were noticed:—

(a) During the period from April 1960 to May 1963, advances were paid to officers and institutions towards exhibitions. As against these advances a sum of Rs. 19,000 was outstanding at the end of September 1964, even though these were required to be adjusted "within the same financial year" by rendition of complete accounts,

(b) Further advances were paid in some cases before adjustment of the previous advances,

(c) Advances for different purposes have not been exhibited separately,

(d) The transactions relating to advances have been classified to final heads of account instead of being shown under 'advance' head to enable proper watching,

(e) Year-wise analysis of the outstanding advances is not available with the Board and



(f) No reconciliation has been done between the figures of the Board and the sub-offices.

(vii) *Losses*:—12 cases of alleged frauds, embezzlements, thefts, etc., involving a sum of Rs. 0.20 lakh were reported during the period from 1960-61 to 1963-64, as indicated below:—

	No. of cases	Amount involved (In lakhs of rupees)
Frauds and embezzlements .. .. .	5	0.18
Thefts .. .. .	6	0.01
Other losses .. .. .	1	0.01

An amount of Rs. 1,200 only has been recovered from the parties concerned.

(viii) *Stock account*:—The value of shortages noticed during annual verification of stock is not available with the Board; it was stated that such reports had not so far been obtained and consolidated, and the issuing of detailed instructions in this regard was under considerations. There is no scientific system of internal stores control. No records are maintained showing (a) the results of physical verification of the closing stocks of stores and finished products, (b) receipt of statements showing the balances of stock in hand, issue and receipts and (c) action taken for timely disposal of finished products as well as unserviceable and surplus stores. The reserve limits of stores to be handled by different centres have also not been fixed.

(ix) *Internal audit*:—There is no system of internal audit of the accounts of the centres and other offices. Proposals for constituting 8 internal audit parties were, however, stated to be under consideration (September 1964).

(x) *Local audit*:—The following types of irregularities were noticed during the local audit of the regional and administrative offices of the Board conducted during 1963-64:—

- (a) Defective maintenance of cash book and omission to conduct physical verification of cash,
- (b) Defective maintenance of stock registers and omission to conduct physical verification of stock and weeding-out of surplus and obsolete stocks,
- (c) Non-realisation of security deposits from officials handling cash and stores and
- (d) Delay in the adjustment of advances granted to officials for specified purposes.

116. *Ambar Charkha Scheme*:—Up to March 1962, 2,273 Ambar Charkhas valued at Rs. 2.73 lakhs were distributed by the Board to the spinners on hire-purchase system. Of these, 2,066 Charkhas valued at Rs. 2.48 lakhs were returned to the Board up to October 1963, as the spinners had abandoned spinning work. 179 charkhas (value Rs. 0.21 lakh) are missing.

Out of the total stock of 6,049 charkhas at the end of March 1964, 2,955 are stated to be unserviceable. 308 charkhas were remodelled up to March 1964 at a cost of Rs. 7,160 but none of these charkhas has been sold so far (September 1964).



117. *Centres transferred from the Industries Department*:—In July 1963, Government accorded sanction for the transfer to the Board, of 34 centres which were formerly run by the Industries Department.

The centres were taken over by the Board with effect from 1st November, 1963. A review of the working of the centres conducted by the Board in September 1964 indicated that only 4 out of the 34 centres were fit to be continued; the remaining 30 centres were "defunct" even before the transfer. These centres have not yet commenced functioning. Unproductive expenditure at the rate of about Rs. 7,000 per mensem is being incurred on the maintenance of staff of these 30 centres; the decision regarding the future course of action has not so far been taken (September 1964).

118. *Saranjam Karyalaya, Ujjain*:—The Karyalaya started functioning in February 1956, under the erstwhile Madhya Bharat Khadi and Village Industries Board as a workshop for manufacturing Ambar Charkhas and implements for village industries *viz.*, handpounding of rice and oil industry. The expenditure incurred on establishment in the workshop during 1961-64 was about Rs. 0.30 lakh. The number of articles produced in the workshop was much below the production targets as indicated below:—

Nomenclature of the articles manufactured	Period	Target	Actual Production
(i) <i>Ghanis</i> .. ..	1956-64	1,630	712
(ii) <i>Charkhas</i> .. ..	1956-64	900	326
(iii) <i>Dheki set</i> .. ..	1960-64	225	43
(iv) <i>Dhonai Phankha</i> .. ..	1960-61 and 1962-64	200	65
(v) <i>Chakki</i> .. ..	1963-64 ..	350	76

The value of articles produced and the total sales effected are given below:—

Year	Value of total production	Sales	Value of stock of finished products.
		(In lakhs rupees)	
Up to			
1960-61 .. ..	14.17	10.42	3.75
1961-62 .. ..	1.30	0.44	0.86
1962-63 .. ..	1.65	0.84	0.81

The Karyalaya received in 1961-62 and 1962-63 stores and other articles of the centres closed by the Board, but the value of the stores is not known as the stock registers do not contain this information. No physical verification of stock was conducted up to 1962-63. In June 1964, stores of the value of Rs. 0.90 lakh were reported to have been damaged in a fire accident.

*Pro forma* accounts have not been maintained to ascertain the working results of the Karyalaya.

### SECTION C GOVERNMENT COMPANIES

119. On the 31st March, 1964 there were six Government Companies in the State.

The Bank of Kawardha Ltd., Kawardha in which the investments of Government amounted to Rs. 1.35 lakhs, suspended its business from the 21st December, 1957 and is under liquidation.

The Dhar Transport Company (Private) Ltd., in which the Government investment amounted to Rs. 1.10 lakhs ceased to function from the 1st April, 1956. Even though agreed to by the Board of Directors, the Company has not



gone into voluntary liquidation as yet. The accounts for the period from the 1st April, 1956 to the 31st March, 1962 have been certified by the professional auditors without getting them approved by the Board of Directors and hence these have not been submitted so far to Audit.

The accounts of the Madhya Pradesh State Industries Corporation, Ltd., Indore for the year 1963-64 have not yet been certified (October 1964) by the professional auditors.

The summarised financial results of the Provident Investment Company (Private) Ltd., Bombay and the Madhya Pradesh Laghu Udyog Nigam Ltd., Indore, as per their latest accounts were as under:—

Name of the Government Company:	Provident Investment Co. (P) Ltd., Bombay		Madhya Pradesh Laghu Udyog Nigam Ltd., Indore	
	Year ended December 1962	Year ended December 1963	1961-62	1963-64
Year of Incorporation:	1926	1961	1962-63	1963-64
Year to which results relates:	1962	1963		
	(In lakhs of rupees)			
1. Paid-up Capital—				
(a) Share Capital of Madhya Pradesh Government.	46.51	48.51	10.00	20.00
(b) Others .. .. .	3.15	1.15	..	..
2. Loans—				
(i) Secured .. .. .	5.78	0.61	..	..
(ii) Unsecured .. .. .	..	..	..	2.24
3. Free reserves—				
(i) Capital reserve .. .. .	102.14	102.14	..	0.40
(ii) General reserve .. .. .	24.40	26.02	..	..
(iii) Balance of Profit and Loss Account.	0.23	0.12	..	0.27
Total Capital employed .. .. .	182.21	178.55	10.00	22.91
4. Block assets (Net) .. .. .	185.34	180.27	0.51	0.98
5. Depreciation .. .. .	0.02	0.03	0.07	0.17
Total excess of Income over expenditure—				
(i) Balance as per Profit and Loss Account.	2.87	3.04	0.27	0.66
(ii) Provision for taxation .. .. .	2.10	2.30	0.28	..
(iii) Provision for contribution to Employees' Provident Fund.	..	..	0.07	0.11
Total .. .. .	4.97	5.34	0.62	0.77
7. Interest on Loans .. .. .	0.28	0.15	..	..
Total—Return (6+7) .. .. .	5.25	5.49	0.62	0.77
8. Percentage of return on capital employed.	2.8	2.9	6.19	3.36
9. Dividend declared and paid .. .. .	2.98	2.98	..	..
10. Subsidy received during the year	..	..	1.00	1.00

(a) as on the 31st December, 1961.

(b) as on the 31st December, 1962.

(c) as on the 31st March, 1963.

(d) Includes investments in shares, Government securities, etc.

(e) This is proposed dividend.



120. *Madhya Pradesh State Industries Corporation, Ltd.*:—The Madhya Pradesh State Industries Corporation was incorporated as a private limited company under the Companies Act, 1956 on the 11th April, 1961 with an authorised capital of Rs. 1.50 crores. The paid-up capital of the Corporation as on the 31st March, 1963 of Rs. 80.00 lakhs was subscribed by the State Government.

Important comments on some units of the Corporation are given below:—

(a) *Gwalior Leather and Tent Factory*:—One sole stitching machine purchased for Rs. 9,500 in 1957-58 has been lying idle as bulk orders for stitching shoes and boots have not been received.

(b) *Gwalior Tannery*:—The tanning capacity of the tannery is reported to be 45,000 hides per year. The production figures for the last four years detailed below would indicate that even 5 per cent of the rated capacity was not achieved and the production during 1963-64 was the lowest with the highest cost of production:—

Year	Number of hides tanned	Production cost per hide
		Rs.
1960-61	2,182	54.06
1961-62	1,244	48.03
1962-63	1,250	45.06
1963-64	1,005	60.00

(c) *Cotton Spinning Mill*:—Machines costing Rs. 4.48 lakhs were purchased in July 1961 for manufacturing yarn of 20 counts but they were not utilised as the yarn of 20 counts was not in demand. The machines have been lying idle (October 1964).

#### SECTION 'D'

##### GOVERNMENT DEPARTMENTAL UNDERTAKINGS

121. *Commercial Undertakings*.—Eight commercial undertakings were managed departmentally of which four undertakings *viz.* (Gwalior Engineering Works, Gwalior Leather and Tent Factory, Gwalior Tannery and Gwalior Potteries were transferred to the Madhya Pradesh State Industries Corporation with effect from the 16th April, 1963.

122. In September, 1962 the Superintendent of Stationery and Printing informed the Public Accounts Committee that the *pro forma* accounts of the Nationalised Text Books Scheme for the period from December 1957 to March 1961 would be ready by the end of December 1962. The accounts have, however, not so far been completed (October 1964).

123. *Indore Hotel and Gwalior Hotel*:—Indore Hotel was closed down with effect from the 1st August, 1963. The accounts for the period from 1962-63 onwards have not been prepared so far (October 1964).

Similarly, Gwalior Hotel was also closed down with effect from the 1st February, 1964. The accounts for the year 1961-62 have been submitted to audit but not certified so far pending reconciliation of cash balance; the accounts for the subsequent period have not yet been prepared.

124. *Quasi-Commercial Undertakings*:—On the 31st March, 1964 there were eight Quasi-commercial undertakings in the State, consisting of five Dairy Farms, One Milk Supply Scheme and two Arts and Crafts Emporia, one located at Gwalior and the other at Indore.



125. *Dairy Farms*:—(i) None of the five Dairy Farms started during the period 1946 to 1956 has prepared the *pro-forma* accounts and, therefore, the actual financial results of the working of these undertakings are not known. However, the position as ascertained on the basis of cash transactions and subsidiary registers, disclosed that all these undertakings have accumulated heavy losses as detailed below:

		Accumulated losses to end of 1963-64.	
		(In lakhs of rupees)	
Dairy Farm,,	Adhartal .. .. .	..	2.00
"	" Bilaspur .. .. .	..	0.77
"	" Durg .. .. .	..	1.34
"	" Itarsi .. .. .	..	2.30
"	" Ratona .. .. .	..	2.54

The heavy losses were attributed to (a) low yield of milk, (b) high cost of feeding charges, (c) heavy establishment charges and (d) low return from agricultural section of the farms.

(ii) Under the rules, credit sales are not permissible. But credit sales are being allowed by the Dairy Managers and the outstanding dues in all the five dairy farms as on the 31st March, 1964 amounted to Rs. 1.15 lakhs.

126. *Arts and Crafts Emporium, Gwalior*:—Arts and Crafts Emporium, Gwalior established prior to 1949, was declared as a quasi-commercial undertaking with effect from the 1st of April, 1963. The Emporium has been running at a loss for the last several years as indicated below:—

Year	Amount of loss Rs.
1956-57 .. .. .	14,386
1957-58 .. .. .	18,056
1958-59 .. .. .	12,353
1959-60 .. .. .	9,346
1960-61 .. .. .	17,506
1961-62 .. .. .	11,491
1962-63 .. .. .	12,938
1963-64 .. .. .	14,424

## SECTION 'E'

## INVESTMENTS BY GOVERNMENT

127. *Investments in Joint-Stock Companies*:—The total investment of Government in 31 Joint-Stock Companies (other than Government Companies) as on the 31st March, 1964 was Rs. 1,03.43 lakhs. In addition, Government hold shares worth Rs. 2.45 lakhs allotted by three of these companies for considerations other than cash.

A sum of Rs. 5.28 lakhs was received during 1963-64 as dividends on holdings in 13 companies amounting to Rs. 70.11 lakhs.

Four companies in which Government had invested Rs. 8.84 lakhs have not declared any dividends for a number of years on account of past accumulated losses.

Six other companies, in which Government investments amounted to Rs. 5.45 lakhs, are under liquidation. The liquidation proceedings in respect of some of these companies have been in progress for long periods, the oldest case dating back to June 1951.

1. Hind Alca Ltd
2. Discount Bank India
3. V.K. Suman Super Co
4. Rampada Elec. Transm. Co

5. Dewar Biscuit & Food Arts

Asst. Commr (C) (29)  
Taka Jha  
Kachhi (15)  
C (15)

8/116-121  
Fm 2/23

14  
Mahabudh A.C.  
2) Jiwaj  
Supat (2)  
3) Kalyan



Information about dividends declared realised or losses sustained on holdings of Rs. 21.48 lakhs in the other eight companies has not been furnished by Government.

128. *Investments in Co-operative Institutions*:—The investments by the State Government in the shares of co-operative institutions up to the 31st March, 1964 amounted to Rs. 3.88 crores. According to the information so far received from the Registrar, Co-operative Societies, dividends amounting to Rs. 2.98 lakhs were received from some of these institutions during 1963-64.

The position of supply of copies of audited accounts of specified co-operative institutions by the Registrar, Co-operative Societies, to Audit for annual review ending September, 1964 was as follows:—

Accounts for the year ending	Number of accounts due.	Number received till September 1964.
June 1959	855	453
June 1960	1,095	529
June 1961	1,339	574
June 1962	1,944	273
June 1963	*	93

The audited accounts received from the Registrar, Co-operative Societies in respect of 568 co-operative institutions in which Government hold shares of more than 50 per cent of the paid-up share capital of the society or Rs. 20,000, whichever is less or to which Government had given loan of Rs. 20,000 or more, were reviewed during the period December 1963 to September 1964. Some of their important points noticed are given below:

(a) The accounts of 116 societies disclosed losses amounting in all to about Rs. 3 lakhs.

Of these, eight societies suffered losses consecutively for 3 years; and thirty-one societies for two years.

(b) The losses in some societies were reduced by the receipt of subsidy from Government as shown below:—

Accounts for the year ending	Number of societies.	Amount of loss.	Amount of loss after adjustment of subsidy
		Rs.	Rs.
June 1959	4	7,492	4,563
June 1960	5	9,453	3,383
June 1961	9	14,162	4,815
June 1962	12	56,965	4,935
June 1963	5	14,052	6,493

\*Statement showing the number of accounts due for the year ending June 1963 has not been furnished by the Registrar, Co-operative Societies.



(c) In some other institutions, profit was mainly due to adjustment of staff subsidy received from Government as indicated below:—

Accounts for the year ending	Number of societies	Amount of loss	Profit after adjustment of staff subsidy
		Rs.	Rs.
June 1959 .. .. .	11	6,623	3,896
June 1960 .. .. .	18	9,170	7,552
June 1961 .. .. .	14	5,994	8,220
June 1962 .. .. .	12	9,266	2,850
June 1963 .. .. .	3	5,045	1,456

(d) Contrary to rules, the share capital contribution by Government was in excess of 80 per cent of the paid-up capital of the societies as detailed below:—

During the year ending	Number of societies	Total paid-up capital	Government's share capital contribution	Percentage of Government share to the total paid-up share capital
		Rs.	Rs.	
June 1959 .. .. .	10	1,34,680	1,14,000	84.6
June 1960 .. .. .	13	2,24,928	1,96,000	87.0
June 1961 .. .. .	13	1,90,543	1,71,000	89.7
June 1962 .. .. .	8	1,24,493	1,12,800	90.0
June 1963 .. .. .	1	3,23,650	2,70,000	83.6

(e) Considerable amounts in excess of the paid-up share capital were held in cash by certain societies without utilising them in the business as illustrated below:

Name of the society and year of account	Amount of paid-up capital	Amount held in cash
	Rs.	Rs.
Marketing Society, Gunnore (Panna District) 1962-63 ..	27,700	59,908
Marketing Society, Salamatpura (Raisen District) 1959-60.	25,250	44,560
Marketing Society, Pendiuprora (Bilaspur District) 1961-62.	34,902	49,777
Harijan and Forest Marketing Society, Bercha (Indore District) 1961-62.	21,185	33,186
Marketing Society, Akaltara (Bilaspur District) 1961-62	27,775*	28,344

(f) The accumulated losses of certain societies exceeded their paid-up capital; details are given below:—

Name of society and year of account	Total accumulated loss.	Total paid-up capital.	Amount of Government's share contribution.
	Rs.	Rs.	Rs.
Marketing Society, Raigarh 1959-60 .. .. .	85,605	53,780	39,000
District Co-operative Agricultural Association and Marketing Society, Mandla 1961-62.	82,995	42,591	21,000
Collective Farming Society, Musapura (District Dhar) 1960-61.	11,548	4,100	3,000



## CHAPTER IX GRANTS-IN-AID

### *Non-Submission of Utilisation Certificates*

129. In para 20 of the Sixth Report (March 1963), the Public Accounts Committee urged the Government to expedite the submission of the pending utilisation certificates, besides ensuring their timely submission in future. Notwithstanding this recommendation, utilisation certificates in respect of 18,694 grants involving Rs. 3,92.01 lakhs paid up to 1962-63 were not furnished to Audit till the 31st July, 1964, as indicated below:—

Years in which grants were paid	No. of certificates awaited.	Amount (In lakhs of rupees)
1957-58 to 1959-60 .. .. .	4,004	92.90
1960-61 to 1962-63 .. .. .	14,690	2,99.11
Total ..	18,694	3,92.01

The utilisation certificates for over 99.8 per cent of the total amount of Rs. 3,92.01 lakhs are awaited from the following eight departments:—

Name of department	No. of certificates overdue for more than one year.	Amount (In lakhs of rupees)
(1) Co-operation .. .. .	16,235	1,36.78
(2) Public Health .. .. .	201	69.21
(3) Education .. .. .	320	52.31
(4) Industries .. .. .	77	40.86 ✓
(5) Tribal Welfare .. .. .	150	40.32
(6) Local-Self Government .. .. .	503	24.04
(7) Medical .. .. .	812	15.64
(8) Social Welfare .. .. .	384	12.41

### GRANTS FOR OBJECTIVES OF SOCIAL WELFARE

#### *Construction of Stadia*

130. Grants-in-aid amounting to Rs. 8.80 lakhs were disbursed during the period 1956-57 to 1962-63 to Municipalities, Stadium Committees etc., for construction of stadia in 11 towns, as shown below:—

Year of payment	Amount paid (In lakhs of rupees)	Number of stadia to be constructed.
1956-57 .. .. .	0.25	1
1957-58 .. .. .	0.25	1
1960-61 .. .. .	4.49	5
1961-62 .. .. .	0.25*	*
1962-63 .. .. .	3.56	4
Total ..	8.80	11

\*Subsequent instalments of previous grants.



None of the 11 stadia has so far been completed; in one case (stadium at Betul—grant Rs. 0.11 lakh paid in 1962-63) even the site has not been decided (May 1964).

The following further points have been noticed in audit:—

- Rs. 8,000/-*
- (i) The grant was to be paid on matching contribution basis (*i. e.* 50 per cent of the expenditure should be met by the public). A total amount of Rs. 0.50 lakh was paid during 1957-58 and 1960-61 for construction of a stadium at Raipur to the Physical Culture Society, Raipur, although the total contribution received from the public by the Society up to May 1964 amounted to Rs. 0.42 lakh only.
  - (ii) The second instalment (Rs. 0.25 lakh) of the grant to the municipality for the construction of a stadium at Damoh was to be released when the work costing Rs. 0.75 lakh had been completed. The amount was paid in full in March 1962, although the Executive Engineer, Sagar had certified that the value of the work done was Rs. 0.65 lakh only. Later, in April 1964, the Municipal Council, Damoh intimated to the Divisional Panchayat and Welfare Officer, Jabalpur, that the total expenditure incurred up to March 1962 was only Rs. 0.43 lakh. On the basis of this statement, the grant paid in excess amounted to Rs. 0.11 lakh.

✓ *Construction of Panchayat Bhavans*

*239*  
131. Grants-in-aid amounting to Rs. 2.39 lakhs were disbursed to gram panchayats in 7 districts during the year 1961-62 (Rs. 0.76 lakh) and 1962-63 (Rs. 1.63 lakhs) for the construction of 239 panchayat bhavans. They were required to be completed within six months of the disbursement of the grant.

The following points came to notice in regard to the utilisation of the grants:—

- (Addn)*
- (i) 153 bhavans remained to be completed at the end of March 1964, (grant paid was Rs. 1.53 lakhs). Construction work on 19 of these (grant Rs. 19,000) had not even been started till June 1964.
  - (ii) Though the grant was required to be paid in instalments, the entire amount of grant was disbursed in lump. Out of the total grant of Rs. 2.39 lakhs disbursed, an amount of Rs. 0.69 lakh (Rs. 0.66 lakh since 1962-63 and Rs. 0.03 lakh since 1961-62) was reported to be lying unutilised with the panchayats/Block Development Officers (June 1964).
  - (iii) Utilisation certificates have not so far been (June 1964) furnished to Audit even in the case of completed bhavans.

*Beggars' home at Jabalpur*

132. In September 1955, the former Government of Madhya Pradesh accorded sanction for the establishment of a Beggars' home at Jabalpur with effect from October 1955. A non-recurring grant of Rs. 24,533 was paid to the Corporation of Jabalpur in November 1955 on the assurance given by the Corporation that the Home would be started in October 1956.

The Home was not started and Government ordered in October 1958 that the grant should be refunded by the Corporation; but the amount has not yet been refunded (June 1964).

**GRANTS-IN-AID TO THE MADHYA PRADESH KALA PARISHAD, GWALIOR**

133. Grants amounting to Rs. 2.05 lakhs were paid to the Madhya Pradesh Kala Parishad, Gwalior by the State Government (Rs. 1.05 lakhs) and Government of India (Rs. 1.00 lakh) during the period from 1961-62 to 1962-63 for the construction of a fine arts gallery at Bhopal. The construction of the gallery was completed in May 1963, at a total cost of Rs. 2.29 lakhs.



The building has not been utilised for the purpose for which the grants were paid *viz.*, Fine Arts Gallery. A portion of the same was let out on rent to two technological institutions. The amount of rent (Rs. 0.15 lakh) realised up to July 1934 had not been taken in the books of the Parishad. Government stated in November 1934 that "in regard to the utilisation of the portion of the building which has not been let out, we are contemplating to put up a Fine Arts Gallery".

## GRANTS TO LOCAL BODIES

134. The expenditure from grants paid by the State Government to local bodies is audited by the Examiner, Local Fund Accounts, who is under the administrative control of the State Government. Some of the important points noticed by him during 1963-64 are mentioned below:—

- (a) Out of the grants disbursed upto March 1963, a total sum of Rs. 15.23 lakhs remained unutilised at the end of 1963-64, as indicated below:—

Year	Amount of unutilised grant
	(In lakhs of rupees)
1959-60 .. .. .	2.26
1960-61 .. .. .	3.09
1961-62 .. .. .	3.10
1962-63 .. .. .	6.78

- (b) The grant ledgers were either not maintained or were incomplete in the case of 7 local bodies, with the result that the extent of utilisation of the grants could not be ascertained.
- (c) The records pertaining to grants amounting to Rs. 2.39 lakhs paid to 6 Municipal Committees and 6 Janapad Sabhas during the period 1959-60 to 1961-62 were not produced for audit by the Examiner, Local Fund Accounts.
- (d) A grant of Rs. 30,000 paid to Municipal Committee, Khandwa in March 1960 for removal of water scarcity was unauthorisedly utilised towards normal expenditure.



## CHAPTER X

### OUTSTANDING AUDIT OBJECTIONS AND INSPECTION REPORTS

#### *Outstanding audit objections*

135. The outstanding objections (other than those reported through the Inspection Reports) for the period upto the 31st March, 1964 and remaining unsettled by the departments upto the end of August, 1964 numbered 1,17,329 involving an amount of Rs. 22.99 crores as indicated below. These do not include objections in regard to expenditure on works without sanction to estimates or in excess of estimates which have been dealt with in para 47 at page 37.

	Number of Items	Amount outstanding  (In crores of rupees)
1948-49 to 1957-58 .. .. .	22,392	3.34
1958-59 to 1962-63 .. .. .	66,750	12.76
1963-64 .. .. .	28,187	6.89

The departments with heavy outstandings and the broad nature of objections are indicated below:—

Department	Want of detailed contingent bills		Other items such as want of pay- ees, stamped re- ceipts, non-ad- justment of tour advances, etc.		Total		
	Number of items	Amount	Number of items	Amount	Number of items	Amount	
<i>(In crores of rupees)</i>							
(i) Public Works—							
Buildings and Roads .. .. .	..	1,088	0.44	11,926	5.18	13,014	5.62
Irrigation .. .. .	..	552	0.18	8,817	2.13	9,369	2.31
(ii) Public Health .. .. .	..	3,024	0.42	5,188	0.85	8,212	1.27
(iii) Agriculture .. .. .	..	12,871	2.98	3,573	0.18	16,444	3.16
(iv) Tribal Welfare .. .. .	..	1,211	1.38	313	0.07	1,524	1.45
(v) Education .. .. .	..	12,390	2.09	6,035	0.92	18,425	3.01

The money value of the objections outstanding include Rs. 10.68 crores on account of non-remission of detailed accounts for sums drawn on 'Abstract contingent bills'. Inordinate delay in furnishing the detailed contingent bills must be regarded as a serious lapse, since it results in the entire expenditure in question escaping audit for a long period.

Government issued instructions in June 1964 that all the outstanding detailed contingent bills should be submitted within a period of six months.

#### *Outstanding Inspection Reports*

136. (a) Irregularities and defects noticed during local audit and inspections are communicated to the departmental officers through Inspection Reports. The more important irregularities are reported to the Heads of Departments and the Government.



OUTSTANDING AUDIT OBJECTIONS AND INSPECTION REPORTS 89

At the end of September 1964 replies were awaited to 3,543 Inspection Reports containing 20,233 items issued upto the 31st March, 1964 to different offices other than the Madhya Pradesh Electricity Board; some of these have been outstanding for considerably long periods, as shown below:—

	Number of Inspection Reports outstanding	Number of Items
(i) Reports issued up to March 1954 (more than 10 years old) ..	103	191
(ii) Issued between 1st April, 1954 and 31st March, 1959 (more than 5 years but less than 10 years old).	512	1,772
(iii) Issued between the 1st April, 1959 and the 31st March, 1962 (more than 2 years but less than 5 years old).	1,099	5,391

The delay in sending replies to these reports has been persisting despite periodical reports to the State Government. In the case of 641 out of the total of 3,543 inspection reports, the departments concerned have not replied even to a single item of the report; some of these were issued more than 3 years ago, as shown below:—

	Number of reports for which even the first reply has not been received.
Issued up to the 31st March, 1961 .. .. .	41
Issued during 1961-62 .. .. .	47

The departments with comparatively large outstandings are given in Appendix 11 (pages 136).

(b) The statement below indicates the types of irregularities noticed during local audit conducted in 1963-64:—

S. No.	Type of irregularity	Number of Inspection Reports	Number of paragraphs	Amount (In lakhs of rupees)
<i>I.—Public Works Offices—</i>				
1.	Wasteful/infructuous expenditure due to defects in plans, designs and abandonment of works.	7	8	3.59
2.	Splitting up of the purchase orders to avoid invitation of tenders or sanctions of higher authorities.	4	5	1.61
3.	Extra cost to Government due to rejection of lowest tenders/delay in accepting tenders.	8	9	2.46
4.	Excess payment due to non-observance of the conditions of the contract or non-provision of the requisite conditions in the contract agreements.	13	14	0.76
5.	Overpayments due to inflated measurements or longer leads/extra leads or rates allowed in excess of those provided for in the agreements.	15	21	0.99
6.	Unauthorised financial aid to the contractors ..	3	3	1.17
7.	Delay in effecting recoveries due from contractors ..	3	4	06.



S. No.	Type of irregularity	Number of Inspection Reports	Number of paragraphs
<i>II—Other Civil Offices—</i>			
1.	Non-observance of the rules relating to custody and handling of cash, posting and maintenance of cash book, physical verification of cash, etc.	302	363
	In the District Agriculture Office, Vidisha, cash book for the period from August 1956 to March 1957 was not produced for audit. The official responsible for the maintenance of cash book was stated to be absconding since December 1960. The matter was reported to Government in August 1963 and their reply is awaited.		
	In the Bhopal Tractor Organisation, Bhopal, certain folios of the cash book for the period from July 1962 to April 1963 were not produced for audit. The case is stated to be under police investigation.		
2.	Securities from persons handling cash and stores not obtained.	285	285
3.	Store accounts were not maintained properly and periodical verification was not done.	233	252
4.	Defective maintenance and/or non-maintenance of initial accounts, records relating to loans.	93	109
5.	Timber accounts were not maintained properly in forest divisions.	14	14
6.	Defective maintenance of log books and misuse of cars and trucks.	101	102

*M. P. Singh Jain,*  
Accountant General, Madhya Pradesh.

Gwalior:

19 FEB 1965

Countersigned.

*A. K. Roy,*  
Comptroller and Auditor General of India.

New Delhi:

25 FEB 1965





**APPENDICES**





## APPENDIX 1

( Reference : Paragraph 13, page 14 )

## STATEMENT SHOWING PARTICULARS OF GRANTS/APPROPRIATIONS IN WHICH SUPPLEMENTARY PROVISION PROVED WHOLLY UNNECESSARY/ EXCESSIVE

Particulars of grant/appropriation	Amount of grant/ appropriation		Actual expendi- ture	Saving	
	Original	Total		Amount	Percentage
	Supple- mentary				
<b>13—*Grants/Appropriations in which supplementary provision proved wholly unnecessary</b>					
<b>Collection of Taxes, Duties and other Principal Revenues</b>					
<i>(In lakhs of rupees)</i>					
1—Land Revenue—Voted ..	..	2,91.51	2,99.31	2,89.00	10.31 3.4
		7.80			
2—State Excise Duties—Voted ..	..	42.13	44.60	40.65	3.95 8.9
		2.47			
<b>Administrative Services</b>					
11—Administration of Justice—Charged..	..	17.89	18.16	17.80	0.36 2.0
		0.27			
<b>Social and Developmental Services</b>					
17—Education—Voted ..	..	25,63.84	25,96.57	23,51.02	2,45.55 9.5
		32.73			
18—Medical—Voted ..	..	4,49.68	4,49.78	4,35.04	14.74 3.3
		0.10			
20—Agriculture—Voted ..	..	3,54.13	3,93.04	3,36.11	56.93 14.5
		38.91			
Charged ..	..	0.03	0.13	..	0.13 100.0
		0.70			
23—Industries—Voted ..	..	1,48.23	1,51.68	1,15.27	36.41 24.0
		3.45			
24—Community Development Projects, National Extension Services and Local Development Works—Voted.		6,27.35	6,27.86	5,62.28	65.58 10.4
		0.51			
<b>Other Services</b>					
35—Forest—Voted ..	..	4,11.71	4,20.09	4,09.63	10.46 2.5
		8.38			
33—Miscellaneous—Voted ..	..	2,41.97	2,61.64	2,36.91	24.73 9.4
		19.67			
<b>Capital—Others</b>					
41—Capital Outlay on Industrial Develop- ment—Voted.		2,51.44	3,08.40	1,35.68	1,72.72 56.
		56.96			
<b>State Trading</b>					
43—Schemes of Government Trading— Voted.		9,26.39	9,36.40	7,58.85	1,77.55 19.0
		10.01			

\*Excludes 4 cases in which the amount of provision was comparatively small.



APPENDIX 1.—*concl.*

Particulars of grant/appropriation	Amount of grant/ appropriation		Actual expendi- diture	Saving	
	Original	Total		Amount	Percentage
	Supple- mentary				
17—*Grants/Appropriations in which the supplementary provision proved excessive					
Collection of Taxes, Duties and other Principal Revenues					
(In lakhs of rupees)					
4—Sales Tax—Voted .. ..	33.09	34.48	33.90	0.58	1.1
	1.39				
Administrative Services					
9—Heads of States, Ministers and Secre- tariat, etc.—Voted.	1,06.30	1,18.52	1,13.66	4.86	4.1
	12.22				
Charged .. ..	9.16	9.58	9.32	0.26	2.7
	0.42				
11—Administration of Justice—Voted ..	1,04.52	1,13.32	1,11.54	1.78	1.6
	8.80				
Social and Developmental Services					
22—Co-operation—Voted .. ..	1,18.37	1,21.37	1,18.90	2.47	2.0
	3.00				
Other Services					
30—Famine Relief—Voted .. ..	15.94	25.54	24.58	0.96	3.8
	9.60				
37—Contributions and Miscellaneous Adjustments—Voted.	30.34	42.89	37.25	5.64	13.2
	12.55				
Capital—Works					
45—Capital Outlay on Public Works—					
Charged .. ..	0.50	0.50	0.37	0.13	26.0
Capital—Others					
39—Capital Outlay on Improvement of Public Helth—Voted.	77.62	1,04.17	95.10	9.07	8.8
	26.55				
41—Capital Outlay on Agricultural Schemes—Voted.	1,36.19	2,45.39	2,18.78	26.61	10.8
	1,09.20				
48—Payments of Commuted Value of Pensions—Voted.	1.00	1.31	1.15	0.16	12.2
	0.31				
Charged .. ..	0.11	0.26	0.25	0.01	3.8
	0.15				
Public Debt					
Public Debt—Charged .. ..	24,71.24	96,27.54	94,33.34	1,94.20	2.0
	71,56.30				
Debt					
50—Loans and Advances—Voted ..	20,32.60	34,88.03	33,39.93	1,48.10	4.3
	14,55.43				

\*Excludes 3 cases in which the amount of provision was comparatively small.



## APPENDIX 2

(Reference : Paragraph 14, page 15)

## STATEMENT SHOWING PARTICULARS OF GRANTS/APPROPRIATIONS IN WHICH EXPENDITURE IN 1963-64 WAS SUBSTANTIALLY LESS THAN TOTAL GRANT/APPROPRIATION

S. No.	Particulars of grant/appropriation	Total grant or appropriation (Original and supplementary)	Expenditure	Saving Amount	Percentage (based on unit figures)
<i>I-3—Grants/Appropriations in which saving was more than 20 per cent.</i>					
(a) REVENUE					
(i) Charged					
Collection of taxes, Duties and other Principal Revenues					
(In lakhs of rupees)					
1.	1—Land Revenue .. .. .	0.30	0.06	0.24	80.0
Other Services					
2.	31—Pensions and other Retirement Benefits	8.95	4.14	4.81	53.7
(ii) Voted					
Collection of Taxes, Duties and other Principal Revenues					
3.	5—Other Taxes and Duties .. .. .	7.21	3.91	3.30	45.8
Social and Developmental Services					
✓ 4.	16—Scientific Departments .. .. .	14.27	9.54	4.73	33.1
5.	23—Industries .. .. .	1,51.68	1,15.27	36.41	24.0
Other Services					
6.	23—Public Works Establishment and Tools and Plant.	4,42.60	3,43.85	98.75	22.3
(b) CAPITAL					
(i) Charged					
Works					
7.	45—Capital Outlay on Public Works .. .. .	0.50	0.37	0.13	26.0
(ii) Voted					
Others					
✓ 8.	41—Capital Outlay on Industrial Development.	3,08.40	1,35.68	1,72.72	56.0
<i>II-7—Grants/Appropriations in which saving was more than 10 per cent but not more than 20 per cent</i>					
(a) REVENUE					
Voted					
Social and Developmental Services					
9.	20—Agriculture .. .. .	3,93.04	3,36.11	56.93	14.5
10.	21—Animal Husbandry .. .. .	1,81.37	1,58.77	22.60	12.5
✓ 11.	24—Community Development Project, National Extension Service and local Development Works.	6,27.86	5,62.28	65.58	10.4
12.	37—Contributions and Miscellaneous Adjustments.	42.89	37.25	5.64	10.8
(b) CAPITAL					
Voted					
Others					
13.	38—Payment of compensation to landholders on the abolition of the amindari system.	30.39	25.01	5.38	17.7
✓ 14.	40—Capital Outlay on Agricultural Schemes	2,45.39	2,18.78	23.61	10.8
State Trading					
15.	49—Schemes of Government Trading .. .. .	9,36.40	7,58.85	1,77.55	18.9



## APPENDIX 3

(Reference : Paragraph 18, page 22)

STATEMENT SHOWING THE PARTICULARS OF GRANTS/APPROPRIATIONS  
IN WHICH THE SURRENDER WAS EXCESSIVE

S. No.	Grant/appropriation	Saving— or Excess +	Surrender
(In lakhs of rupees)			
<b>Administrative Services</b>			
1.	8—Parliament and State Legislatures—Voted .. .. .	+0.66	0.34
2.	10—Commissioners and District Administration—Voted .. .. .	+4.35	0.29
<b>Social and Developmental Services</b>			
3.	19—Public Health—Voted .. .. .	+1,94.95	3.11
4.	24—Community Development Projects, National Extension Service and Local Development Works—Voted.	+65.58	76.08
5.	25—Labour and Employment—Voted .. .. .	+0.78	0.57
6.	23—Miscellaneous Social and Developmental Organisations—Voted	+12.15	3.07
<b>Other Services</b>			
7.	27—Irrigation Works—Voted .. .. .	+1,15.71	0.16
8.	28—Public Works—Voted .. .. .	+2,14.29	9.69
9.	29—Public Works Establishment and Tools and Plant—Voted .. .. .	-98.75	1,11.07
10.	31—Pensions and other Retirement Benefits—Voted .. .. .	+7.63	2.32
11.	37—Contributions and Miscellaneous Adjustments—Charged .. .. .	+0.16	0.02
<b>Capital Works</b>			
12.	44—Capital Outlay on Irrigation Works—Voted .. .. .	+24.39	3.88
13.	45—Capital Outlay on Public Works—Voted .. .. .	+71.61	5.59
<b>Public Debt</b>			
14.	Public Debt—Charged .. .. .	-1,94.20	2,72.53

Excludes 4 cases in which amounts involved are comparatively small.



AUDIT REPORT

APPENDIX 4

( Reference: Paragraph 43, page 35)

CASES OF INFRUCTUOUS EXPENDITURE RESULTING FROM IRREGULAR  
DISMISSAL, RETRENCHMENT OR SUSPENSION OF GOVERNMENT SERVANTS

S.No.	Particulars of the case	Amount of infructuous expenditure
		Rs.
<b>Revenue Department</b>		
1.	The departmental enquiry against a Deputy Collector who had been suspended on the 3rd August, 1957 was completed about 7 years later in June 1964, after the officer had expired in May 1962. The charges against the officer could not be proved, and the period of suspension from the 3rd August, 1957 to the 16th May, 1962 (date of death of the officer) was treated as period spent on duty. Full pay and allowances amounting to Rs. 35,598 were authorised in June 1964.	35,598
2.	An Upper Division Clerk of the Collectorate, Morena was retrenched from service on the 1st July, 1956, when a case against him for alleged defalcation was pending in a court of law. He was acquitted by the court on the 28th July, 1956. After about 4 years Government issued orders on the 18th April, 1960 reinstating him in service, allowing him full pay and allowances amounting to Rs. 5,999 for the period from the 1st October, 1951 (date of suspension) to the 17th April, 1960. He was retired from service from the 18th April, 1960.	5,999
<b>Medical Department</b>		
3.	An Upper Division Clerk was dismissed from service by the Director of Health Services with effect from the 4th July, 1960 for alleged participation in the general strike in December 1959. After 4 years, the official was reinstated in service by Government on an appeal. Government held that dismissal was irregular, as the Director of Health Services was not the competent authority for dismissing this official. Full pay and allowances for the period from the 28th January, 1960 (date of suspension) to the 18th February, 1964 amounting to Rs. 10,503 were paid to the official in March 1964.	10,503
4.	An Accountant of the office of the Director of Health Services was dismissed from service on the 4th August, 1960 after a departmental enquiry. On appeal, Government held in October 1963 that the official had not been given an opportunity to defend himself and ordered his reinstatement. He was reinstated in service on the 28th October, 1963. Full pay and allowances amounting to Rs. 8,095 for the period from the 28th January, 1960 to the 27th October, 1963 were paid to the official in December 1963.	8,095
<b>General Administration Department</b>		
5.	An Assistant in the Secretariat of Bhopal was granted leave preparatory to retirement with effect from the 1st October, 1956 to the 5th November, 1958 by the erstwhile Bhopal State. The official, however, did not have the requisite period of leave at his credit and hence Government issued revised orders in April 1959 sanctioning him the leave actually admissible from the 1st October, 1956 to the 6th September, 1958 and retired him from the 7th September, 1958. On his representation in January 1960, Government held (September 1963) that the order of his retirement was irregular as necessary notice had not been given to the official. The Government servant was retired on the 16th May, 1960, the date of superannuation. The entire period of absence from the 7th September, 1958 to the 15th May, 1960 was treated as duty and he was paid full pay and allowances.	4,308

11/2/60 ✓

✓  
R.L. Singh

✓  
R.L. Singh

✓



## APPENDIX 5

(Reference : Paragraph 44, Page 35 )

STATEMENT SHOWING CASES OF MISCELLANEOUS IRREGULARITIES  
LOSSES, ETC.

S. No.	Particulars of irregularities, losses, etc.	Amount Rs.
--------	---	---------------

## Finance Department ✓

- |    |   |          |
|----|---|----------|
| 1. | The Government of India passed orders on different dates during the period 1953 to 1955 on the set up of different departments and the scales of pay of different posts in the erstwhile Vindhya Pradesh State with retrospective effect from the 1st April, 1950. Due to further delay in finalising the absorption of the staff in suitable posts in the revised departmental set up, there was delay in the fixation of their pay in the revised scales. Consequently, the Government servants continued to draw their pay and allowances in the pre-revised scales, which ultimately were found to be more than their emoluments in the revised scales. Government issued a general order in August 1960 sanctioning the waiver of the recovery of the amounts overpaid from 1st April, 1950 till the date of "accommodation" of the pay of a Government servant in the revised scale or till 31st October, 1956 whichever is earlier. The amount thus waived worked out to Rs. 7.41 lakhs in respect of 950 cases. | 7,41,000 |
|----|---|----------|

## Jails Department ✓

- |    |   |        |
|----|---|--------|
| 2. | Appointment of staff under the Probation Act.—The Madhya Bharat Prisoners' Release on Probation Act, 1954 which was not in force in 27 districts of the new Madhya Pradesh State was extended to these districts with effect from the 1st February, 1962. The Act was, however, brought into force from the 2nd October, 1964 after the unified rules under the Act had been framed. Nevertheless, Probation Officers and other staff had been appointed for these districts also since 1st February, 1962; the expenditure on the pay and allowances of these officers and staff during the period 1st February, 1962 to 1st October, 1964 when the Act was not in force in these districts amounted to about Rs. 0.29 lakh. | 29,000 |
|----|---|--------|

The Inspector General of Prisons stated in October 1964 that the Probation Officers were doing the work of Welfare Officers till 2nd October, 1964 and did the spade work for implementing the Act.

## Public Works Department ✓

- |    |   |        |
|----|---|--------|
| 3. | Avoidable payment of interest.—In November 1955 the Building and Roads Division, Dhar took possession of lands belonging to private parties for the construction of Manawar-Chikalda Road and the work was commenced in November 1955 pending completion of land acquisition proceedings. These could be completed only 8 years later in October 1963—January 1964 as certain details required by the Land Acquisition Officer in August 1956 were furnished in a complete shape only in May 1963. As the result of this delay, the landholders were paid a sum of Rs. 0.33 lakh (in addition to the compensation) on account of interest (at 6% per annum) on the amount of compensation from the date on which the land was taken possession of (November 1955) till the date of award (October 1963—January 1964). | 33,000 |
|----|---|--------|

## Animal Husbandry Department

- |    |   |       |
|----|---|-------|
| 4. | Subsidy for Piggery Development.—During the period 1961-63 the Veterinary Department distributed 49 boars costing Rs. 7,626 to interested breeders at Jabalpur for intensive piggery development. A nominal contribution of Rs. 900 was realised from the breeders. An amount of Rs. 1,760 was also disbursed to them as subsidy for proper maintenance of the animals. Out of the 49 boars, there were only six survivors in March 1964. The Department attributed the heavy mortality to 'poor animal husbandry practices' by the breeders. | 8,486 |
|----|---|-------|

Res. Piggery  
Kalanagar, Sa. C. C.  
Why no husbandry for  
566?



S. No.	Particulars of irregularities, losses, etc.	Amount Rs.
--------	---	---------------

Social Welfare Department

- |    |  |       |
|----|--|-------|
| 5. | <p><i>Destitute Women's Home, Sagar/Jabalpur.</i>—A building for housing the Destitute Women's Home at Sagar was taken on rent at the rate of Rs. 50 per mensem from December 1957. Certain ministerial staff and a chowkidar were appointed during the period December 1957 to October 1958, but the Home started functioning only from March 1959. The bulk of the expenditure of Rs. 3,500 incurred upto March 1959 on establishment and rent was apparently infructuous.</p> | 3,500 |
|----|--|-------|

132

The Home is intended to accommodate 50 inmates. The maximum number of inmates in the Home in 1958-59 was 11, and the number varied from 23 to 28 during the period 1959-60 to 1963-64.

The total recurring expenditure incurred up to March 1964 was Rs. 0.60 lakh (including Rs. 0.33 lakh on establishment).



## APPENDIX 6

(Reference: Paragraph 45, page 35)

## LOSSES WRITTEN OFF EXCEEDING Rs. 5,000 IN EACH CASE

Brief subject	Number of cases	Amount (In lakhs of rupees)
<b>Food Department</b>		
Shortages and losses (varying from Rs. 5,636 to Rs. 36,748) in the stock of foodgrains due to damage by rains and floods during the period October 1955 to September 1961.	11	1.68
<b>Rehabilitation Department</b>		
Remission of loan .. .. .	2	0.28
Shortages during 1948-49 of food stuff and other stores ..	2	0.44
<b>Revenue Department</b>		
Write off of amounts alleged to have been defalcated during June 1950 to January 1956. (Rs. 0.14 lakh)	3	0.21
Waiver of recovery of permit fees pertaining to the period December 1962 to March 1963. (Rs. 0.07 lakh)		
<b>Medical Department</b>		
Waiver of recovery of house rent irregularly paid during the period from 1st October, 1957 to 31st October, 1959 to 66 employees of the Directorate of Health Services.	1	0.09
<b>Agriculture Department</b>		
Losses as a result of damage to building and stock due to flood during August 1962.	1	0.7



## APPENDIX

( Reference:

STATEMENT SHOWING DETAILS OF CASES OF MISAP-  
WHICH WERE PENDING FOR DEPARTMENTAL  
ETC. ON

S. No.	Name of Department	Cases reported in 1957-58 and earlier years	
		No. of items.	Amount.
			Rs.
1.	General Administration	15	1,05,955
2.	Revenue	7	12,161
3.	Excise	2	27,227
4.	Agriculture including Capital Outlay	18	99,819
5.	Veterinary	..	..
6.	Food	11	46,235
7.	Public Works	..	..
8.	Separate Revenue (Stamps)	2	17,883
9.	Co-operation	..	..
10.	Social Welfare	2	2,942
11.	Tribal Welfare	1	6,845
12.	Planning and Development	6	30,977
13.	Police	2	15,566
14.	Labour	..	..
15.	Forest	4	1,824
16.	Public Health other than medical	..	..
17.	Industries	..	..
18.	Public Health (Medical)	1	1,423
19.	Law	2	2,291
20.	Education	19	41,664
21.	Irrigation	..	..
	GRAND TOTAL	92	4,12,812



7

Paragraph 46, page 36).

**PROPRIATION REPORTED UP TO THE 31ST MARCH, 1964  
ACTION/CRIMINAL PROSECUTION/RECOVERY  
THAT DAY.**

Cases reported in 1958-59 to 1962-63		Cases reported in 1963-64		Total	
No. of items.	Amount.	No. of items.	Amount.	No. of items.	Amount.
	Rs.		Rs.		Rs.
14	42,622	4	6,338	33	1,54,915
22	52,451	21	50,625	50	1,15,237
1	2,690	..	..	3	29,917
13	24,832	5	8,232	36	1,32,883
2	2,516	..	..	2	2,516
8	27,955	4	1,11,838	23	1,86,028
2	3,206	1	1,361	3	4,567
..	..	1	120	3	18,003
2	555	1	2,000	3	2,555
2	2,765	1	232	5	5,939
7	13,411	2	11,005	10	31,261
11	71,695	8	15,674	25	1,18,346
9	14,870	5	4,275	16	34,711
2	1,152	..	..	2	1,152
5	2,127	1	933	10	4,884
3	2,721	2	250	5	2,971
6	37,133	2	714	8	37,847
6	1,44,982	..	..	7	1,46,405
6	5,504	3	43,346	11	51,141
23	1,13,067	5	10,627	47	1,65,358
2	2,015	..	..	2	2,015
146	5,68,269	66	2,67,570	304	12,48,651



## APPENDIX 8

(Reference : Paragraph 47, Page 37)

## STATEMENT SHOWING WORKS COSTING MORE THAN Rs. 10 LAKHS EACH EXECUTED WITHOUT SANCTION TO THE ESTIMATES/REVISED ESTIMATES

S. No.	Particulars	Buildings and Roads Branch		Irrigation Branch	
		Number	Amount of expenditure up to March 1964 Rs.	Number	Amount of expenditure up to March 1964 Rs.
1	Expenditure incurred to end of 1963-64 on works each costing over Rs. 10 lakhs provided for in the budget for which estimates have not been sanctioned.—				
(a)	Works commenced in 1961-62 or earlier years.	26	2,81,35,503	31	15,11,75,682
(b)	Works commenced in 1962-63 ..	2	2,83,341	..	..
(c)	Works commenced in 1963-64 ..	3	45,141	1	25,04,121
	Total ..	31	2,84,66,985	32	15,36,79,803
			2,85		
		8			
		15			
			Number		Number
			Amount of excess awaiting regularisation Rs.		Amount of excess awaiting regularisation Rs.
2.	Expenditure in excess of sanctioned estimates by more than 5 per cent on works costing above Rs. 10 lakhs.				
(a)	Excess occurred from 1961-62 or earlier (Progressive excess).	11	8,22,16,019	11	1,40,55,647
(b)	Excess occurred from 1962-63 ..	..	..	..	..
(c)	Excess occurred in 1963-64 ..	1	72,390	..	..
	Total ..	12	8,22,88,409	11	1,40,55,647
			823		



## APPENDIX 9

(Reference: Paragraph 65, page 48)

## LOSSES WRITTEN OFF EXCEEDING Rs. 5,000 IN EACH CASE

Brief subject	Amount Rs.
<b>Buildings and Roads Branch</b>	
Damage to Chateghat rest house during June 1959 due to cyclone .. ..	7,550
Loss of materials (during June 1961 ) of temporary bridge over the river Narmada at Hoshangabad.	7,478
Damage to ghat road Betul-Elichpur road due to heavy rains in September 1961	6,503
Damage to bridge over the river Machna in Mile 33/2 of N. W. Road due to floods in September 1961.	9,237
Shortages of road metal in roads in Sagar division during 1943 to 1949 ..	43,817
<b>Chambal Project</b>	
Damages to temporary quarters at Sheopur colony due to gale in May 1959 ..	77,293



## APPENDIX 10

(Reference : Paragraph 70, Page 52)

## NON-UTILISATION OF MACHINERY AND EQUIPMENT

S No.	Name of Office/Institution	Amount	Particulars of machinery, etc., lying unutilised and other comments
(In lakhs of rupees)			
<b>Education Department</b>			
1.	Maharaja Multipurpose Higher Secondary School, Chhatarpur.	1.28	Equipment and other articles of the value of Rs. 1.28 lakhs purchased in March 1956 have been lying unused (August 1964). Technical courses, for which the equipments were purchased, were not started for want of qualified staff.
2.	Government Polytechnic, Nowgong.	0.85	Machinery of the value of Rs. 0.85 lakh purchased in 1958-59 (Rs. 0.33 lakh) and 1962-63 (Rs. 0.52 lakh) have been remaining uninstalled (July 1964) for want of accommodation.
<b>Medical Department</b>			
3.	Gandhi Medical College, Bhopal..	1.16	Steriliser unit, gas plant and laundry equipment costing Rs. 1.16 lakhs purchased during January 1962-March 1962 remain unutilised, as the building where these equipments have to be installed has not been completed (September 1963).
4.	Civil Surgeon, Raisen ..	0.40	Five X-Ray machines costing Rs. 0.40 lakh have not been used since March 1962 due to non-availability of power and for want of a dark room (April 1964). An expenditure of Rs. 5,300 was incurred upto April 1964 on the pay and allowances of the staff appointed for operating these machines.
5.	Civil Surgeon, Sehore ..	0.24	Three X-Ray machines costing Rs. 0.24 lakh remained unutilised (May 1964) from December 1960; the machines were stated to be under repair.
<b>Public Health Engineering Department</b>			
6.	Public Health Engineering Division, Gwalior.	0.98	A Dredger Elevator costing Rs. 0.98 lakh purchased in January 1957 for the Vidisha Drainage Scheme has been remaining unutilised (June 1964). The reasons for the non-utilisation have not been furnished.
7.	Public Health Engineering Division, Gwalior.	0.12	Pipes costing Rs. 12,400 purchased from April 1963 to June 1963 in connection with the 'improvement of Gwalior drainage system' are lying idle (September 1964). The Public Health Engineer stated in September 1964 that this scheme 'will be carried out by his department on behalf of Gwalior Corporation and will have to be sent to the Government and Corporation for approval.'
<b>Commerce and Industries Department</b>			
8.	Carpentry Centre, Rajgarh ..	0.37	Machinery costing Rs. 0.37 lakh purchased between March 1956 and June 1962 remained unutilised (March 1964) due to non-availability of electric power.



S. No.	Name of Office/Institution	Amount	Particulars of machinery, etc., lying unutilised and other comments.
(In lakhs of rupees)			
9.	Training-cum-Production Centre, Gwalior.	0.27	Machinery costing Rs. 0.27 lakh for the Wood-Seasoning plant purchased in 1959-60 had not so far been put to use (May 1964) due to non-commissioning of the wood seasoning kiln, owing to defects in construction of the kiln noticed in October 1962. <span style="float: right;">mar S.P.</span>
10.	Leather Stitching Centre and Leather Works Unit, Morena.	0.22	Equipment costing Rs. 0.22 lakh purchased between December 1958 and December 1962 remained idle for want of power (March 1964).
11.	Training-cum-Production Centre, Mandla.	0.04	Machinery costing Rs. 0.04 lakh received in March 1960 has not been utilised for want of power (March 1964). <span style="float: right;">TWD</span>

#### Excise Department

12.	Distillery, Satna .. ..	0.59	The distillery was closed from the 1st April, 1961. No action for the disposal of plant and machinery of the value of Rs. 0.59 lakh has been initiated till July 1964.
-----	-------------------------	------	--

#### Rehabilitation Department

13.	Collectorate, Raigarh .. ..	0.26	Tools and equipment costing Rs. 0.26 lakh for Carpentry schemes purchased in 1958-59 remain unutilised as the scheme has not been started (June 1964). <span style="float: right;">(P)</span>
-----	-----------------------------	------	---

#### Public Works Department

14.	Bhopal Construction Division I .. ..	0.23	An electric lift costing Rs. 0.23 lakh was purchased in 1957 for installation in the old Secretariat building. As the proposal was subsequently dropped, the lift has been remaining unutilised (October 1964). <span style="float: right;">(B)</span>
-----	--------------------------------------	------	--

#### Agriculture Department

15.	Agriculture Farm, Behramar, District Raigarh. <span style="float: left;">Subsided</span>	0.05	A Cooper engine pump costing Rs. 0.05 lakh, remained unutilised from August 1959 till the date of audit (December 1963). The pump could not be installed due to insufficient water in the well. It was stated in December 1963 that the pump would be transferred to the Agriculture Farm, Chhatarpur, District Surguja.
16.	Agriculture Farm, Bhanwarkua, Indore.	0.09	Engines, Hume-pipes and D. D. T. crate of the value of Rs. 0.09 lakh have not been utilised in the farm for nearly seven years (May 1964). No reasons for this have been furnished.

#### Forest Department

17.	Sheopur Forest Division .. ..	Value yet to be assessed.	Machinery (value yet to be assessed by Government) used in connection with cutting and supply of grass remains unutilised since 1949. According to the report of the Chief Conservator of Forests sent to Government in August 1962 the machinery was utilised till 1948 for cutting and supply of grass to Gwalior State Forces; some of the machinery is serviceable. Action for their utilisation or disposal has not so far been taken (September 1964.)
-----	-------------------------------	---------------------------	--



## APPENDIX II

(Reference: Paragraph 136 Pages 88-89)

STATEMENT SHOWING THE NAMES OF THE DEPARTMENTS FROM WHICH  
REPLIES TO A NUMBER OF INSPECTION REPORTS ARE AWAITED  
AS ON 30-9-1964

S.No.	Department	Oldest outstanding	Number of reports for which even first reply has not been received	Total Number of Inspection Reports	Number of outstanding Items Reports
(1)	Public Works.—				
(a)	Buildings and Roads .. ..	1950-51	39	437	2,360
(b)	Irrigation .. ..	1951-52	95	324	2,479
(c)	Chambal .. ..	1955-56	5	64	216
(d)	Public Health.. ..	1952-53	15	99	556
(e)	Housing .. ..	1954-55	5	10	71
(f)	Community Project .. ..	1954-55	..	9	47
(2)	Treasuries .. ..	1959-60	13	57	306
(3)	Education .. ..	1952-53	116	644	3,285
(4)	Planning and Development .. ..	1954-55	91	324	2,364
(5)	Medical and Public Health .. ..	1951-52	20	220	910
(6)	Agriculture .. ..	1950-51	41	193	885
(7)	Forests .. ..	1952-53	17	148	763
(8)	Collectorates (Commissioners and Secretariat).	1951-52	16	161	979