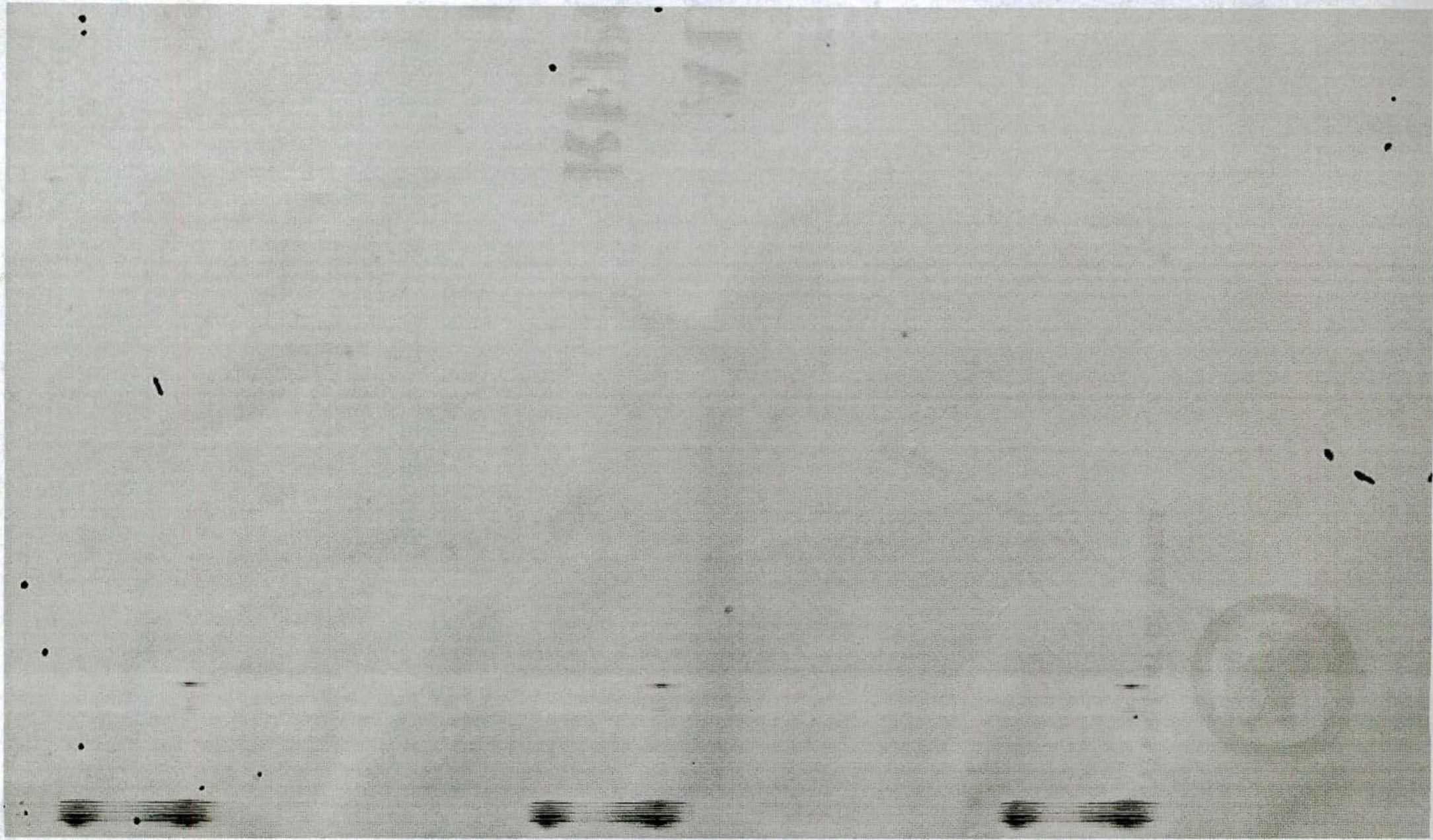




GOVERNMENT OF ORISSA

AUDIT REPORT 1968



ERRATA

AUDIT REPORT, 1968 OF THE GOVERNMENT OF ORISSA

Page No.	Reference to para, line, etc.	For	Read
(ii)	Heading above Para 48	.. Finance Department	General
(v)	Line against Para 107	.. Co-operative	Co-operative
2	Line 2 from below-column 1	.. others	other
4	Para 4(a)-Col. 4 against 1966-67	.. —5.59	4.5.59
6	Para 6-last sub para—line 2	.. appears	appear
6	Para 7—line 5	.. includes	include
8	Para 8(b)-sub para 2—line 10	.. disbursing	disbursing
11	Statement below the page, 1st item	.. Miscellaneous	Miscellaneous
12	Para 11-sub para 4—line 2	.. Rs. 3,51.34 crores	Rs. 3,65.79 crores
13	Para 12-item (ii) of the Statement, line 1	.. banlances	balances
14	Para 14—line 2-last word	.. loan	loans
18	Para 18(b)—line 11	.. accnts	account
29	Para 23(ii) (9)		
	Total-Miscellaneous—		(Excess)
	Column 3	.. 0.95	1.61
	Column 4	.. 2.66	4.53
32	Para 26—line 3	.. such	each
32	Para 27—line 2	.. constituted	constitute
32	Foot-note*	.. 5 grants	3 grants
33	Para 27-item (4)—line 4	.. appears	appears
34	Para 27-item 10	.. deartment	department
37	Para 32-item (iii)	.. trencing	trenching
42	Para 37(b)—line 3	.. of 5 days	from 5 days
43	Para 38 (a)—line 2	.. imposed	composed
49	line 6 from bottom	.. months	month's
50	Para 48-sub para 2—line 3 from below	.. thse	these
52	Para 51-sub para 2—line 2	.. cases	case
53	line 7	.. Add the word "would" between "which" and "cover"	
58	Para 59-last sub para—line 1	.. Cheif	Chief
60	Para 63- last but one line	.. Rs. 1,20	Rs. 1,200
60	Para 63-last line	.. wo	work
65	Para 69-heading	.. Sheme	Scheme
68	Para 73(b)(iii)-column 2	.. 32.66	32.88
68	Para 73(b)(vi)(c)-column 3	.. 5.76	5.78
69	Para 74(i)-statement heading	.. Texes	Taxes
69	Para 74(ii)—line 3	.. Tax circles	Tax circle
69	Para 74(ii)—line 9	.. jurisdiction	jurisdiction
69	Para 74(ii)—lines 10—11	.. Appelate	Appellate
72	Para 76(i)(6)—line 4	.. calender	calendar
75	Para 78-item (10)	.. Add "invested" after "capital"	
76	Para 80(3)-column 1	.. 1st March, 1965	31st March, 1965
78	Para 81—line 6	.. fall	fell
78	Para 82, last line	.. supplied	applied
79	Para 84—line 7	.. unilaterally	unilaterally
80	line 9 from top	.. licence	licences
81	Para 86(3)—line 4	.. indicates	indicate
81	Para 86(3)—line 5	.. Rs. 1,55,14 lakhs	Rs. 1,55.14 lakhs
81	Para 86(3)—line 7	.. insert "a" after "with"	
81	Para 86(4) (iii) (a)—line 3	.. are	as
81	Para 86(4) (iii) (c)—line 2	.. diselosed	disclosed
83	Para 87(2) (ii) (a)—line 3	.. Messers	Messrs
84	Sub para (c)—line 7	.. Delete the word "in"	
85	Para 87 (iii)—line 1	.. Choudwar	Chowdwar
85	Para 87 (iii)—line 16	.. flouring	flooring
85	Para 87 (iv)—line 4	.. middlemen	middleman*

Page No	Reference to para, line, etc.	For	Read
88	Para 93—line 6	entrepreneur	entrepreneur
88	Para 94—line 7	entrepreneur	entrepreneur
88	Para 94—last line	misdemaenour	misdemeanour
90	Item (16) of the statement	captial	capital
90	last but one line	on accounts of	on account of
91	Para 95(5)(iii)—line 6	amonting	amounting
91	Para 95 (5)(iv)—line 5	December, 1945	December, 1965
91	Para 96-sub para 2—line 2	laks	lakhs
92	Para 96-Working results(d), (1965-66)	+4.27	-4.27
92	Para 96-Working results(g), (1964-65)	16.55	17.55
93	line 14	positiou	position
95	Para 99 (b), line 7	March : Rs. 0-03	March, 1967 :
95	Para 99 (c)-10th line	supply staff	supply staff"
95	6th line from bottom	possiblity	possibility
96	Para 101—line 3	School	schools
97	Para 102(a)—last sub para—line 2	Rs. 20,88.27 lakhs	Rs. 20,98.27 lakhs
98	Para 103—item (1) of the statement — col. 1	Cental	Central
	col. 5	3027	30.27
98	Para 103, 1st sub para—last but one line	Land Mortgage Bank	Land Mortgage Bank
100	Para 106—last line	cfor whih	for which
101	107 (3)—line 1	irregulatics	irregularities
101	last but one line	realisd	realised
102	Annexure "A"—item 6—column (8)	5.76	5,76
102	Annexure "A"—item 22—column (5)	..	2,07
104	Annexure "A"—item 34—column (2)	..	..
111	Para 108 (5) (i)—line 5	Turnk and Enamal	Trunk and Enamel
113	line 4	afective	effective
113	Para 111 heading	agregating	aggregating
116	line 3	Co-operartive	Co-operative
116	Para 113 (1) Remarks column—line 1	released	released
120	Appendix I—Sl. No. 4	grants	grant
120	Appendix I—Sl. No. 8	d	4
132	Appendix VII—Part I—line 4	22n4	22nd
132	line 19	Beroampur	Berhampur
137	Heading	Insert "and" after "produced"	..
139	Appendix XII (item iv)—line 2	APPENDIX I	APPENDIX XI
139	Appendix XII, Other Offices—item (i)—line 2	Treasuries/ Sub-treasuries	Treasurers/ Sub-treasurers
		intial	initial

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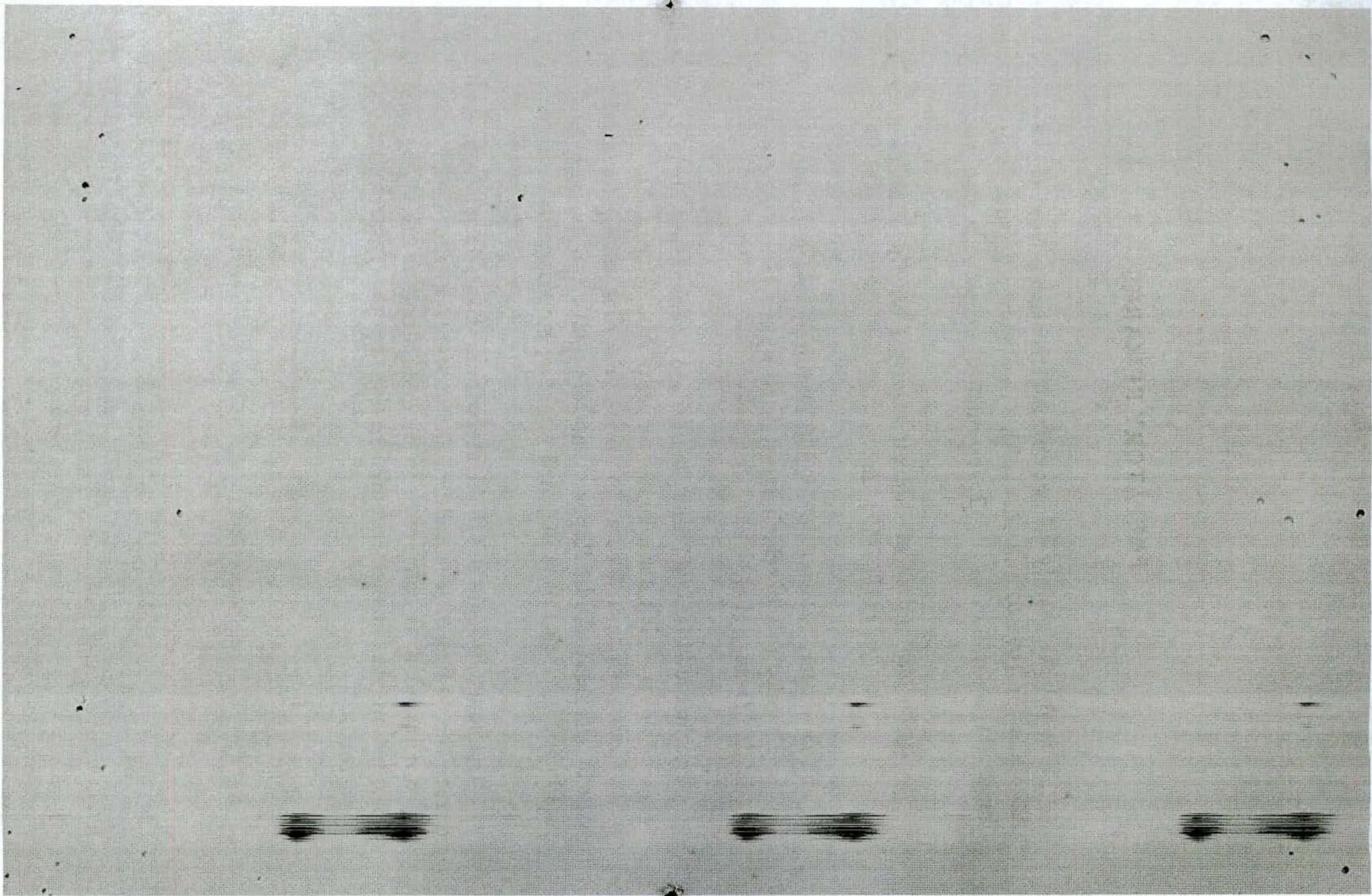
PREFATORY REMARKS

This volume mainly relates to matters arising from the Appropriation Accounts for 1966-67 together with other points arising from audit of the financial transactions of the Government of Orissa. It also includes :—

- (i) certain points of interest arising from the Finance Accounts for the year 1966-67; and
- (ii) matters relating to certain statutory and autonomous bodies, the accounts of which are audited by the Indian Audit and Accounts Department.

The financial irregularities, losses, etc., commented upon in the Report relate to cases which came to the notice of Audit during the year 1966-67 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 1966-67 have also been included wherever considered necessary.

The points brought out in this Report are those which have come to notice during the course of test audit of the accounts of the departments. They are not intended to convey or to be understood as conveying any general reflection on the financial administration by the Departments/Authorities concerned.



CHAPTER I

GENERAL

Transactions on revenue account—The budget estimates and actuals in respect of revenue receipts, expenditure met from revenue and net revenue deficit/surplus for the year 1966-67 are given below along with the corresponding figures for the preceding three years:—

Year	Budget	Actuals	Variations		
			Amount	Percentage	
(In crores of rupees)					
<i>Revenue Receipts</i>					
1963-64	67.60	69.29	+1.69	2	
1964-65	74.53	74.98	+0.45	1	
1965-66	81.35	80.39	-0.96	1	
<i>Revenue surplus+ /deficit—</i>					
					Year Budget Actuals
(In crores of rupees)					
1966-67	105.29	106.80	+1.51	1	1963-64 .. +0.45 -2.72
<i>Expenditure met from Revenue</i>					
1963-64	67.15	72.01	+4.86	7	1964-65 .. -3.92 -4.22
1964-65	78.45	79.20	+0.75	1	1965-66 .. -10.03 -10.92
1965-66	91.38	91.31	-0.07	..	1966-67 .. +0.04 +2.38
1966-67	105.25	104.42	-0.83	1	

REVENUE RECEIPTS

2. (a) A comparative analysis of revenue receipts during the four year period ending on 31st March, 1967 is given in the following table:—

	1963-64	1964-65	1965-66	1966-67
(In crores of rupees)				
<i>Revenue raised by the State—</i>				
Tax revenue	16.60	18.99	19.74	21.17
Non-tax revenue	18.42	21.74	27.06	27.46
Total	35.02	40.73	46.80	48.63
<i>Resources received from the Central Government—</i>				
States' share of divisible Central taxes	12.14	11.81	13.00	15.07
Grants-in-aid under Article 275 of the Constitution	14.20	13.36	11.00	33.82
Other grants and subventions	7.93	9.08	9.59	9.28
Total	34.27	34.25	33.59	58.17
Grand Total	69.29	74.98	80.39	106.80

The revenue realised in 1966-67 (Rs. 1,06.80 crores) showed an increase of 33 per cent over that in 1965-66 (Rs. 80.39 crores). The increase of Rs. 26.41 crores was mainly from the resources received from the Central Government (Rs. 24.58 crores), Sales Tax (Rs. 1.04 crores) and Agricultural receipts (Rs. 0.87 crore).

(b) An additional revenue of Rs. 2.80 crores was anticipated to be realised from certain additional resource mobilisation measures proposed by Government to be introduced during 1966-67. Government intimated that due to administrative difficulties, some of the additional taxation measures could not be introduced; additional revenue realised on the other new and additional taxation measures amounted to Rs. 0.81 crore against the anticipation of Rs. 0.95 crore from those measures.

(c) *Arrears in collection of revenue and interest on loans*—According to the figures furnished by some of the departments, the arrears in collection of revenue as on 31st March, 1967 and interest on loans advanced by the State Government due on 31st March, 1967 but not realised by that date amounted to Rs. 16.40 crores. The departments with heavy outstandings are indicated below:—

Department	Nature of receipt	Arrears as on 31st March, 1967 (In lakhs of rupees)
Finance	Commercial taxes	3,83.98
Irrigation and Power	Electricity duties, water rates, interest on loans, rent, etc.	4,64.12
Revenue	Rent, Cess, etc.	2,92.13
Co-operation and Forestry	Forest leases, interest on loans and Audit fees	1,74.75
Mining and Geology	Mining revenue and interest on loans	1,32.61

(d) *Write-off and remissions of revenue*—During 1966-67, revenue amounting to Rs. 0.68 lakh due to Government in 86 cases was written off or waived as irrecoverable and remissions and abandonment of claims to revenue aggregating Rs. 0.99 lakh were granted by Government. Brief particulars of these have been given in paragraph 71, page 67.

EXPENDITURE ON REVENUE ACCOUNT

3. (a) The expenditure on Revenue Account during 1966-67 showed an increase of Rs. 13.11 crores (14 per cent) as compared with that in 1965-66. The increase was chiefly on account of larger expenditure on drought relief operations, Service of Debt, Education and Agriculture Schemes and Public Works.

An analysis of the increase by broad categories of Government activity is given below:—

	1965-66 (In crores of rupees)	1966-67 (In crores of rupees)	Percentage of expenditure to the total expenditure	
			1965-66	1966-67
<i>Collection of Taxes, Duties and other principal Revenue—</i>				
Land Revenue	3.24	3.39		
Others heads	0.87	0.92		
Total—Collection of Taxes, etc.	4.11	4.31	5	4

	1965-66 (In crores of rupees)	1966-67	Percentage of expenditure to the total expenditure	
			1965-66	1966-67
<i>Debt Services</i>	16.74	20.33	18	19
<i>Administrative Services—</i>				
Police	5.46	5.64		
Other heads	4.50	4.65		
Total—Administrative Services	9.96	10.29	11	10
<i>Social and Developmental Services—</i>				
Education	10.52	12.62		
Medical and Public Health	6.93	6.47		
Agriculture	3.99	4.75		
Community Development projects, National Extension Service and Local Development Works	6.95	5.49		
Other heads	8.00	8.22		
Total—Social and Developmental Services	36.39	37.55	40	36
<i>Multipurpose River Schemes, Irrigation and Electricity Schemes—</i>				
Multipurpose River Schemes	6.40	5.12		
Irrigation and Electricity Schemes	3.95	5.51		
Total—Multipurpose, etc.	10.35	10.63	11	10
<i>Public Works (including Roads) and Schemes of Miscellaneous Public Improvements</i>	5.07	6.22	6	6
<i>Transport and Communications (other than Roads)</i>	1.80	1.87	2	2
<i>Miscellaneous (including contributions, Miscellaneous adjustments and extraordinary items)</i>	6.89	13.22	7	13
Grand Total	91.31	104.42	100	100

The increase in "Debt Services" was due to progressive increase in the debt of the State as indicated in paragraph 11, page 12.

The increase in Administrative Services was mainly due to strengthening of police forces at various levels.

The increase in "Social and Developmental Services" was mainly due to increased grants to Panchayat Organisations for Primary education and expansion of various agricultural programmes in the State.

(b) The following statement indicates the growth of Plan and Non-Plan expenditure over the four years 1963-64 to 1966-67:—

Year	Overall expenditure (In crores of rupees)	Non-Plan expenditure	Percentage	Plan expenditure (Rs. crores)	Percentage
1963-64	72.01	54.30	75	17.71	25
1964-65	79.20	59.00	75	20.20	25
1965-66	91.31	69.05	76	22.26	24
1966-67	104.42	90.16	86	14.26	14

Compared to 1965-66, the decline in the percentage of plan expenditure during 1966-67 was due to reduction of plan allocation chiefly under Social and Developmental Services (Rs. 7.55 crores). The rise in the committed expenditure of the State was noticed chiefly under Debt Services (Rs. 3.59 crores), Social and Developmental Services (Rs. 8.72 crores), Public Works (Rs. 1.18 crores) and Famine Relief (Rs. 5.96 crores).

EXPENDITURE OUTSIDE THE REVENUE ACCOUNT

4. (a) The expenditure on capital account recorded outside the revenue account (excluding the disbursement by Government as "Loans and Advances") during the four years ending with 1966-67 as compared with the budget estimates for these years is shown below:—

Year	Budget	Actuals	Variation		
			Amount	Percentage	
	(In crores of rupees)				
1963-64	24.80	30.48	+5.68	23	
1964-65	41.23	41.72	+0.49	1	
1965-66	37.67	32.57	-5.10	14	
1966-67	28.75	34.34	+5.59	19	

(b) The table below gives a broad analysis of expenditure outside the Revenue Account during 1965-66 and 1966-67 together with the progressive outlay up to 1966-67 and the resources required to meet that expenditure:—

Head of Account	During 1965-66	During 1966-67	Progressive total up to 1966-67
	(In crores of rupees)		
I Capital expenditure on—			
(i) Irrigation Schemes	5.50	7.66	52.69
(ii) Multipurpose River Schemes	4.40	1.23	94.62
(iii) Electricity Schemes	7.35	4.29	27.38
(iv) Agricultural Schemes	2.11	2.58	11.96
(v) Public Works	7.13	7.16	58.27
(vi) Schemes of Industrial and Economic Development	4.37	4.31	21.37
(vii) Other items (such as Public Health, Other works, Ports, Road and Water Transport Schemes, Forests, Schemes of Government Trading and Contingency Fund)	1.71	7.11	38.66
II Net expenditure under Loans and Advances by State Government (after taking into account recoveries of loans)	7.93	11.76	54.09
Total—Expenditure outside the Revenue Account	40.50	46.10	3,59.04
III Deduct—Revenue surplus/Add—Revenue deficit	10.92	-2.38	50.41
IV Resources required for expenditure outside the Revenue Account and for meeting revenue deficit or after utilising revenue surplus	51.42	43.72	4,09.45

(c) The sources from which the expenditure outside the Revenue Account including that on "Loans and Advances" during 1965-66 and 1966-67 and the revenue deficit during 1965-66 were met are indicated below:—

Head of account	During 1965-66	During 1966-67
(In crores of rupees)		
I Net additions to—		
(i) Permanent Debt	8.75	..
(ii) Floating Debt	2.40	0.60
(iii) Loans from the Central Government	38.69	37.00
(iv) Loans from other sources and Provident Fund balances	3.19	2.51
II Miscellaneous (excess of deposits, etc., received by Government over payments on that account excluding investments of cash balances)	0.33	3.57
III Increase (—) /Decrease (+) in cash balance and investment of cash balances	—1.94	0.04
Resources available for expenditure outside the Revenue Account and for meeting Revenue deficit or after utilising revenue surplus	51.42	43.72

(d) An analysis of Plan and Non-Plan capital expenditure (excluding loans and advances) and the progressive outlay to end of each of the four year period ending with 1966-67 is shown below:—

Year	Total outlay	Plan expenditure	Percentage	Non-plan expenditure	Percentage	Progressive outlay
	(Rs. crores)			(Rs. crores)		(Rs. crores)
1963-64	30.48	28.20	93	2.28	7	213.77
1964-65	41.72	38.96	93	2.76	7	238.77
1965-66	32.57	30.17	93	2.40	7	271.34
1966-67	34.34	26.30	77	8.04	23	304.95

Further details of progressive outlay as at the end of 1966-67 are given in Statement Nos. 2 and 13 of the Finance Accounts for 1966-67.

The increase in the Non-Plan expenditure during 1966-67 as compared to the previous year (Rs. 5.64 crores) was mainly due to increase in the corpus of the Contingency Fund. The decrease in the Plan expenditure was mainly under Multipurpose River Schemes (Rs. 3.17 crores), Electricity Schemes (Rs. 3.06 crores) partly off set by increased expenditure under Irrigation, Navigation, Embankment and Drainage Works (Rs. 2.26 crores).

Some points relating to the capital expenditure of Government are mentioned in paragraphs 5 to 9, pages 5 to 9.

5. *Multipurpose River Schemes*—These constitute the largest single component of Government's capital expenditure. The progressive capital outlay on the three Multipurpose River Schemes to end of 1966-67 was Rs. 94.62 crores. This included an outlay of Rs. 86.21 crores on Hirakud Dam Project, Stages I and II which have become revenue earning and an outlay of Rs. 8.41 crores on Balimela Dam Project, a joint undertaking of the Governments of Orissa and Andhra Pradesh, which is under construction.

The Hirakud Dam Project has been declared as a Commercial Undertaking and was transferred to the "Productive" class in 1964-65. The working

results of the project, after charging interest on the entire outlay on the scheme (Rs. 86.21 crores*), showed deficits in all the five years up to 1966-67 as indicated below; the accumulated net deficit from 1960-61 to 1966-67 amounted to Rs. 13.91 crores.

	1963-64	1964-65	1965-66	1966-67
	(In crores of rupees)			
Progressive capital outlay upto end of the year	81.97	86.63	86.54	86.21
Gross revenue ..	1.93	2.28	2.37	1.55
Working expenses and interest on capital	3.26	4.17	4.16	4.02
Net deficit during the year	1.33	1.89	1.79	2.47

Irrigation facilities have been provided for 5.02 lakh acres against the irrigation potential of 6 lakh acres created by the Hirakud Project. No betterment charges in respect of lands irrigated by the canals of the project have been levied and collected in the absence of any legislation in this regard.

6. *Irrigation Schemes*—There are in all 14 major and medium commercial irrigation works in the State. The progressive capital outlay at the end of 1966-67 on the five works which have been opened for service was Rs. 28.36 crores. Of these, Delta Irrigation Scheme is the largest single component with an outlay of Rs. 23.62 crores and has been classed as "Productive", since 1966-67, the remaining four (on which the outlay to end of 1966-67 was Rs. 4.74 crores) are classed as "Unproductive". In 1966-67, there was a deficit of Rs. 1.82 crores on the working of those 5 irrigation works; the accumulated net deficit to end of 1966-67 amounted to Rs. 7.40 crores.

	1963-64	1964-65	1965-66	1966-67
Number of Irrigation works declared "Commercial" and for which separate capital and revenue accounts are prepared	2	2	2	5
	(In lakhs of rupees)			
Progressive capital outlay up to the end of the year	3,22.31	3,22.31	3,22.31	28,35.91
Gross revenue ..	12.35	23.30	39.84	25.22
Working expenses and interest on capital	53.74	38.38	35.51	2,06.79
Net deficit (—)/surplus (+)	—41.39	—15.08	+4.33	—1,81.57

The details showing the working results of each of the irrigation works during the years mentioned in the table above appears in statement No. 3 of the Finance Accounts of the respective years.

7. *Electricity Schemes*—(a) With the formation of the Orissa State Electricity Board, with effect from 1st March, 1961, all the completed transmission and distribution systems constructed by Government up to 1961-62 have been transferred to the control of the Board. Government have advanced loans to the Board totalling Rs. 23.90 crores up to March, 1967 which includes

*The allocation of capital expenditure on Hirakud Dam Project among "Flood control", "Irrigation" and "Power" has not been made so far (January, 1968).

Rs. 17.45 crores representing capital expenditure (provisional) incurred by the State Government on the Electricity Schemes up to 1961-62 transferred to the Board.

The final allocation of the assets and liabilities pertaining to the schemes transferred to the Board between Government and Board is yet to be made (October, 1967). Interest amounting to Rs. 2.14 crores up to March, 1967 on the loans advanced to the Board is pending recovery on that date. In addition to the loan, an amount of Rs. 2.43 crores has been invested by the State Government in the bonds issued by the Board during 1962-63, 1963-64, 1965-66 and 1966-67. The working results of the Board for the year 1966-67 indicated a net surplus of Rs. 0.63 crore before charging interest which amounted to Rs. 1.48 crores. A detailed review of the working of the Orissa State Electricity Board has been given in paragraph 80, at pages 76 to 78.

(b) The capital outlay of Government on the power projects of the State (excluding those already transferred to the Orissa State Electricity Board) comprised of Rs. 4.63 crores on Machkund Hydro-Electric (Joint) Scheme which was opened to service during 1955-56 and Rs. 22.97 crores on Talcher Thermal and Utilisation Schemes, works on which are in progress.

The Machkund Hydro-Electric (Joint) Scheme was undertaken in 1944 jointly with the Government of Andhra Pradesh which was entrusted with the execution of the work. The debits raised by the Government of Andhra Pradesh for Rs. 74.77 lakhs representing Orissa Government's share of 30 per cent of the capital expenditure during 1959-60 to 1966-67 have not been accepted by the Government of Orissa so far (January, 1968).

The financial results of the power projects retained by the Government of Orissa at the end of each of the five years ending 1966-67 are indicated below:—

	1962-63	1963-64	1964-65	1965-66	1966-67
	(In lakhs of rupees)				
Progressive capital outlay to end of the year.	13,05.91	14,32.03	15,96.94	23,31.66	27,60.50
Gross revenue ..	65.20	93.41	50.73	1,58.85	84.09
Working expenses and interest on capital	35.91	28.64	48.82	1,89.24	1,75.26
Net surplus (+)/deficit (—)	+29.29	+64.77	+1.91	—30.39	—91.17

The deficit during the years 1965-66 and 1966-67 was mainly due to payment of interest on the capital invested in the Talcher Thermal Scheme.

8. Road Transport.—(a) The State Government have entered into the field of Road Transport both departmentally and through State owned Government Companies. The investment by Government in the share capital and loans in four concerns to end of 1966-67 amounted to Rs. 5.19 crores as detailed below:—

	Capital outlay	Share capital	Loan	Total
	(In lakhs of rupees)			
(i) State Transport Service ..	1,89.52	..	..	1,89.52
(ii) Orissa State Commercial Transport Corporation, Ltd. ..	..	1,57.50	1,49.00	3,06.50
(iii) Orissa State Road Transport Corporation ..	..	..	0.10	0.10
(iv) Orissa Road Transport Company ..	..	23.36	..	23.36
Total ..	1,89.52	1,80.86	1,49.10	5,19.48

(b) *Orissa State Commercial Transport Corporation, Ltd.*—On 15th February, 1964 the State Government formed a Government Company named the Orissa State Commercial Transport Corporation Ltd., for transporting iron ore by road from Daitari-Tomka Mines to Paradeep Port for eventual export. The Company took over the assets and liabilities of the Paradeep Transport Organisation. The main task of this company to end of March, 1967 was to acquire a fleet of vehicles for transport of two million tonnes of iron ore per annum. There was a set back in the operation of the scheme which was stated to be due to (i) delay in arriving at a decision on the type of vehicles to be utilised for the scheme; (ii) delay in completion of the Expressway project and (iii) delay in installing Ore handling Plant. An amount of Rs. 1.58 crores of the Public funds remained invested with the company from 1963-64 to 1966-67 without fetching any return.

In September, 1966 the Company invested an amount of Rs. 19.60 lakhs in the 5½ per cent Orissa Government Loan, 1978 floated by Government at a discount of 2 per cent. On the other hand Government provided loan assistance to the Company to the extent of Rs. 14.00 lakhs in January, 1967 bearing interest at 5½ per cent per annum and repayable in one instalment after 12 years in 1979. As large overdrafts had been drawn by Government from the Reserve Bank of India during that period at higher rate (6 per cent) of interest, the loan assistance provided to the company resulted in loss to Government. The loan amount was withdrawn from the treasury by the disbursing officer even though there was no budget provision duly voted by the Legislature (this was required as it constituted "New Service") and also without authorisation for the withdrawal from the Accountant General as required under Government rules.

(c) *Orissa State Road Transport Corporation.*—The Corporation has been established by Government with effect from 1st February, 1967 and is in its formative stage.

(d) *Orissa Road Transport Company.*—The company is a tripartite one with the participation of the State Government, Central Government and private parties and came into being with effect from 1st January, 1951. Government of Orissa holds 78 per cent of its shares. The total amount received as dividend from the company up to 1964-65 amounted to Rs. 22.77 lakhs. Dividend for 1965-66 has been declared on 31st December, 1966 at 10 per cent of the shares but the amount has not been credited to Government so far (October, 1967). Dividend for 1966-67 has not been declared.

9. *Investments of Government (Capital Outlay on Industrial and Economic Development)*—In 1966-67 Government invested a total sum of Rs. 4.31 crores chiefly in share capital of Government Companies (Rs. 3.72.75 lakhs) and Co-operative Institutions (Rs. 54.71 lakhs) and purchased debentures (Rs. 7.84 lakhs) issued by Co-operative Institutions.

The investments of Government in the share capital and debentures of different concerns as at the end of each of the 3 years, 1964-65 to 1966-67 is indicated below:—

	1964-65		1965-66		1966-67	
	Number of concerns	Amount (Rs. crores)	Number of concerns	Amount (Rs. crores)	Number of concerns	Amount (Rs. crores)
(i) Statutory Corporations	2	0.75	2	0.75	2	0.75
(ii) Fully State owned Companies	6	8.13	6	11.61	6	15.25

	1964-65		1965-66		1966-67	
	Number of concerns	Amount (Rs. crores)	Number of concerns	Amount (Rs. crores)	Number of concerns	Amount (Rs. crores)
(iii) Other Government Companies	44	1.01	44	1.09	44	1.18
(iv) Joint Stock Companies	17	0.78	17	0.78	17	0.78
(v) Co-operative Institutions	1,949	2.96	2,239	3.55	2,432	4.17
Total Investments	..	13.63	..	17.78	..	22.13
Dividend received	..	0.05	..	0.05	..	0.09

The salient points noticed in Audit in respect of some of these investments are detailed in Chapter VII at pages 75 to 109.

LOANS AND ADVANCES

10. (a) The comparative figures of budget and actuals of disbursements under "Loans and Advances by the State Government" and the recoveries thereof during the four years ending March, 1967 are given below:—

Year	Budget	Actual	Variation		Year	Budget	Actual
			Amount	Percentage				(In crores of rupees)
Disbursements							
1963-64	5.72	2.83	-2.89	51			
1964-65	3.29	3.66*	+0.37	11			
1965-66	4.91	10.57	+5.66	115			
1966-67	7.49	13.25*	+5.76	77			
Recoveries							
1963-64	1.40	1.08	-0.32	23	1963-64	4.32	1.75
1964-65	1.47	0.93	-0.54	37	1964-65	1.82	2.73
1965-66	1.39	2.64	+1.25	90	1965-66	3.52	7.93
1966-67	2.90	1.49	-1.41	49	1966-67	4.59	11.76

(b) The outstanding balance of loans and advances by the State Government was Rs. 54.08 crores on 31st March, 1967, as against Rs. 42.32** crores at the end of 1965-66. Loans to the Orissa State Electricity Board (Rs. 23.90 crores) constitute the largest single component (44 per cent) of the outstanding balance.

The loans and advances outstanding at the end of 1966-67 as against those at the end of the preceding two years are analysed below:—

Outstanding as on 31st March,		
1965	1966	1967
(In crores of rupees)		

(1) Loans to Orissa State Electricity Board—			
(a) For financing power schemes	1.86	3.26	6.45
(b) Value of assets transferred	16.72	16.72	17.45

*Excludes Rs. 16.72 crores and Rs. 0.73 crore being the capital outlay on Electricity Schemes up to 1961-62 transferred *pro forma* to the State Electricity Board and treated as loan during 1964-65 and 1966-67 respectively.

**Includes Rs. 0.73 crore transferred to the loan head *pro forma* during 1966-67 as explained in the above foot note.

	Outstanding as on 31st March,		
	1965	1966	1967
	(In crores of rupees)		
(2) Loans to cultivators—			
(a) For drought and flood ..	1.70	1.63	6.41
(b) Other purposes ..	1.05	1.61	1.46
(3) Loans to Industrial Development Corporation	0.90	4.97	5.40
(4) Loans to Orissa Mining Corporation Ltd.	..	0.57	1.73
(5) Loans to State Commercial Transport Corporation	..	..	1.49
(6) Loans to Local Bodies ..	1.97	1.93	1.90
(7) Loans to displaced persons ..	1.12	1.12	1.23
(8) Loans for various housing schemes	2.31	2.62	2.75
(9) Other loans and advances ..	6.03	7.16	7.81
Total ..	33.66	41.59	54.08

(c) *Arrears in recoveries—*

(i) *Cases in which detailed accounts are kept by Audit Office—*The amount of overdue principal and interest under this category as on 31st March, 1967 totalled Rs. 1,95.50 lakhs of which Rs. 1,86.24 lakhs (principal Rs. 1,46.32 lakhs and interest Rs. 39.92 lakhs) were over 3 years old. Broad details of the arrears are indicated below:—

	Balance outstanding as on 31st March, 1967	Amount overdue as on 31st March, 1967	
		Principal	Interest
(In lakhs of rupees)			
Loans to Local Bodies ..	1,89.68	1,28.45	30.69
Loans to Land Holders and other Notabilities	0.88	0.13	0.07
Loans under State-aid to Industries Act	82.26	20.86	10.23
Advances to Government servants ..	80.91	4.37	0.70
Total ..	3,53.73	1,53.81	41.69

(ii) *Loans detailed accounts of which are maintained by officers of the State Government—*According to the standing orders of Government, the officers of the State Government administering the loans and advances are required to furnish to Audit by 31st May each year, information regarding the amounts of overdue instalments of principal and interest as at the end of March every year. According to the information received from some of the departmental authorities the repayments of principal and payment

of interest aggregating Rs. 4,52.18 lakhs were overdue at the end of March, 1967 as shown below:—

	Amount overdue as on 31st March, 1967	
	Principal	Interest
	(In lakhs of rupees)	
Loans to Orissa State Electricity Board ..	..	2,14.48
Loans to Industrial Development Corporation ..	..	13.78
Loans to Orissa Mining Corporation ..	65.00	4.13
Other Loans and Advances ..	1,08.47	46.32

The arrears of interest due from the Orissa State Electricity Board was mainly on assets transferred to the Board as loan (Rs. 2,14.39 lakhs).

(d) *Delay in conveying acceptance of balances*—The balances of loans are communicated to the concerned authorities every year for verification and acceptance thereof. Acceptances of such balances as on 31st March, 1967 have been delayed as given below:—

	Earliest year from which acceptances are awaited	Number of acceptances awaited	Balance as on 31st March, 1967 (Rs. lakhs)
Loans to Local Bodies ..	1965-66	3,999	1,74.71
Loans under State-aid to Industries Act	1965-66	718	81.85

In cases where the detailed accounts of loans are maintained by the departmental officers, the concerned officers are required at the end of each year to certify that the aggregate balances shown as recoverable according to their records agree with that shown outstanding in the books of the Accountant General; for this purpose they are required to reconcile the transactions recorded in their books with those appearing in the books of the Accountant General. The reconciliation has not been done and consequently the acceptances of balances worked out in the Office of the Accountant General have not been received in a number of cases; the delay extended to several years in certain cases as indicated below:—

	Earliest year from which acceptances are awaited	Number of acceptances awaited	Balance as on 31st March, 1967 (Rs. lakhs)
Micellaneous Loans and Advances	1962-63	108	38,60.90
Loans and Advances under Community Development Programme	1963-64	12	86.87
Advances to displaced persons	1964-65	10	1,22.86

DEBT POSITION

11. *Public Debt*—(a) The Public debt of the State Government increased by Rs. 44.71 crores during 1966-67 as shown below:—

	Receipt	Repayment	Net increase
(In crores of rupees)			
Open Market Loans ..	6.10	..	6.10
Loans from the Central Government	53.76	16.76	37.00
Loans from Autonomous Bodies	1.29	0.28	1.01
Ways and Means Advances (Normal and Special) from the Reserve Bank of India	9.07	8.47	0.60
Total ..	70.22	25.51	44.71

The market loan floated during 1966-67 (5½ per cent Orissa Government Loan, 1978) was issued at a discount of 2 per cent. It will have a currency of 12 years and will be repaid at par on the 12th September, 1978.

Out of the total repayment of debt during the year, a sum of Rs. 0.28 crore representing the repayment made in respect of loans taken from Autonomous Bodies was charged to Revenue Account.

The State's indebtedness at the end of March, 1967 amounted to Rs. 3,51.34 crores. An analysis of the debt is given below:—

Public debt as on 31st March,

	1964	1965	1966	1967
(In crores of rupees)				
Open market loans ..	28.23	36.95	45.29	51.38
Loans from the Central Government	1,93.00	2,26.64	2,65.37	3,02.37
Loans from Autonomous Bodies	3.75	5.12	6.83	7.84
Cash credit advances from the State Bank of India for procurement of rice and paddy on security of stock	1.00	1.00	2.00	2.00
Ways and Means Advances (Normal and Special) from the Reserve Bank of India	0.20	0.20	1.60	2.20
Total ..	2,26.18	2,69.91	3,21.09	3,65.79

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

12. *Other debt and obligations*—In addition to the Public debt, unfunded debt (mainly balances in Provident Funds of Government servants), accumulated balances at the credit of earmarked and other funds to the extent these have not been invested but are merged with general cash balances of Government, as also certain deposits constitute liabilities of Government. The amount of such liability at the end of 1966-67 amounted to Rs. 49.61 crores resulting in an

increase by Rs. 5.35 crores during the year. Taking into account the regular (public) debt and these liabilities together, the debt position of Government at the end of each of the four years ending 1966-67 was as follows:—

	Total debt as on 31st March:			
	1964	1965	1966	1967
	(In crores of rupees)			
(i) Public Debt ..	226.18	269.91	321.09	365.79
(ii) Unfunded Debt (balances in the the State Provident Funds)	5.49	6.83	8.30	9.81
(iii) Earmarked Funds (Sinking Funds, Reserve Funds and Deposit Accounts)	11.03	13.93	16.02	19.43
(iv) Deposits of Local Funds and Civil Deposits (excluding balances of open market loans)	18.23	19.36	19.94	20.37
Total ..	260.93	310.03	365.35	415.40

13. *Loans from the Central Government*—(a) The amount of loans received from the Central Government by the State, outstanding at the end of 1966-67 (Rs. 3,02.37 crores) formed 83 per cent of the total indebtedness of Government.

(b) The following points were noticed in respect of the loans from the Central Government and repayments thereof:—

(i) During the period from April, 1949 to March, 1967, the Government of India paid to the State Government loans amounting to Rs. 121.70 lakhs in 37 cases for rehabilitation of displaced persons from East Pakistan. The State Government had been paying to the Government of India only the amounts actually realised from the displaced persons. The position of arrears in repayment of these loans as on 31st March, 1967 calculated according to the original terms and conditions is shown below:—

	Principal Interest	
	(In lakhs of rupees)	
Amount due for repayment ..	72.94	18.36
Amount paid ..	5.74	1.89
Amount overdue ..	67.20	16.47

In June, 1964 the Government of India decided that the State Government would be absolved of their responsibility to share any portion of losses on the loans granted to displaced persons from East Pakistan prior to 31st March, 1964 (other than the loans granted to displaced persons migrating after 31st December, 1963). Losses for which remissions have to be obtained on this account have not been worked out by the State Government so far (January, 1968).

(ii) The terms and conditions of repayment in respect of the loan advanced to the State Government for clearing overdrafts with the Reserve Bank of India on 31st March, 1967 amounting to Rs. 9.55 crores had not been settled by December, 1967.

14. *Arrangements for amortisation*:—Sinking Funds have been created by Government for amortisation of open market loans (Rs. 51.38 crores), loan received from the Central Government for Industrial Housing Scheme (Rs. 0.15 crore) and from the Life Insurance Corporation of India for various housing schemes (Rs. 1.21 crores) which are repayable in lump sum on expiry of period of currency of the loans. The balances in the Funds at the commencement and close of the year 1966-67 are given below:—

Sinking Funds	Balance on 1st April, 1966	Additions during the year		Withdrawals	Closing balances on 31st March, 1967
		Contribution from Revenue	Interest on Invest- ments		
(In lakhs of rupees)					
Open market loans ..	20,32.08	5,15.60	42.20	0.25	25,89.63
Loans from the Central Government for Indus- trial Housing Scheme	10.11	0.80	0.34	..	11.25
Loans from the Life Insurance Corpora- tion of India for vari- ous housing schemes	..	4.84	..	..	4.84
Total ..	20,42.19	5,21.24	42.54	0.25	26,05.72

No repayment of loan was made during the year; the withdrawal of Rs. 0.25 lakh represents loss on realisation of securities in respect of investments made out of the sinking fund balances of 4 per cent Orissa Government Loans, 1968 and 1969.

Of the total accumulation of Rs. 26.06 crores in the 11 Sinking Funds, a total sum of Rs. 11.27 crores was invested by Government as on 31st March, 1967, in the securities of Government of India, 10 State Governments, 4 Electricity Boards, one Co-operative Bank and one Municipal Corporation and Government's own securities. Although the face value of these securities aggregated Rs. 11.36 crores, the market value of these on 31st March, 1967 as intimated by the Reserve Bank was Rs. 10.68 crores only.

The funds for repayment of open market loans have been set up in terms of the announcements made at the time of issuing the loans. Regular contributions are made to these in accordance with the undertaking given at the time of issue.

The amounts appropriated from Revenue during 1966-67 and the preceding three years for repayment of debt are shown below:—

	Year ended 31st March,			
	1964	1965	1966	1967
(In crores of rupees)				
Contribution to Sinking Funds ..	2.94	3.61	4.47	5.21
Other appropriations ..	0.16	0.19	0.25	0.28
Total ..	3.10	3.80	4.72	5.49

15. *Interest on debt and other obligations*:—The interest charges on Public debt (including management of debt) and other interest bearing obligations of the State during the four year period ending 1966-67 varied between 13 to 15 per cent of total revenue receipts of the State and between 23 to 31 per cent of

the total revenue raised by the State in the respective years. The details are given below:—

	1963-64	1964-65	1965-66	1966-67
	(In crores of rupees)			
(1) Interest paid on Debt and other obligations	9.18	9.56	12.01	14.84
(2) Deduct—				
(a) Interest received on loans and advances given by State Government	0.40	1.18	1.92	1.15
(b) Interest realised from investment of cash balances	0.14	0.10	0.03	0.06
(c) Interest paid on amount of compensation on abolition of Zamindari system eventually met from Zamindari Abolition Fund	0.07	0.09	0.04	0.04
(3) Net interest charges	8.57	8.19	10.02	13.59
(4) Percentage of gross interest (item 1) to—		(Percentage)		
(a) Total revenue receipts	13	13	15	14
(b) Total revenue raised by the State	26	23	26	31
(5) Percentage of net interest (item 3) to—				
(a) Total revenue receipts	12	11	12	13
(b) Total revenue raised by the State	25	20	22	28

There were in addition certain receipts and adjustments such as interest receipts from Government Commercial Departments, interest on arrears of revenue, etc. If these are also taken into account, the position will be as follows:—

	(In crores of rupees)			
(6) Net interest charges as at (3) in the statement above	8.57	8.19	10.02	13.59
(7) Deduct-Interest receipts and adjustments referred to above	4.60	5.12	7.62	8.68
(8) Net interest	3.97	3.07	2.40	4.91

ADVANCES AND OVERDRAFTS*

16. (a) Under an agreement with the Reserve Bank of India, the Government of Orissa had to maintain with the Bank a minimum balance of Rs. 10 lakhs on Fridays and Rs. 8 lakhs on other days upto 28th February, 1967. The agreement was revised from 1st March, 1967 raising the minimum balance to Rs. 30 lakhs. During March, 1967, however, the Bank continued to adopt the minimum balance in vogue upto 28th February, 1967. If the balance falls below the agreed minimum the Bank makes Ways and Means Advances to the State Government on which interest at rates varying from 5 to 6 per cent is payable.

(b) The position in respect of maintenance of agreed minimum cash balance with the Reserve Bank of India during 1966-67 as compared with that of the previous two years was as follows:—

	During the years		
	1964-65	1965-66	1966-67
Number of days on which the minimum balance was maintained—			
(i) From the state's own resources	210	44	85
(ii) By taking only normal and special Ways and Means Advances	10	94	19
(iii) By taking overdrafts	145	227	261

(c) The amount of Ways and Means Advances and overdrafts obtained by Government during the year 1966-67, the repayments there of as also the balances outstanding as on 31st March, 1967 are indicated below :—

	Normal Ways and Means Advances	Special Ways and Means Advances	Over- drafts
(1) Number of occasions on which advance was taken during the year 1966-67	5	26	261
(2) Amount of advance obtained during the year 1966-67	1.30	7.77	14,15.23
(3) Amount outstanding on 1st April, 1966	0.20	1.40	7.19
(4) Amount repaid during the year 1966-67	0.60	7.87	14,22.42
(5) Balance outstanding on 31st March, 1967	0.90	1.30	..

(In crores of rupees)

The maximum amount of overdrafts obtained by Government from the Bank on any single day during 1966-67 was Rs. 15.03 crores on both 25th and 26th March, 1967. More details regarding overdrafts are given in Appendix I at page 120.

(d) Besides the above mentioned advances and overdrafts, Government utilised cash credit advances from the State Bank of India for procurement of rice and paddy on the security of Stock to the extent of Rs. 1 crore in March, 1965 and another Rs. 1 crore in March, 1966. The advances remained outstanding throughout the year 1966-67.

(e) The total amount of interest paid to the Reserve Bank of India on the Ways and Means Advances (normal and special) and overdrafts and to the State Bank of India for cash credit advances, during 1966-67 as compared with those of the preceding two years are indicated below :—

Year	Interest paid on temporary borrowings during the year on			Total
	Ways and Means Advances	Over drafts	Cash credit Advance	
	(In lakhs of rupees)			
1964-65	2.71	7.79	6.17	16.67
1965-66	5.23	9.52	7.02	21.77
1966-67	4.30	31.52	10.48	46.30

(f) The cash balance of Government as on 31st March, 1967 according to the accounts was *minus* Rs. 6.51 crores. The cash balance was a *minus* figure (debit balance) at the close of each of the preceding four years as given below :—

Balance as on—	Amount* (Rs. in crores)
31st March, 1963	—1.30
31st March, 1964	—8.28
31st March, 1965	—8.42
31st March, 1966	—6.47

Government issued instructions on 17th March, 1967 restricting expenditure in the remaining part of the year 1966-67, to the absolute essential items to improve the Ways and Means position of the State.

*The amount according to the accounts has been arrived at after taking into account the adjustments carried out in the previous years' accounts in respect of inter-Governmental transactions advised to the Reserve Bank of India between 1st to 27th April, 1967 according to the prescribed procedure.

GUARANTEES

17. (a) Government have guaranteed (to third parties) repayment of loans, bonds and payment of interest thereon, repayment of share capital and payment of minimum dividend thereon, for cash credit arrangements, etc., on behalf of Statutory Corporations, Government Companies, Joint Stock Companies, Co-operative Institutions, Panchayat Samiti Industries and a Municipality. These guarantees constitute contingent liabilities on the Consolidated Fund of the State. The State Legislature has not laid down any limit under Article 293 of the Constitution of India within which Government may give such guarantees on the security of the Consolidated Fund of the State.

According to the available information (which is not complete as some departments have not furnished the requisite information), the parties on whose behalf guarantees have been given and the loans, etc., raised by them there against to end of 1966-67 together with the amount of guarantee commission payable by them as on 31st March, 1967 is indicated below:—

	Maximum amount guaranteed	Amount of loan, share capital, etc., raised against the guarantees	Outstanding guarantee commission payable to the Government
(In lakhs of rupees)			
<i>Statutory Bodies—</i>			
Orissa State Electricity Board	8,26.30	8,26.30	19.84
Orissa State Financial Corporation	3,34.00	3,34.00	..
<i>Government Companies—</i>			
Industrial Development Corporation	3,54.66	3,19.70	1.46
Orissa Mining Corporation ..	4,34.39	4,34.39	1.34
Orissa Forest Corporation ..	80.00	80.00	Information awaited
Orissa Small Industries Corporation	26.00	26.00	0.05
15 Pilot Project Companies ..	22.90	20.86	0.32
<i>Joint Stock Companies—</i>			
Indian Metals and Ferro Alloys Ltd.	58.96	58.96	0.90
Six other Joint Stock Companies	1,25.66	27.66	0.59
<i>Co-operative Institutions—</i>			
Two Banks ..	16,96.00	10,17.43	..
Eighteen other Co-operative Societies	4,02.27	3,62.74	..
One Municipality ..	4.91	4.42	..
Total ..	43,66.05	35,12.46	24.50

Further details are given in Statement No.6 of the Finance Accounts, 1966-67.

(b) In order to fulfil the guarantee in respect of the annual minimum dividend for 1965-66 on the paid-up share capital of the Orissa State Financial Corporation, Government paid a sum of Rs.1.61 lakhs during 1966-67. The liability of the State Government for payment of the guaranteed dividend during 1966-67 amounted to Rs.1.50 lakhs; the subvention from the State Government in this respect over a period of 10 years upto March, 1967 amounted to Rs.9.23 lakhs which is to be re-paid by the Corporation out of its future profits in accordance with the provisions of the State Financial Corporation Act, 1951.

Government have not set apart any funds for meeting liabilities which may arise out of the guarantees.

GRANTS-IN-AID TO LOCAL BODIES AND OTHERS

18. (a) Grants-in-aid paid by the State Government to non-Government bodies and institutions during 1966-67 amounted to Rs.14.52 crores and accounted for 14 per cent of the total revenue expenditure of Government during the year. Of this 'Education' claimed Rs. 8.08 crores. The chief beneficiaries were the Panchayat Organisations which received Rs.9.68 crores (67 per cent) for educational and other purposes (*vide* paragraph 19 at page 19). Municipalities and Notified Area Committees received grants-in-aid for water supply and drainage schemes (Rs.49.07 lakhs) and for improvement of roads (Rs.5 lakhs).

The expenditure incurred out of the grants to Municipalities, Notified Area Committees, Universities etc., is audited by the Examiner, Local Fund Accounts and the audit of the Panchayat Organisations is conducted by the Examiner, Local Accounts who are under the administrative control of the State Government. Some of the more important points reported by the Examiners to Government during 1966-67 are mentioned in paragraph 112 at page 114.

(b) *Non-receipt of Certificates of utilisation of grants-in-aid*—(i) The financial rules of Government require that certificates of proper utilisation of grants paid to non-Government bodies and institutions should be sent by the departments concerned to the Accountant General within a reasonable time. It has been mentioned in successive Audit Reports that there has been considerable delay in submission of these certificates. In August, 1967, Government issued instructions to various departments that the delay in submission of utilisation certificates might lead to non-disclosure of misutilisation of grants or to misappropriation of public funds and reiterated the need of observing the principle already enunciated in May, 1963 that grants-in-aid for subsequent years should, on no account, be sanctioned unless utilisation certificates for the preceding years' grants are furnished by the grantees. The figures below present a comparative position of the extent of delay in submission of utilisation certificates by the various authorities as depicted in three successive Audit Reports:—

Audit Report	No. of utilisation certificates awaited	Amount involved (Rs. in crores)
1966 (paragraph 126)	.. 8,596	30.28
1967 [paragraph 16(b)]	.. 10,923	39.46
1968	.. 14,560	53.07

Details of the outstanding certificates in respect of grants paid during 1952-53 to 1966-67 are shown below:—

Purpose of grant	No. of cases in which utilisation certificates are awaited	Amount (Rs. in lakhs)
(1) Building grants	.. 353	2,60.23
(2) Equipment grants	.. 157	25.28
(3) Maintenance grants	.. 7,737	22,56.99
(4) Miscellaneous grants	.. 6,313	27,64.44
Total	.. 14,560	53,06.94

About 87 per cent of the certificates are due from the following five departments:—

Department	No. of utilisation certificates outstanding as on 1st July, 1967	Amount (Rs. in crores)
(1) Community Development and Panchayati Raj	6,096	23.34
(2) Education ..	6,230	14.87
(3) Co-operation and Forestry ..	355	3.03
(4) Tribal and Rural Welfare ..	455	2.61
(5) Industries ..	84	2.07

19. *Democratic decentralisation*—The details of the grants given to Panchayat Organisations during 1966-67 are given below:—

Department	Nature and purpose of grant	Amount (Rs. in crores)
Education ..	Primary and Secondary Education	5.11
Community Development and Panchayati Raj	(i) Rural development ..	1.01
	(ii) Community development ..	3.00
Co-operation and Forestry	Grant of share of profits from Kendu leaf trade	0.43
Urban Development ..	Piped water supply ..	0.13
	Total ..	9.68

In addition to the grants, an expenditure of Rs. 3.37 crores as indicated below was incurred by Government during 1966-67 as a measure of assistance to the Panchayati Raj Organisations:—

Nature of expenditure	Amount (Rs. in crores)
Expenditure on Rural and Community development ..	2.99
Payment on account of rates and cess on land ..	0.32
Share capital contribution and setting up of Rural Industrial Estates for Panchayat Samiti Industries	0.06
Total. ..	3.37

Besides, loans amounting to Rs. 4.88 lakhs were granted during the year to the Panchayats and Rs. 4.81 lakhs under Community Development Programme; the total amount of these loans outstanding at the end of 1966-67 aggregated Rs. 1,24.48 lakhs and Rs. 88.90 lakhs respectively.

CHAPTER II

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

20. *Summary*—(a) The following table compares the expenditure during 1966-67 with the total voted grants and charged appropriations—

	Grants/ Appropriations	Actual expendi- ture	Saving		
			Amount	Percentage	
(In crores of rupees)					
Voted—					
Original	171.41	210.79	196.43	14.36	6.81
Supplementary	39.38				
Charged—					
Original	35.66	51.29	47.38	3.91	7.62
Supplementary	15.63				
Total	262.08	243.81	18.27	6.97	

The overall saving of Rs. 18.27 crores represented 6.97 per cent of the total amount of voted grants and charged appropriations. This was the net result of savings amounting to Rs. 23.69 crores under 48 voted grants and 17 charged appropriations partly offset by excesses amounting to Rs. 5.42 crores under 11 voted grants and 2 charged appropriations.

(b) The table below compares the expenditure from Consolidated Fund during 1963-64 to 1966-67 with the provision made:—

Year	Original	Supple- mentary	Total provision	Actual expendi- ture	Unutilised provision	
					Amount	Percentage
(In crores of rupees)						
1963-64	133.25	29.34	162.59	152.29	10.30	6.33
1964-65	178.13	37.87	216.00	198.71	17.29	8.00
1965-66	196.21	48.45	244.66	225.32	19.34	7.91
1966-67	207.07	55.01	262.08	243.81	18.27	6.97

It will be seen that the savings have been substantial from year to year.

The main reasons for the saving during 1966-67 have been analysed in paragraph 23, pages 25 to 31.

21. Supplementary grants/appropriations—

(a) *Voted grants*—(i) During the year supplementary grants totalling Rs. 39.38 crores were obtained under 44 grants in October, 1966 and March, 1967. Only token votes were obtained under 5 grants. Supplementary grants amounting to Rs. 8.35 crores obtained under 9 grants in October, 1966 and Rs. 3.89 crores obtained under 11 grants in March, 1967 were for recoupment of advances sanctioned from the Contingency Fund.

The details given in Appendix II (pages 121 to 123) bring out the following points:—

(1). In 16 * grants supplementary provision (exceeding Rs. 1 lakh in each case) totalling Rs. 2,10.86 lakhs (5 per cent of the supplementary provision)

* These 16 grants are at serial Nos. 1, 2, 6, 9, 10, 17, 20, 22, 23, 24, 25, 29, 40, 41, 45 and 47 of Appendix II.

proved entirely unnecessary as the expenditure did not come up even to the original grant; in 9 of these cases, the supplementary provision aggregating Rs. 44.22 lakhs was obtained as late as March, 1967 when the departments should have been in a position to frame a reasonably close estimate of their requirements.

In the previous two years, the number of such grants and the amount of supplementary grants which proved unnecessary were as follows:—

	Number of Grants	Amount (Rupees in lakhs)	Amount obtained in March
1964-65	12	3,28.58	1,56.29
1965-66	10	1,96.58	1,44.17

(2) In 10* other grants the supplementary provision (exceeding Rs. 1 lakh in each case) proved excessive. In these cases, out of a total supplementary provision of Rs. 21,97.53 lakhs, a sum of Rs. 6,66.87 lakhs remained unutilised; in 7** of these cases the unutilised provision was more than 25 per cent of the supplementary grants. Supplementary grants totalling Rs. 7,07.50 lakhs had been taken as late as March, 1967 in 5† of these cases.

(3) In 14†† of the 16 grants mentioned in sub-para (1) above in which the supplementary provision proved entirely unnecessary, funds were surrendered substantially in excess of the total supplementary provision obtained in October, 1966 and March, 1967.

The cases point to the need for a closer estimation of the requirements before demands are placed before the Legislature.

(4) In 6 grants (Serial Nos. 1 to 5 and 7 of paragraph 22 (a) following), the supplementary provision proved inadequate. In these cases while the supplementary provision made was Rs. 4,21.19 lakhs, the actual expenditure incurred exceeded the total provision (original and supplementary) by Rs. 1,31.81 lakhs.

(b) *Charged appropriations*—Supplementary appropriation amounting to Rs. 15.63 crores was made during the year under 14 appropriations.

In 2 cases (Serial Nos. 49 and 50 of Appendix II, page 121), the supplementary provision totalling Rs. 10,06.69 lakhs proved excessive; the amount actually utilised was Rs. 5,62.42 lakhs.

22. (a) *Excesses over voted grants*—(1) Excesses over voted grants aggregating Rs. 4,82.47 lakhs occurred in the following 11 cases and require to be regularised under Article 205 of the Constitution. The circumstances under which the excess could not be met by obtaining adequate supplementary grants or by taking advances from the Contingency Fund have not been intimated by controlling departments.

* These 10 grants are at serial Nos. 13, 27, 32, 33, 34, 37, 39, 42, 46 and 48 of Appendix II.

** The details are at serial Nos. 13, 27, 33, 34, 39, 46 and 48 of Appendix II.

† The details are at serial Nos. 27, 33, 34, 37 and 42 of Appendix II.

†† The details are at serial Nos. 1, 2, 6, 9, 10, 17, 20, 22, 23, 24, 25, 29, 41 and 47 of Appendix II.

Sl. No.	Particulars of grant	Total grant	Expenditure	Excess	
				Amount	Percentage
		Rs.	Rs.	Rs.	
(1)	5—Community Development Projects, etc.—				
	Original 6,92,51,000	7,21,65,400	7,28,40,880	6,75,480	0.93
	Supplementary 29,14,400				

The excess was the net result of excess expenditure mainly under the heads "Q—Communication" (Stage I and Stage II Blocks) (Rs. 37.22 lakhs), "I—Recurring expenditure on personnel retained in N. E. S. Pattern" (Rs. 21.46 lakhs), "K—Block Head quarters" (Rs. 14.06 lakhs) and "N—Health and Rural Sanitation" (Rs. 9.67 lakhs) partly off set by savings under a number of other group-heads.

The excess under the head "I" was explained as mainly due to continuance of certain posts which were expected to be discontinued and to revision of rates of dearness allowance. The reasons for the excesses under other heads have not been intimated by the controlling officers.

(2) 8—Stamps—

Original	3,99,200	4,68,000	4,83,760	15,760	3.42
Supplementary	68,800				

The excess occurred mainly under the group-heads for recording the cost of Non-judicial and Judicial stamps supplied from Central Stores; the reasons for the excess have not been intimated by the controlling officer.

The excess over this grant occurred for the eighth year in succession

(3) 10—Pensions—

Original	68,09,100	69,53,300	69,75,414	22,114	0.31
Supplementary	1,44,200				

The excess occurred mainly due to finalisation of more pension cases towards the close of the financial year.

(4) 14—Excise—

Original	29,64,500	30,54,500	31,16,875	62,375	2.03
Supplementary	90,000				

The excess occurred under the group-heads (i) "B—District Executive Establishment" (Rs. 0.20 lakh) mainly due to payment of arrear pay relating to the previous year for which no provision was made and (ii) "C—Cost of opium supplied to the State Excise Department" (Rs. 0.42 lakh) due to increase in the rate of opium and receipt of more quantity than anticipated.

Sl. No.	Particulars of grant	Total grant	Expenditure	Excess	
				Amount	Percentage
		Rs.	Rs.	Rs.	
(5) 27	Public Works, Common establishment and other expenditure relating to the Works Department—				
	Original 1,47,19,600	1,49,19,600	1,53,90,217	4,70,617	3.16
	Supplementary 2,00,000				

Excess occurred mainly under the heads for recording expenditure under "Executive" relating to the Roads and Buildings and the National Highways branches of the Public Works Department. Part of the excess was explained as due to creation of four new Roads and Building divisions (Rs. 2.09 lakhs) and enhancement of the rate of dearness allowance (Rs. 0.88 lakh). The reasons for the balance excess have not been intimated by the controlling officers.

(6) 40	Community Development Projects—				
	Original ..	..	1,92,338	1,92,338	100.00
	Supplementary ..				

Expenditure was incurred without budget provision under the heads (i) "A. 1—Advances for Central Stores in Community Development Projects" (Rs. 0.75 lakh), (ii) "A. 2—Community Development Projects—Central Stores—Suspense—Debit" (Rs. 1.16 lakhs) and (iii) "B. 1—Materials and Equipments under T. C. A. Programme—Community Development Projects—Materials and Equipment" (Rs. 0.01 lakh).

The expenditure under the head "A.1" records withdrawals from treasury for crediting to "Suspense (Personal Deposits)—Credit" while that under "A.2" records expenditure connected with the Central Stores. No provision was made under these heads as orders had been issued to close the Personal Ledger Accounts. Two Block Development Officers withdrew Rs. 0.75 lakh under the head "A.1" and deposited the amount as "Suspense—Credit" and 6 Block Development Officers withdrew Rs. 1.16 lakhs under the head "A.2" to square up their accounts with the treasury and to close their Personal Ledger Accounts.

(7) 43—Irrigation and Electricity Schemes—

Original	21,77,58,600	25,64,60,700	26,83,95,714	1,19,35,014	4.65
Supplementary	3,87,02,100				

The excess occurred mainly in respect of the execution of Talcher Thermal Scheme under group-head "Works" (Rs. 1.10 crores) and "Suspense—Gross Debit" (Rs. 1.20 crores) partly set off by savings under other group-heads; the reasons for the excess have not been intimated by the controlling officer.

Sl. No.	Particulars of grant	Total grant	Expenditure	Excess	
				Amount	Percentage
		Rs.	Rs.	Rs.	
(8) 45—Government Trading Schemes—					
Original	19,37,70,000	19,37,70,100	22,71,79,784	3,34,09,684	17.24
Supplementary	100				

The excess occurred mainly in the transactions pertaining to Government Trading in food grains and was explained as chiefly due to (i) procurement of more paddy/rice made available in different districts towards the end of March, 1967 (Rs. 1.34 crores) and adjustment of cost of wheat, etc., received from the Government of India during 1966-67 (Rs. 1.96 crores).

An excess of Rs. 3.55 crores over the provision occurred under this grant during 1965-66 also.

(9) 52—Capital expenditure relating to Education Department—

Original	..	}	..	9,26,365	9,26,365	100.00
Supplementary	..					

The expenditure represents cost of paper for printing of text books received under Colombo Plan in June, 1966. Provision was not made to accommodate the expenditure even by supplementary grant; the reasons thereof have not been intimated by the department.

(10) 57—Capital expenditure relating to Animal Husbandry Department—

Original	8,400	}	8,400	1,43,075	1,34,675	..
Supplementary	..					

The excess was mainly on account of expenditure on veterinary buildings for which no provision was made in the budget.

(11) 59—Capital expenditure relating to Health Department—

Original	..	}	..	4,02,605	4,02,605	100.00
Supplementary	..					

The expenditure represents the cost of materials and equipments received under T. C. A. Programme supplied by the Government of India during 1966-67 under the schemes (i) National Malaria Control (Rs. 1.20 lakhs), (ii) Filaria Control (Rs. 1.67 lakhs) and (iii) T. B. Control (Rs. 1.15 lakhs). No provision was made during the year to accommodate the expenditure.

(i) The following table compares the number and amount of excess over the total grants during 1966-67 with the excess in the preceding three years—

Year	Number of cases	Amount (Rs. lakhs)
1963-64	12	3,96.97
1964-65	8	2,98.37
1965-66	9	4,62.67
1966-67	11	4,82.47

(b) Excesses over charged appropriations—(i) The expenditure exceeded the charged appropriations in the following 2 cases by Rs. 59.25 lakhs; the excesses require to be regularised.

Sl. No.	Number and name of the appropriation	Total appropriation	Expenditure	Excess		
				Amount	Percentage	
		Rs.	Rs.	Rs.		
(1)	1—Elections and other expenditure relating to Home Department—					
	Original 7,23,600	7,66,300	7,78,200	11,900	1.52	
	Supplementary 42,700					
(2)	Loans from the Central Government (Re-payment)					
	Original 10,71,73,100	16,17,11,200	16,76,24,471	59,13,271.	3.66	
	Supplementary 5,45,38,100					

The excess was explained as due to provision having been made for repayment of instalments of Loans from the Central Government on *ad hoc* basis in the original budget and the actual requirements calculated at the end of the year resulting in more than that provided for.

(ii) The following table compares the number and amounts of excess over charged appropriations during 1966-67 with the excess in the preceding three years—

Year	Number of cases	Amount (Rs. lakhs)
1963-64	1	68.61
1964-65	3	3.87
1965-66	4	0.13
1966-67	2	59.25

23. Unutilised provision—(A) Voted grants—

(i) The details given in Appendix II, pages 121 to 123 indicate that there were 29 grants under which provision remained unutilised to the extent of more than 10 per cent; in 18 of these cases, the unutilised provision ranged from 22 to 87 per cent. In 13* of these cases provision in excess of 10 per cent had remained unutilised in the preceding two years also.

* These 13 grants are at serial Nos. 2, 3, 6, 7, 9, 12, 16, 17, 18, 22, 23, 25 and 27 of Appendix II.

(ii) An analysis of the unutilised amounts out of provision made for different groups of Government activity is given below—

	Total grant	Saving	
		Amount	Percentage
(In crores of rupees)			
<i>Expenditure met from Revenue—</i>			
(1) Social and Developmental Services—			
Education ..	13.99	1.37	9.79
The saving was mainly due to (i) late implementation and economy measures under technical education (Rs. 25.03 lakhs); (ii) reduction of expenditure as an economy measure (Rs. 19.21 lakhs); (iii) non-appointment or late appointment of teachers owing to non-availability of suitable candidates (Rs. 17.28 lakhs); (iv) non-sanction or non-payment of grants-in-aid to non-Government special schools (Rs. 15.04 lakhs), technical institutions (Rs. 7.54 lakhs) and primary and secondary schools (Rs. 7.58 lakhs); and (v) non-holding of N.C.C. camps and less number of cadets attending the camps (Rs. 11.87 lakhs).			
Agriculture ..	8.19	3.47	42.37
The saving occurred mainly due to post-budget reduced sanction and curtailment of expenditure as a measure of economy (Rs. 1,18.30 lakhs); non-sanction or late sanction of schemes for Fishing harbour development in minor ports and landing berth facilities, resettlement of landless labourers, Ayacut development, Reclamation of Saline and Alkaline soils and certain other schemes and late implementation of some schemes (Rs. 85.08 lakhs); late appointment or non-appointment of staff (Rs. 30.16 lakhs); less requirement of funds for contingent expenditure (Rs. 16.95 lakhs); less demand by cultivators under demonstration of varieties of seeds and claims for subsidy (Rs. 12.44 lakhs); and non-sanction of fresh grants to the University of Agriculture and Technology owing to adjustment of unspent balance of grants paid during previous years (Rs. 6.57 lakhs).			
Savings of Rs. 0.88 crore (18.18 per cent of the provision) and Rs. 1.60 crores (28.73 per cent of the provision) occurred under this service during 1964-65 and 1965-66, respectively.			
Miscellaneous Social and Developmental Organisations	3.72	0.76	20.43
The saving was mainly due to curtailment of expenditure on account of economy measures (Rs. 16.58 lakhs); post-budget reduction of plan outlay (Rs. 13.71 lakhs); decision of Government to meet expenditure on Primary Reporting Agency for collection of Agricultural Statistics from the major head "Land Revenue" (Rs. 10.00 lakhs); less release of land by Dandakaranya Development Authority for settlement of Adivasis in Dandakaranya (Rs. 6.18 lakhs), and non-eligibility of Forest Co-operatives for subsidy (Rs. 5.13 lakhs)			
A saving of Rs. 0.77 crore (21.15 per cent of the provision) occurred under this service during 1965-66 also.			
Other heads ..	20.43	0.93	4.60
Total—Social and Developmental Services	46.33	6.53	14.11

	Total Grant	Saving	
		Amount	Percentage

(In crores of rupees)

(1) Multipurpose River Schemes, Irrigation and Electricity Schemes—

Multipurpose River Schemes	6.34	0.99	15.61
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The saving was mainly due to less adjustment of interest charges relating to Hirakud Dam Project, Stages I and II and Balimela Dam Project consequent on smaller outlay (Rs. 61.65 lakhs); and lesser working expenses under Hirakud Dam Project Stages I and II (Rs. 30.98 lakhs) than anticipated as the turbines were not working.

Electricity Schemes	2.68	0.92	34.33
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The saving was mainly due to smaller working expenses under Talcher Thermal Scheme on account of delay in completion of works by contractors and seizure of some equipment by Pakistan during the hostilities in 1965 and consequent non-payment of the cost of materials and delay in release of foreign exchange for imported machinery and components.

Other heads	5.81	0.12	2.06
Total—Multipurpose River Schemes, Irrigation and Electricity Schemes	14.83	2.03	13.69

(3) Public Works (including roads) and schemes of Public improvements—

Public Works	18.32	1.08	5.90
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The saving was mainly due to post-budget decision of Government to reduce the expenditure on repair works to find funds for completion of some bridge works (Rs. 86.64 lakhs); non-receipt or late receipt of administrative approval, non-working out of details, non-selection of sites and contractors and non-acquisition of land for some works (Rs. 41.33 lakhs); less purchase of stores required for works of the Roads Buildings branch (Rs. 10.65 lakhs); non-utilisation of provision made for establishing through communication with the neighbouring States (Rs. 10.00 lakhs); dropping certain building works (Rs. 5.63 lakhs); and non-provision of electrical installations to Berhampur Medical College owing to non-completion of the building (Rs. 5.60 lakhs).

A saving of Rs. 1.53 crores occurred under this service during 1965-66 also.

(4) Miscellaneous—

Famine Relief	7.85	0.75	9.55
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The saving was mainly due to ultimate requirement for providing relief to the people affected by drought and flood resulting in a lesser amount, the provision having been made on an *ad hoc* basis.

For further details regarding the unutilised provision, please see paragraph 24, page 31

Other heads	6.16	0.63	10.23
Total—Miscellaneous	14.01	1.38	9.85
(5) Other Services	22.18	1.12	5.05

	Total grant	Saving	
		Amount	Percentage
(In crores of rupees)			
<i>Expenditure outside the Revenue Account—</i>			
(6) Improvement of Public Health, Agricultural Improvement and Research and Industrial and Economic Development—			
Agricultural Improvement and Research	3.82	1.21	31.68

The saving was mainly due to postponement of certain tube-well and lift irrigation works and non-sanction of some Roads Buildings works as a measure of economy (Rs. 53.57 lakhs); delay in and non-finalisation of land acquisition and poor performance of works entrusted to the Unions (Rs. 43.34 lakhs); and less expenditure on Minor Irrigation Works (Rs. 20.00 lakhs) consequent on receipt of less central assistance.

Other heads	5.53	0.38	6.87
Total—Improvement of Public Health, Agricultural Improvement and Research and Industrial and Economic Development	9.35	1.59	17.01
(7) Multipurpose River Schemes, Irrigation and Electricity Schemes—			
Multipurpose River Schemes	6.37	1.01	15.85

The saving was under—

(i) Balimela Dam Project and Balimela Power Scheme mainly due to non-receipt of machinery and materials from abroad (Rs. 36.56 lakhs); slow progress of works (Rs. 12.55 lakhs); less purchase of tools and plant articles (Rs. 12.17 lakhs); vacancies, less expenditure on allowances and less number of personnel deputed abroad for training (Rs. 10.38 lakhs); and less purchase of stores required for works (Rs. 6.70 lakhs) and

(ii) Hirakud Dam Project, Stages I and II due to non-payment of land compensation pending disposal of appeals filed in courts and non-appearance of some parties (Rs. 27.88 lakhs); non-receipt of spares (Rs. 10.04 lakhs); and slow progress of works (Rs. 6.25 lakhs), partly counterbalanced by more purchase of stores (Rs. 7.95 lakhs).

A saving of Rs. 1.49 crores occurred under this service during 1965-66 also.

Other heads	18.37	(Excess) 2.31	12.57
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The excess was made up of shortfall/excess expenditure in respect of the following schemes—

	Provision	Actual expenditure	Excess+ Saving—
			(In lakhs of rupees)
Major Irrigation Schemes (Plan)	10,40.84	10,40.48	—0.36
Medium Irrigation Projects (Plan)	1,40.59	1,51.61	+11.02
Irrigation Works—			
Unproductive (Non-Plan)	7.23	6.56	—0.67
Flood Control Schemes (Plan)	53.33	46.57	—6.76
Talcher Thermal Scheme (Plan)	5,92.90	8,21.87	+2,28.97
	Total grant	Saving	
		Amount	Percentage
	(In crores or rupees)		
Total—Multipurpose River Schemes, Irrigation and Electricity Schemes	24.74	1.30	5.25
(8) Public Works (including Roads) and Schemes of Miscellaneous Public Improvement—		(Excess)	
Public Works	8.30	0.72	8.67

The saving was mainly due to less expenditure on Rental Housing Scheme (Rs. 40.16 lakhs); smaller outlay on account of economy measures (Rs. 12.30 lakhs); less expenditure on Road Development Programme (Rs. 7.55 lakhs) mainly to find funds for meeting decretal costs in the charged appropriation and limitation of expenditure fixed by the Planning and Co-ordination Department; non-receipt of administrative approval and non-availability of sites for certain works (Rs. 6.67 lakhs) and dropping the scheme for development of land (Rs. 5.84 lakhs).

Other heads	0.28	0.09	32.14
Total-Public Works (including Roads) and Schemes of Miscellaneous Public Improvement	8.58	0.81	9.44
(9) Miscellaneous—		(Excess)	
Schemes of Government Trading	24.34	1.63	6.70
Other heads ..	11.40	0.02	0.17
Total—Miscellaneous ..	35.74	0.95	2.66

The excess under Schemes of Government Trading was mainly made up of shortfall/excess expenditure in the gross transactions of the Personal Ledger Accounts in respect of the following schemes—

	Provision	Actual expenditure	Excess+ Saving—
			(In lakhs of rupees)
Trading in Kendu leaves	3,40.00	2,59.02	—80.93
Trading in Iron ore	1,41.50	35.40	—1,06.10
Grain Purchase Scheme	19,36.90	22,66.33	+3,29.43

	Total grant	Saving	
		Amount	Percentage
	(In crores of rupees)		
(10) Other Accounts	0.96	0.23	23.96
(11) Loans and Advances	15.75	2.50	15.87

The saving was mainly due to non-utilisation of provision made for disbursement of loans to the Orissa State Co-operative Marketing Society for distribution of super-phosphate (Rs. 1,00.00 lakhs) and displaced persons on account of non-receipt of approval from the Government of India (Rs. 76.50 lakhs); post-budget decision of Government to stop grant of loans to cultivators in drought-affected areas (Rs. 29.20 lakhs); less sanction and non-sanction of loans to cultivators for potato cultivation (Rs. 14.37 lakhs) owing to reduction in area brought under cultivation and for intensive production of groundnuts (Rs. 11.63 lakhs).

Large savings occurred under this head during the previous years also as indicated below :—

Year	Provision	Saving	
		Amount	Percentage
	(In crores of rupees)		
1963-64	5.77	2.94	50.90
1964-65	4.36	0.69	15.83
1965-66	14.68	4.11	28.00

(iii) Some of the major schemes/items where the provision made remained wholly or substantially unutilised during 1966-67 are indicated in the notes in the analysis of saving in sub-para (ii) at pages 26 to 30. Some more cases where substantial amount of provision remained unutilised are given below :—

Grant number and description of the schemes/items	Provision	Saving	
		Amount	Percentage
	(In lakhs of rupees)		
(1) 13—Land Revenue— C.2—Survey, Settlement and Record Operations—Record of Rights and Settlement Operations	1,59.70	24.40	15.27

Strike by Job contract employees and non-sanction of expenditure on contingencies.

(2) 23—Public Health— H.2—Family Planning Centres (Plan—State Sector)	1,20.97	48.50	40
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Mainly late implementation of the scheme and vacancies in the posts of medical personnel.

Savings of Rs. 74.97 lakhs (77 per cent) and Rs. 51.80 lakhs (50 per cent) occurred under this group-head during 1964-65 and 1965-66 also.

(3) 54—Capital Outlay on Forests— D.2—Trading in Kendu leaves—Debit (Personal Deposits).	3,40.00	80.98	24
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Less transactions in the Personal Ledger Accounts; reasons for this are awaited.

The entire provision made during 1963-64 (Rs. 3,50.00 lakhs), 1964-65 (Rs. 3,49.00 lakhs) and 22 per cent (Rs. 80.25 lakhs) of the provision made during 1965-66 remained unutilised under this group-head.

(B) *Charged Appropriations*—There were savings totalling Rs. 4,50.27 lakhs under 17 appropriations. Bulk of the saving occurred under the following heads :—

Name of the Appropriation	Provision (In lakhs of rupees)	Saving	
		Amount	Percentage
(1) Floating Debt (Repayment)	12,47.00	4,00.00	32.08
(2) Interest on Debt and other Obligations.	15,27.78	44.27	2.89

Reasons for the savings were as follows :—

Item (1)—Provision was made for repayment of cash credit advance of Rs. 2,00.00 lakhs from the State Bank of India obtained in the previous years and Rs. 1,00.00 lakhs proposed to be obtained during 1965-66 which did not materialise. The repayment was not, however, made as increased funds were required for purchase of food grains under the monopoly procurement scheme. There was a further saving of Rs. 1,00.00 lakhs in the provision made for repayment of Ways and Means Advance from the Reserve Bank of India.

Item (2)—Mainly less payment of interest/discount on open market loans (Rs. 38.58 lakhs) and less requirement for payment of interest (i) on the amount of compensation on abolition of Zamindari System (Rs. 4.78 lakhs) and (ii) on cash credit from the State Bank of India (Rs. 3.52 lakhs).

24. *Unutilised provision in respect of Famine Relief Measures*—Budget for 1966-67 included a provision of Rs. 2.43 crores for providing relief on account of drought, flood and other natural calamities. This included Rs. 35 lakhs to be disbursed as loans. The provision was augmented by Rs. 10.53 crores by supplementary grant inclusive of a provision of Rs. 4.76 crores for loans and advances thus bringing the total provision for famine relief to Rs. 12.96 crores against which actual expenditure amounted to Rs. 11.96 crores. Details of the various schemes relating to famine relief under which provision remained unutilised are given in Appendix III, pages 124 to 125.

25. *Transfer of funds to the Orissa Famine Relief Fund by charge on the revenues*—In accordance with the provision of Section 7 of the Orissa Famine Relief Fund Regulation, 1937, the State Government has to place every year an amount of fifty lakhs of rupees to the credit of the Orissa Famine Relief Fund charging the expenditure on the Consolidated Fund of the State. This provision was in force till 4th April, 1967 when Section 7 of the Orissa Famine Relief Fund Regulation, 1937 was amended by an Act of the Legislature which was assented to by the Governor of Orissa on 5th April, 1967. According to the amended Section 7 a sum of one crore and twenty three lakhs of rupees has to be transferred to the Famine Relief Fund every year by charge on the Consolidated Fund of the State. This amended provision was to be effective from the year 1967-68.

Government provided for transfer of one crore and twenty three lakhs of rupees to the Fund in the Budget Estimates for 1966-67 on the recommendation of the Fourth Finance Commission to transfer Rs. 1,23.00 lakhs with effect from 1st April, 1966. Government did not, however, obtain the necessary legislation in this regard within the financial year.

An amount of Rs. 1,23.00 lakhs was transferred to the Famine Relief Fund in the accounts for 1966-67 by charge to the Consolidated Fund on the specific request of the Government to transfer funds to the extent provided for in the budget.

CONTROL OVER EXPENDITURE

26. The object of control over expenditure in this context is to secure as close an approximation as possible between the actual expenditure and the final grant/appropriation under such sub-head of grant/appropriation. Instances of excessive and inadequate provision have been indicated in paragraphs 22 and 23.

The following points were noticed in connection with the surrender of unutilised amounts—

- (a) Although the rules require that the unutilised amounts should be surrendered as soon as the possibility of saving is envisaged, an amount of Rs. 13.28 crores out of the total saving of Rs. 20.82 crores was surrendered only in March, 1967; the total amount surrendered was Rs. 15.35 crores.
- (b) In the case of 3* grants, out of the savings aggregating Rs. 6,55.40 lakhs, a total sum of Rs. 4,35.42 lakhs remained unsurrendered.
- (c) In the case of 2 grants, namely Grant No. 5—Community Development Projects and Grant No. 43—Irrigation and Electricity Schemes, a total amount of Rs. 78.71 lakhs was surrendered although the expenditure eventually exceeded the provision by Rs. 1,26.10 lakhs and thus no amount became available for surrender.
- (d) The savings ultimately available were found to be less than the amounts surrendered by more than Rs. 1 lakh in each case in the case of 5** grants.

27. *New Service*—According to the rules of Government, the following items of expenditure constituted “New Service.”

- (i) Substantial alteration in character of an existing facility;
- (ii) substantial increase in expenditure on a recognised service, e.g., substantial increase in the provision of supplies and services, grants-in-aid, etc;
- (iii) increase in the cadre of services or the number of posts of a particular kind either permanently or temporarily; and
- (iv) purchase of new machinery, plant, etc., on a large scale.

Vote of the Legislature or advance from the Contingency Fund is required before expenditure can be incurred on a “New Service”.

* These 5 grants are at serial Nos. 9, 16 and 17 of Appendix II.

** These 5 grants are at serial Nos. 5, 8, 32, 42 and 48 of Appendix II.

In the following cases, expenditure amounting to Rs. 1.03.01 lakhs was, however, incurred during 1966-67 without obtaining the specific vote of the Legislature or advance from the Contingency Fund. The expenditure constituted "New Service" according to the rules of Government. Funds for the expenditure were provided by reappropriation which was not permissible.

Department	Nature of expenditure	Amount of expenditure incurred (Rs. in lakhs)
(1) Home	.. Purchase of trailer pumps for the Orissa Fire Service	1.50
(2) Planning and Co-ordination	Purchase of Jeeps, Trailer, etc., for drought relief works	2.07
Finance Department have stated (November, 1967) that funds were required for purchase of vehicles, etc., in connection with relief operations and as there was no time to obtain supplementary grant, funds were provided by reappropriation as a special case without observing formalities.		
(3) Community Development and Panchayati Raj	(i) Purchase of Jeeps and expenditure on Panchayat Elections	3.90
	(ii) Grants-in-aid to Panchayat Samitis for meeting pay of Grama Panchayat Secretaries	6.65
	(iii) Writing off of ex-District Board loans	3.66
(4) Finance	.. (i) Loans to Aska Sugar Industries	1.25
The Finance Department have stated (November, 1967) that the item of expenditure at Serial No. 4(i) does not appear to be "New Service", as in past, loan was sanctioned to this institution. But as per rules, being a substantial increase in the existing service, the item appears to constitute a "New Service".		
	(ii) Loans to repatriates for business purposes	10.80
	(iii) Loans to the Orissa State Commercial Transport Corporation (Provision was not made even by reappropriation)	14.00
(5) Education	.. (i) Increase in grants-in-aid paid to aided schools	3.93
	(ii) Increase in stipends and bursaries	5.41
	(iii) Purchase of an off set machine	1.99
The Administrative Department have stated (August, 1967) that the reappropriation in respect of serial No. 5(iii) was resorted to as there was no time to obtain either a supplementary grant or an advance from the Contingency Fund.		
(6) Revenue Excise	(i) Pay and allowances on more officers appointed	1.10
	(ii) Payment of solatium to village officers	4.00

Department	Nature of expenditure	Amount of expenditure incurred (Rs. in lakhs)
(7) Industries	(i) Expenditure on enhanced stipends and period of practical training	1.86
	(ii) Payment of grants-in-aid to Sambalpur (newly created) University	1.00
	(iii) Expansion of industrial estates	1.88
(8) Commerce	Purchase of Oriya Typewriters	2.04
<p>The Administrative department agreed (January, 1968) that this was a case of "New Service", but stated that the reappropriation was resorted to at the end of the year as there was no scope to provide funds through supplementary grant.</p>		
(9) Tribal and Rural Welfare	(i) Payment of pre-matric stipends to Scheduled Tribe students	3.40
	(ii) Increase in scholarships and stipends	3.50
	(iii) Expenses on Keonjhar Fair Price Shops and other schemes taken up	4.54
(10) Health	Purchase of equipment for establishing specialised department	2.35
(11) Urban Development	Payment of grants for water supply in various towns	13.75
(12) Agriculture	Capital for P. L. accounts for the cold storage plants at Bhubaneswar and Similiguda	5.00
(13) Co-operation and Forestry	Increase in the quantum of subsidy under the scheme of revitalisation	2.40
(14) Supply	Expenditure on replacement of nine departmental vehicles	1.00

Finance Department agreed (November, 1967) in respect of item 14 that it was "New Service" and have stated that the reappropriation was sanctioned as a special case at the fag end of the year to meet the pressing need of the Supply Department as there was no scope to obtain a supplementary provision.

28. *Issue of sanctions towards the close of the year*—(a) The Public Accounts Committee (1965-66) in paragraph 17 of their Eleventh Report (Third Assembly) Vol. I emphasised that "late sanctions should be avoided". Government have been issuing instructions year after year that sanction for expenditure should be issued sufficiently early and at any rate not later than 15th March. Government issued orders on the 17th March, 1967 to all controlling, drawing and disbursing officers of the State prohibiting expenditure in anticipation of sanctions and drawal from treasuries in order to avoid lapsing of funds. In cases of funds already drawn from the treasuries, Government desired that these should be refunded immediately and in any case not later than 31st March, 1967.

Issues of fresh sanctions, however, continued till the last day of the financial year. 908 sanctions involving an expenditure of Rs. 3.37 crores were issued after 15th March, 1967. The number of sanctions issued in the last week

(between 25th to 31st March) of the financial year alone numbered 414 involving Rs. 1.76 crores and that within the last three days (between 29th to 31st March) was 284 involving Rs. 1.54 crores.

(b) The issue of sanctions towards the end of the financial year resulted in withdrawal of funds from the treasuries not required for immediate disbursement and also retention of unspent balances beyond 31st March, 1967. Thus the orders of Government of the 17th March, 1967 were not fully effective. Certain illustrative cases where the amounts drawn in each case exceeded Rs. 1 lakh are given in Appendix IV at page 126; in these cases, the amounts drawn exceeded Rs. 33 lakhs.

29. *Retention of heavy cash balances*—As a result of withdrawal of amounts not required for immediate disbursement, heavy cash balances remained with departmental officers. Instances of large cash balances with departmental officers as on 31st March, 1965 were mentioned in paragraph 29 of the Audit Report, 1967. Similar cases of retention of heavy cash balances with departmental officers as on 31st March, 1966 in 46 cases amounting to Rs. 1,04.72 lakhs are mentioned in Appendix V, page 128.

30. *Advances from the Orissa Contingency Fund*—62 advances totalling Rs. 12.42 crores were sanctioned from the Contingency Fund during 1966-67

The following points were noticed in audit—

- (i) In 2 cases, advances amounting to Rs. 10.10 lakhs sanctioned during October, 1966 and January, 1967, were subsequently cancelled.
- (ii) In 4 cases, the amount of advances sanctioned during October, 1966 and January, 1967 were reduced subsequently. The total Amount of reduction was Rs. 23.72 lakhs.
- (iii) Although the advances from the Contingency Fund are intended to be utilised for expenditure of emergent nature, it was noticed that in 5 cases, (relief works in drought affected areas in 3 cases, payment of decretal amount in one case and extension of terms of sanction to the temporary staff of investigation divisions in one case), the sums were not immediately required as the withdrawals from the Contingency Fund were made three to six months after the sanction of the advances.
- (iv) In the following cases, the amounts sanctioned proved to be much in excess of actual requirements; the reasons for non-utilisation of the amounts have not been intimated by the department (October, 1967).

Sl. No.	Head of account	Particulars of advance	Amount of advance	
			Sanctioned Rs.	Drawn Rs.
(1)	42—Multipurpose River Schemes	For extension of terms of sanction to the temporary staff of Investigation Division	1,50,000	1,08,082
(2)	95—Capital Outlay, etc.	For providing lift irrigation facilities in the drought affected areas and completion of incomplete projects	35,00,000	13,24,965

CHAPTER III

CIVIL DEPARTMENTS

AGRICULTURE DEPARTMENT

31. *Scheme for commercial utilisation of fruits and vegetables*—The above scheme, sanctioned by Government in October, 1962 at an estimated cost of Rs. 41.54 lakhs, was “designed to run on commercial basis”. A review of the progress of the scheme indicated that although 65 per cent of the estimated expenditure was incurred up to 31st March, 1967, physical achievement was only 21 per cent of the targets and that receipts from the scheme amounted to a little over 15 per cent of the estimates.

The shortfall in receipts was explained by the Joint Director of Agriculture in July, 1967 to be due to (i) stiff competition from established manufacturers, (ii) inability to offer attractive terms to dealers (iii) credit sales and stocks remaining unsold, while the shortfall in production was explained as due to delay in setting up of new production units owing to non-completion of the factory building at Chatikona and non-provision of funds for the central unit at Bhubaneswar on account of overall financial stringency.

In the absence of the *Pro forma* accounts, working results could not be ascertained; according to figures made available to Audit, the Scheme appears to have sustained a loss of Rs. 11.31 lakhs to end of 1966-67 inclusive of interest and depreciation charges (Rs. 4.66 lakhs). The uneconomic working of the scheme has been attributed by the Joint Director of Agriculture (July, 1967) to the following factors:—

- (a) Non-establishment of full fledged mechanised units due to delay in completion of factory buildings on account of financial stringency;
- (b) high cost of production due to adopting of manual process, high prices of fruits paid to growers, high transportation cost of produce obtained from remote areas and fixation of sale price below cost to establish the new product.

The following further points were noticed:—

(i) A mechanised unit set up in August, 1965 for utilisation of fruit juice extracted in nearby centres and for canning winter vegetables, was abandoned in October, 1966 as it was not expected to be economical; meanwhile, an expenditure of Rs. 11,603 had been incurred on pay and allowances of the staff (Rs. 5,831) and rent of factory building (Rs. 5,772).

(ii) In February, 1965, grants-in-aid amounting to Rs. 3.24 lakhs were paid to two Panchayat Samitis for construction of a factory building (Rs. 2 lakhs) and 15 staff quarters (Rs. 1.24 lakhs). 10 staff quarters were completed in June, 1966 (expenditure incurred up to August, 1967: Rs. 1.05 lakhs) and the work of the factory building constructed up to roof level at a cost of Rs. 0.55 lakh (October, 1966) has been suspended since November, 1966 for want of funds; the construction has not been resumed so far (July, 1967). The staff quarters which were taken over by the State Government in March, 1967 are lying vacant (July, 1967) due to non-appointment of staff pending completion of the factory buildings.

(iii) According to the Joint Director of Agriculture (July, 1967) machinery worth Rs. 2.36 lakhs purchased during 1962-63 to 1966-67 has not been used so far. These include machines worth Rs. 0.92 lakh purchased during 1963-64 to 1966-67 for the central unit at Bhubaneswar and machines worth Rs. 1.34 lakhs purchased during 1963-64 to 1965-66 for the Bissamecuttack unit.

(iv) An audit of the accounts of the scheme conducted by the Efficiency Audit Organisation of Government between June, 1966 and March, 1967 revealed the state of account records as under—

- (1) Cash book was not maintained during the years 1962 to 1966 and was built up subsequently;
- (2) the stock and store registers were not maintained during the period from 1962-63 to 1965-66 and were written up subsequently;
- (3) the production records were not maintained; shortages worth Rs. 0.80 lakh were noticed in production;
- (4) the accounts in the marketing section were in a "chaotic state";
- (5) detailed contingent bills for an amount of Rs. 4.66 lakhs had not been furnished;
- (6) annual physical verification of stock was not conducted in any year;
- (7) goods were bought for Rs. 3.41 lakhs without inviting tenders in 51 cases;
- (8) Payees' acknowledgements were not obtained in 350 cases involving an amount of Rs. 0.47 lakh.

The action taken by Government on the report of the Efficiency Audit Organisation of Government has not been intimated. The matter was reported to Government in July, 1967; their comments are awaited (February, 1968)

32. *Scheme for production and distribution of compost*—An integrated scheme for production and distribution of compost was taken up by Government during 1960-61 for execution through local bodies in urban areas and by inducing farmers in the rural areas; Government were to provide technical guidance, supervision and financial assistance for the scheme. According to the information furnished by the department (June, 1967), 60 urban and 307 rural centres were opened and an expenditure of Rs. 32.06 lakhs was incurred (including loans disbursed) up to the end of March, 1966 as detailed below:—

	(Rs. lakhs)
(i) Expenditure on supervision and technical guidance.	17.97
(ii) Loans for purchase of trucks, tractors and sieves	13.53
(iii) Grants-in-aid for purchase of night soil refuse carts, construction of trencing ground, etc.	0.42
(iv) Subsidies for meeting loss on sale of compost ..	0.14

Although about 75 per cent of the expenditure has actually been incurred, the compost produced (50 lakh tons) was only 35 per cent of the target of 1.40 crore tons to be achieved by the end of 1965-66. The shortfall was attributed by the State biochemist in June, 1967 to (i) lack of adequate interest on the part of Urban Local Bodies, (ii) want of funds for opening of new centres as per phased programme during 1964-65, (iii) withdrawal of compost inspectors from blocks and (iv) non-appointment of supervisory staff for execution of the scheme.

The following further points were noticed:—

(i) According to the Director of Agriculture and Food Production (April, 1967), 1.01 lakh tons of urban compost were left undistributed at different centres by the end of March, 1966, 50 per cent of which (sale value: Rs. 1.52 lakhs) "have lost their manurial value due to accumulation for more than 10 years"; the accumulation of stock was stated to be mainly "due to lack of transport facilities and prejudice of the people to handle the manure in their own vehicles".

(ii) Four diesel trucks were purchased in November, 1963 at a cost of Rs. 1.30 lakhs for departmental carriage of compost on collection of hire charges. To end of March, 1966, the trucks plied for 1.12 lakh Kilometers (0.61 lakh kilometers for compost work and 0.51 lakh kilometers for other departmental purposes) against the minimum requirement of 2.88 lakh kilometers calculated at the minimum plying rate fixed by Government; the utilisation was 39 per cent. Against the running and maintenance charges incurred on the trucks amounting to about Rs. 82,000 up to 1965-66 the total hire charges earned by these trucks amounted to Rs. 38,000 out of which Rs. 18,000 is yet to be recovered from the local bodies (June, 1967).

(iii) Loans amounting to Rs. 13.26 lakhs were granted during 1964-65 and 1965-66 to 36 local bodies for purchase of 15 trucks, 2 night soil vans and 26 tractors for intensification of production and distribution of urban compost. The assistance anticipated a rise in the total compost production from the existing level of 27,700 tons to 55,800 tons per year; the actual production during 1965-66 was, however, 26,572 tons working up to 48 per cent of the target.

(iv) 26 local bodies were provided with loans amounting to Rs. 0.27 lakh for purchase of 54 hand rotary sieves. 25 sieves fitted with ordinary nets and 29 sieves fitted with expanded metal net with few supporting pipes were purchased by the local bodies on the recommendation made by the State Bio-chemist during 1964-65 and 1965-66 respectively at the rate of Rs. 453 each. The Compost Development Officer stated in April, 1967 that the sieves fitted with ordinary nets "were defective in manufacture and all are lying unused" and that the cost of sieves fixed with expanded metal nets should not have exceeded Rs. 200 each.

(v) Loan bonds have not been executed so far by the local bodies receiving the loans. There were defaults in repayment of loans by 38 local bodies amounting to Rs. 3.83 lakhs (principal Rs. 2.45 lakhs and interest: Rs. 1.38 lakhs) by the end of March 1967. Utilisation certificates for loans amounting to Rs. 3.77 lakhs advanced to 17 local bodies are also awaited (June, 1967).

(vi) Utilisation certificates for grants amounting to Rs. 0.42 lakh disbursed during 1962-63 to 1964-65 to 34 local bodies for purchase of night soil refuse carts, construction of trenching ground, etc., have not been received so far (June, 1967).

The matter was reported to Government in July, 1967; their comments are awaited (February, 1968).

33. *Tractorisation scheme*—A scheme to introduce mechanised cultivation with the help of tractors was taken up by Government in the district of Kalahandi in November, 1963 and was subsequently extended to Bolangir and Ganjam districts in 1964-65 and to Cuttack district in 1965-66. It was expected to be self supporting, the expenditure incurred on it being recovered from the cultivators as hire charges. The total expenditure on the scheme up to 1966-67 was 77 per cent of the sanctioned estimate, while the working hours of the tractors and the receipts were 29 and 41 per cent of the anticipation.

The scheme sustained a total loss of Rs. 3.68 lakhs in its working during the period from 1963-64 to 1966-67 excluding interest on capital and depreciation on machinery, equipment, etc. The loss was explained as due to—

- (i) heavy establishment cost;
- (ii) excessive idle hours; and
- (iii) high consumption of spare parts and heavy repair charges.

The following further points were noticed:—

(i) The money value of closing balance of spare parts at the end of March, 1967, as furnished by the department, was Rs. 0.65 lakh. Although both the value of purchases and consumption of spare parts were about half a lakh of rupees each year, neither stores and stock accounts were maintained nor any reserve stock limit was prescribed. Physical verification of stock has not been conducted at any time so far (July, 1967).

(ii) According to the information furnished by the department (August, 1967), the arrears in collection of hire charges to end of March, 1967 amounted to Rs. 1.66 lakhs; of these an amount of Rs. 1.01 lakhs was due from departments of Government and Rs. 0.65 lakh from private parties.

(iii) Shortages of 7,008 liters of H. S. D. Oil with the drivers valued at Rs. 6,300 noticed by the Department in August, 1965 were awaiting regularisation (October, 1967).

(iv) An expenditure of Rs. 20,231 was incurred up to March, 1967 on staff (Surveyors and Chainmen) entertained under the Scheme whose services however, were not utilised under the scheme.

(v) Ploughmen were appointed for each tractor. These posts were found superfluous and were abolished with effect from April, 1967 only after incurring an expenditure of Rs. 77,489 up to March, 1967.

The matter was reported to Government in September, 1967; their comments are awaited (February, 1968).

34. *Failure of a scheme*—A research scheme jointly financed (50:50) by the Indian Council of Agricultural Research and the State Government to test the merits of selective breeding as against grading up of Ghumsur Cattle was taken up in January, 1954 with the object to find out whether selective breeding or upgrading was going to be economical under the conditions obtaining in the State. In April, 1961 the Council requested the State Government to close down the scheme within one month on the basis of the findings of the Council's Expert Committee that "the results of the scheme are likely to be vitiated owing to the high incidence of abortions in the experimental animals". The State Government, however, decided to continue the scheme beyond May, 1961 at their own cost as discontinuance of the scheme "will virtually amount to closing down the farm" and that "apart from interrupting the experimental programme without arriving at any conclusion..... it will dislocate the working of the farm and supply of breeding bulls to the area and milk supply to Bhanjanagar". The scheme was finally abandoned in March, 1965 on the recommendations of the Director of Animal Husbandry and Veterinary Services in October, 1964 that "during all these years of operation of the scheme, it has been observed that the selective breeding of Ghumsur Cattle has not given any good results and, therefore, further experimental work on selective breeding is unnecessary". The continuance of the scheme beyond May, 1961 entailed an unfruitful expenditure of Rs. 1.52 lakhs, i. e., gross expenditure of Rs. 1.90 lakhs partly set off by Rs. 0.38 lakh realised as receipts from the working of the scheme.

The matter was reported to Government in September, 1967; their comments are awaited (February, 1968).

35. *Loss due to non-completion of cold storage at Similiguda*—Establishment of the cold storage (estimated cost, Rs. 12.83 lakhs) with storage capacity of 40,000 maunds, was taken up during 1963-64 through the Rural Engineering Organisation. The work was entrusted by the Chief Engineer to a firm in 1963-64. It was envisaged that the work would be completed by January, 1965; the work could not, however, be completed till October, 1967.

During the period from February, 1966 to May 1966, 30,302 maunds of potato seeds worth Rs. 7.58 lakhs (at Rs. 25 per maund) were collected by the Agricultural Department at different collection points on the positive assurance given by the Chief Engineer (January, 1966) that the cold storage would be ready by February, 1966.

According to the Director of Agriculture (June, 1966), (i) 6,100 maunds of potato seeds worth Rs. 1.53 lakhs were completely damaged before they could be put in any cold storage and had to be dumped in compost pit and (ii) 451 maunds of potato seeds were partially damaged resulting in a loss of Rs. 4,000. Thus procurement of potato seeds in anticipation of the construction of the cold storage and accumulation of stocks in the centres without making any alternate arrangements for their storage resulted in a total loss of Rs. 1.57 lakhs.

In June, 1966, the Chief Engineer had informed the contractor firm that the cost of potato seeds damaged due to inordinate delay in commissioning the cold storage would be recovered from them as a threat only to expedite the work in the absence of any clause in the contract; the contractor firm refused (July, 1966) all liabilities on this account.

The matter was reported to Government in October, 1967; their comments are awaited (February, 1968).

36. *Egg and Poultry production-cum-marketing centres*—A scheme for establishment of two egg and poultry production-cum-marketing centres in the State was taken up by Government in 1964-65 at an estimated cost of Rs. 17.03 lakhs. The scheme envisaged payment of subsidy of Rs. 150 and loans (in kind) of Rs. 1,300 to 300 poultry-breeders at each centre.

By end of 1966-67, the actual expenditure on the scheme was Rs. 11.49 lakhs (67 per cent of the total estimate of Rs. 17.03 lakhs). However, only 243 units of poultry-breeders, as against the estimated 600, had been covered and the receipts of the scheme were only 17 per cent of what was envisaged. The shortfall was attributed to lack of interest in the scheme, wrong selection of poultry-breeders and the sale by the units of eggs and birds direct to the market, instead of to the centre at a lower price. Of the 243 units, 57 against whom a total loan of Rs. 0.64 lakh was outstanding were closed down in 1966-67:

The following further points were noticed—

(i) Cold storage equipment, incubators and other equipment worth Rs. 2.35 lakhs meant for sale centres were purchased between June, 1966 and July, 1967 but could neither be commissioned nor utilised so far (December, 1967) owing to non-completion of buildings and electric and sanitary fittings in the completed portions. A private house was hired for storing the equipment in June, 1966. The total amount of rent payable for the purpose up to December, 1967 was Rs. 2,185; the building is still in occupation of the department (December, 1967).

(ii) According to the report prepared by the department, 2 Assistant Project Officers and 5 Poultry Extension Officers were justified for a centre to render service to 300 poultry units. In one centre, although only 52 units were opened, the full sanctioned strength intended for 300 units were entertained; the extra expenditure incurred on this account between December, 1965 and June, 1967 amounted to Rs. 0.17 lakh. No action towards reduction of this number has been taken in this respect so far (December, 1967).

(iii) *Pro forma* accounts showing the working results of the scheme have not yet been prepared (December, 1967). On the basis of the actual receipts Rs. 0.39 lakh and recurring expenditure (Rs. 2.83 lakhs), there was a deficit of Rs. 2.44 lakhs up to March, 1967 excluding interest on capital and depreciation on assets.

(iv) Out of the loans of Rs. 5 lakhs obtained from the Government of India the actual disbursement of loan to private poultry keepers to end of March, 1967, amounted to Rs. 1.98 lakhs. Of the amount of Rs. 4 lakhs drawn in March, 1966, a total sum of Rs. 2.94 lakhs was refunded in November, 1966 and June, 1967 involving avoidable expenditure of Rs. 0.15 lakh towards payment of interest charges to the Government of India calculated at 5½ per cent. There were also defaults in repayment of instalments of loan by the private poultry keepers amounting to Rs. 0.26 lakh as at the end of March, 1967.

The matter was reported to Government in September, 1967; their comments are awaited (February, 1968).

37. *Avoidable expenditure and loss in a State Live-Stock Breeding Farm*—In connection with the implementation of the crash programme for development of sheep in the State for increase in production of mutton a number of ewes and rams were purchased for Rs. 5.96 lakhs by the Director of Animal Husbandry and Veterinary Services during 1964-65 and 1965-66 and supplied to the State Live Stock Breeding Farm, Chiplima (Sambalpur District). The following points were noticed in the purchases and maintenance of these animals in the Farm:—

(a) During March, 1965 purchases of 1,365 sheep were made from a supplier on single tender basis at the rates quoted by him, as there was no response to the invitation for tender from any other supplier. The purchases for the year 1965-66 were finalised only on 28th October, 1965 and orders were placed on that date on the same supplier for 896 sheep to be supplied by 15th December, 1965 on the basis of a quotation obtained from him on 1st October, 1965. Before finalising the rates for the purchases for the year 1965-66 and without inviting the tenders, orders were placed on the same supplier on 6th, September, 1965 for supply of 490 Sheep and on 30th September, 1965 for 210 sheep for completion of supply by 11th October, 1965 at the rates for the year 1964-65; the supply was completed by the stipulated date. The rates quoted on 1st October, 1965 for the year 1965-66 were lower than the rates quoted by the same supplier in respect of the supply for the year 1964-65. The supply against the order placed in September, 1965 was actually made during October/November, 1965. It was noticed that at the time the purchase order was placed in September, 1965, 188 sheep were available in the Farm and that the distribution of the 700 sheep could be commenced only on 19th December, 1965. The purchase of 700 sheep made at the higher rates during 1965-66 before finalising regular purchase for the year resulted in an avoidable expenditure of Rs. 38,635.

(b) Rate of mortality of sheep was found to be on the high side. Out of 3,292 sheep bought during 1964-65 and 1965-66, 647 died within a period of 5 days of their arrival. In June, 1965 the Parasitologist in a special report on the high rate of mortality of sheep purchased in 1964-65 observed that "there is much room for improvement in the management and lessening mortality. Some days the animals do not receive feed at all due to non-availability. Grazing is insufficient and even supply of crushed feed is not ensured etc.", while the Farm Manager reported (June, 1965) that 20 sheep died due to wrong treatment given by the Parasitologist. According to the figures furnished by the department, loss on account of the death of 647 numbers of sheep worked out to Rs. 1.06 lakhs, besides Rs. 16,819 incurred on their maintenance.

The matter was reported to Government in September, 1967; their reply is awaited (February, 1968).

38. *Scheme for reclamation of foreshore of Chilka Lake*—A scheme, for (a) deepening the shallow low lying areas of the Chilka Lake margin for rearing salt water fish and (b) raising the adjoining lands with excavated earth for paddy cultivation protected by ring bunds on which cocoanuts were to be planted, was put into operation in 1962-63 at a sanctioned outlay of Rs. 9.08 lakhs up to 1965-66. From 1st April, 1966, the scheme has been merged with another scheme "Intensive Development of Brackish Water Fisheries". The following table compares the actual cost and the achievements of the scheme with the sanctioned estimates:

		Estimates 1962-63 to 1965-66	Actual	Percentage of actual to estimate
		(In lakhs of rupees)		
(1) Expenditure	Recurring ..	0.99	0.80	97.9
	Non-recurring ..	8.09	8.09	
	Total ..	9.08	8.89	
		(In acres)		
(2) Reclaimed area for:—				
	(i) Paddy cultivation ..	2,400	nil	..
	(ii) Coconut plantation ..	150	106	70.6
	(iii) Fish farming ..	450	684	152.0
		(In maunds)		
(3) Production of fish	..	1,000	87	8.7

The coconut trees planted on the bunds did not survive. The scheme envisaged receipts amounting to Rs. 54,000 up to March, 1966; the actual amount realised was Rs. 12,657 (23.4 per cent) of which an amount of Rs. 7,425 only was from the sale of fish.

According to the department (October, 1965)—

(a) the proposal for paddy cultivation was abandoned in the course of execution as the entire area was imposed of "excessively porous soil" which was "not suitable for paddy cultivation";

(b) the shortfall of receipts from sale of fish was on account of the local people becoming hostile who "spoiled whatever fish were reared and stocked in the tanks".

The following other points were noticed—

(i) The non-recurring expenditure of Rs. 8.09 lakhs included expenditure of Rs. 0.62 lakh incurred on purchase of Launch (March, 1964), Truck, reclamation and other equipment; an expenditure of Rs. 16,000 was incurred on the running and maintenance expenses of the same up to March, 1966. These were mainly hired out during 1962-63 to 1965-66 to fetch a receipt of about Rs. 5,000; this indicates that the equipment purchased could not largely be utilised for the scheme and the hire charges realised did not cover even the running expenses.

(ii) 3,905 cocoon seedlings were planted on ring bunds during 1962-63 and 1963-64 at a cost of Rs. 9,000. A further expenditure of Rs. 0.46 lakh was incurred on the maintenance of bunds during 1963-64 and 1964-65 which was not provided in the scheme. The Director, Fisheries reported to Government in September, 1965 that none of the plants survived due to "heavy salinity" of the earth and "lack of fresh water". This indicates that adequate investigation was not done and expert advice about the cropping pattern in the particular soil was not obtained before embarking on the scheme. Government, however, explained in October, 1965 that the scheme was not successful due to the hostile attitude of the local people. A total expenditure of Rs. 0.55 lakh thus proved wasteful.

The matter was reported to Government in July, 1967; their comments are awaited (February, 1968).

INDUSTRIES DEPARTMENT

39. *Setting up industries in areas of prize winning Grama Panchayats*—A scheme of competition among the Grama Panchayats on the basis of their all-round performance was introduced during 1962-63 according to which, the successful Grama Panchayats were to get prizes ranging from Rs. 10,000 to Rs. 50,000 which were to be invested by the Panchayats in an industry located within their own area. In addition, Government gave assistance to the Industrial units by—

- (i) providing factory buildings on payment of rent;
- (ii) appointing Panchayat Industry Officers (with orderlies) for management of the Industries free of cost*; and
- (iii) directly participating in share capital of the Panchayat Industries where the resources of the Local Bodies were not adequate.

*Pay and allowances of Panchayat Industries Officers and their orderlies were paid by Government direct up to September, 1964 (the amount of expenditure incurred has not been intimated by the Director of Industries) and thereafter in the form of subsidies to the Orissa Small Industries Corporation as these Officers were placed at the disposal of the Corporation from October, 1964.

The construction of the buildings, purchase and installation of machinery, electrification, etc., as also overall technical control and guidance of all such industries were entrusted to the Orissa Small Industries Corporation Ltd. (a Government Company jointly owned with private parties). The entire prize amount had to be handed over by Government to the Corporation, to be spent on behalf of the prize-winning Grama Panchayats.

A total expenditure of Rs. 1,01.32 lakhs was incurred by Government on the execution of the scheme up to the end of 1966-67 as detailed below:—

	(Rs. in lakhs)
(i) Amount of prizes awarded to Grama Panchayats (paid to the Orissa Small Industries Corporation)	40.80
(ii) Additional funds made available to the Corporation for construction of factory buildings including quarters for Panchayat Industry Officers.	49.19
(iii) Subsidies to the Corporation on account of pay and allowances of Panchayat Industry Officers and their orderlies from October, 1964 to March, 1967	7.88
(iv) Share capital contribution to all Industrial Co-operatives set up under the scheme	3.45
Total	1,01.32

103 prizes were awarded by Government under the scheme during the period from 1962-63 to 1964-65; no prizes were given thereafter. Government had approved setting up of 68 industrial units covering 74 prizes aggregating Rs. 28.70 lakhs. The progress made in establishing the units by the Corporation together with the prize money disbursed by Government and the amount spent by the Corporation therefrom up to June, 1967 is indicated below:—

	Number of units	Total prize money	Expenditure	Amount spent in excess of the prize money (+)/unspent balance (—)
(In lakhs of rupees)				
Units completed	43	17.60	20.71	+3.11
Units under construction	19	8.85	5.97	—2.88
Units approved but yet to be taken up.	6	2.25	0.28	—1.97
Units awaiting approval of Government	29	12.10	..	—12.10
Total	97	40.80	26.96	—13.84

A sum of Rs. 9.27 lakhs spent by the Corporation in excess of the prize amount at the instance of the concerned Grama Panchayats has not been recovered from the beneficiaries so far (December, 1967). An additional sum of Rs. 1.92 lakhs was advanced by Government during March, 1964 to July, 1966 for construction of 6 units of factory buildings which are yet to be set up by the Corporation (September, 1967). Thus, the total prize money made over to the Corporation which has not been utilised amounted to Rs. 25.03 lakhs.

Panchayat Industries Officers and orderlies were entertained in the 6 units approved by Government, where no industry has so far been taken up by the Corporation (September, 1967). Government had to bear the expenditure of Rs. 0.74 lakh incurred by the Corporation during the period from October, 1964 to March, 1967 on this account.

Government decided in December, 1966 not to establish any new panchayat industry and to stop further construction of factory buildings, quarters, etc., for the new units during the rest of the financial year owing to unfavourable financial position of the State, pending assessment of the profitability and desirability of the continuance of the existing sugar and tile units. The Corporation, therefore, suspended all construction programmes, which have not been resumed so far (September, 1967). A total amount of Rs. 12.63 lakhs was spent by the Corporation on buildings for the units under construction, which were in various stages of construction by December, 1966; the expenditure incurred has, thus, proved to be idle outlay.

The following points were noticed in respect of implementation of this scheme by the Corporation—

- (i) The Orissa Small Industries Corporation placed orders in June, 1963 for purchase of machinery required for 8 sugar units with the Orissa Industrial Development Corporation (a fully owned Government Company) at Rs. 1.45 lakhs for each unit; the rate was fixed at the amount at which the Director of Industries was purchasing such machinery from a private firm (up to March, 1965). An amount of Rs. 0.30 lakh was advanced to Industrial Development Corporation in November, 1963. Only 3 sets of machinery were supplied by them in April, 1965, April, 1966 and March, 1967. Consequent on the decision of Government not to take up more sugar units, orders for the balance of machinery for the 5 units not delivered by the Industrial Development Corporation were cancelled in January, 1966. Subsequently, in October, 1966 the Industrial Development Corporation claimed the cost of the machinery supplied, at Rs. 1.79 lakhs for each unit on account of rise in cost of production which was admitted in July, 1967. Delay in supply of the machinery by the Industrial Development Corporation resulted in an extra liability of Rs. 1.02 lakhs; the amount has not been paid so far (September, 1967).
- (ii) Baby oil expellers and Ghanies were purchased for 7 industrial units at a total cost of Rs. 0.25 lakh mainly for crushing mustard seeds; the scheme provided for Super Baby Oil Expellers for crushing mustard seeds as well as groundnuts. According to the Director of Industries (February, 1966), "there has been a thorough bungling by putting up ghanies and baby expellers in a groundnut area" and he recommended that "all ghanies functioning in groundnut

area should be given a standard size expeller". The replacement of the expellers and ghamsies has not been done so far (September, 1967).

- (iii) In anticipation that power supply would be available from the points pertaining to a Lift Irrigation Scheme contemplated nearby, a sugar unit was approved for Rajloka Grama Panchayat and a total expenditure of Rs. 2.45 lakhs (Rs. 0.90 lakh towards construction of factory building and Rs. 1.55 lakhs towards purchase of machinery) was incurred during the period from 1963-64 to 1966-67. The Corporation stated in August, 1967 that "sugarcane is not available at Rajloka as the irrigation facilities have not yet been finalised there" and that the Director of Lift Irrigation did not encourage Lift Irrigation in that area as "the cost of Lift Irrigation will be uneconomical". Further, "no machinery was installed as yet as the arrangements for power supply have not yet been finalised by the Electricity Board". The machinery was lying idle and the expenditure on factory building has proved infructuous (September, 1967).
- (iv) Machinery worth Rs. 0.21 lakh purchased during 1964-65 for a tile unit has not been installed so far (September, 1967), due to non-selection of a site for locating the factory.
- (v) The Industrial units approved under the scheme were mostly according to a set type plan and estimate. Government, nevertheless allowed the Corporation (May, 1965), 1½ per cent of the estimated value of each work for preparation of plans and estimates. The extra liability incurred by Government on this account worked out to Rs. 0.61 lakh.
- (vi) According to the information furnished by the Director of Industries, a total assessment of Rs. 2.54 lakhs was made up to March, 1967 towards rent in respect of 39 industrial units which have occupied the factory buildings in the Rural Industrial Estate and have gone into production; against this an amount of Rs. 2.46 lakhs remained outstanding for recovery.
- (vii) None of the 11 Industrial Co-operatives in which Government invested a total amount of Rs. 3.45 lakhs declared dividends.

The matter was reported to Government in September, 1967; their comments are awaited (February, 1968).

40. *Industrial Estate, Takatpur*—The construction of 8 'A' type sheds and 4 'B' type sheds in the industrial estate at Takatpur was completed in June, 1962 at a total cost of Rs. 5.69 lakhs with the object of promoting the growth of small industries by providing factory space with power, water supply, etc.

All the 8 'A' type sheds remain to be allotted (September, 1967) in spite of the fact that their rent was fixed at less than 3 per cent of the capital cost. According to the District Industries Officer, Mayurbhanj, the sheds were not allotted as the industrialists have not come forward to occupy them. The loss of rent on account of the vacant sheds computed at the rate of Rs. 63 per shed from a date commencing from six months after the date of completion of the sheds amounted to Rs. 28,728 up to end of September, 1967.

The expenditure incurred by Government on the establishment (one Assistant Manager and his staff and 2 Watchmen) posted to look after the watch and ward and collection of rent in respect of the Industrial Estate during the period from June, 1962 to April, 1967 amounted to Rs. 38,493.

41. *Orissa School of Mining Engineering, Keonjhar*—A School for training of Junior Mine Managers, was started in 1956 as a part of the Jharsuguda Engineering School. It was subsequently shifted to Keonjhar and started functioning there as "Orissa School of Mining Engineering" from July, 1957.

In addition to the non-recurring expenditure of Rs. 21.29 lakhs incurred on construction and acquisition of buildings, equipment, furniture, vehicle, etc., a total recurring expenditure of Rs. 10.64 lakhs has so far been incurred on the running of this school (March, 1967).

The optimum strength of students in the school was fixed as 120 with 40 students in each of the classes of the prescribed 3 years course. The intake of students has been steadily declining from year to year and was 17, 15 and 4 during 1964-65, 1965-66 and 1966-67 respectively. The increasing trend in percentage of shortfall in number of students and in recurring expenditure per student is shown in the table below:—

Year	Number of students borne on rolls	Percentage of shortfall (Base-120)	Total recurring expenditure	Recurring expenditure per student
			Rs.	Rs.
1963-64	89	25.8	1,23,750	1,390
1964-65	73	39.2	1,67,637	2,296
1965-66	57	52.5	1,70,567	2,992
1966-67	38	68.3	1,47,712	3,887

In order to utilise fully the facilities of buildings, workshop, library equipments, etc., available in the institution, introduction of Electrical and Mechanical sections in the school during the Fourth Plan period was contemplated on the recommendation of the Government of India; the proposal for such expansion has, however, been dropped by the State Government in August, 1966. However, in the 5th meeting of the State Council of Technical Education and Training, Orissa, held on 2nd November, 1967, it has been decided that the Director of Mines should suggest diversification by introduction in the school of courses allied to Mining such as Ore processing, etc.

TRIBAL AND RURAL WELFARE DEPARTMENT

42. *Unfruitful outlay*—Buildings for fourteen maternity-cum-child welfare centres in Tribal areas of Sambalpur and Mayurbhanj districts constructed during November, 1959 to May, 1966 at a cost of Rs. 0.73 lakh, are lying unutilised (September, 1967) even without being put to alternate use. Non-availability of staff, non-receipt of sanction of funds for running the centres, and establishment of a hospital at one of the places were stated by the departmental officers to be the reasons for non-functioning of the centres.

The matter was reported to Government in July, 1967; their comments are awaited (February, 1968).

43. *Defects in maintenance of accounts by District Welfare Offices*—A test check of the accounts in District Welfare Offices revealed the following irregularities—

(i) *Improper maintenance of accounts connected with advance payments*—Registers of advance payments were not maintained properly to watch subsequent recoveries or adjustments as a result of which cases awaiting recovery or adjustment could not be ascertained correctly.

(ii) *Delay in adjustment of advance payments*—An amount of Rs. 14.96 lakhs representing payment of advances was found to be lying unadjusted in six districts at the end of September, 1967, of which Rs. 9.80 lakhs related to advances made between 1950-51 and 1962-63.

(iii) *Non-receipt of acknowledgements in respect of payment of stipends and scholarships*—(a) Large amounts were disbursed as stipends and scholarships to students belonging to scheduled castes and tribes through Block Development Officers, Additional District Welfare Officers, etc., acknowledgements in respect of such payments were not obtained in many cases. The amounts, for which acknowledgements were wanting, in respect of payments made in 1965-66 and 1966-67 were Rs. 15.67 lakhs and Rs. 26 lakhs respectively at the end of September, 1967.

(b) Amounts for payment of stipends were drawn in lump by Bank Drafts for eventual distribution through Block Development Officers, but were not shown as part of the cash balance of the office.

A case of suspected defalcation of stipend money to the extent of Rs. 1.00 lakh was reported to audit by the District Magistrate, Sundergarh in July, 1966 which was revealed during internal audit of the accounts for the period from 1962-63 to 1964-65. The case is reported to be under investigation of Vigilance Police (September, 1967).

HEALTH DEPARTMENT

44. *Avoidable expenditure*—Electric energy charges for the period from October, 1965 to January, 1967 amounting to Rs. 1.13 lakhs were not paid by the Principal, Barla Medical College within the time specified in the bills. As a result, rebate amounting to a total of Rs. 18,116 offered by the Orissa State Electricity Board for prompt payment of monthly bills was not availed of by the College authorities. Most of the bills were paid in April, 1967. The Principal explained in April, 1967 that the bills could not be paid earlier due to insufficient allotment of funds during 1965-66 and 1966-67; there were, however, savings amounting to Rs. 1.80 lakhs and Rs. 16.25 lakhs during the two years respectively in "Grant No. 22" where this expenditure is to be included.

An extra expenditure of Rs. 18,116 was thus incurred due to delayed payment of the energy charge bills.

The matter was brought to the notice of the Director of Health Services and of Government in June, 1967; their replies are awaited (February, 1968).

REVENUE DEPARTMENT

45. *Non-realisation of cost of materials*—A sum of Rs. 45,874 due from various contractors on account of the cost of cement, G.C.I. sheets, iron rods, etc., issued to them by the Sub-divisional Officer (Sadar), Mayurbhanj during March, 1956 to January, 1964 is yet to be realised from them (October, 1967). Of this, an amount of Rs. 29,450 relates to the period up to December, 1960; the age of pendency of dues amounting to Rs. 13,013 was not available with the department. In October, 1967 the Collector, Mayurbhanj stated that notices have been issued to the executants of the works for payment of the outstanding amounts and that their realisation is awaited.

COMMERCE DEPARTMENT

46. *Expenditure on staff attached to idle vessels*—Mention was made in paragraph 35 of Audit Report, 1963 regarding purchase of some second hand vessels and other craft and maintenance of crew during the break-down of some of the vessels. The department explained to the Public Accounts Committee (1964-65) in July, 1964 that crew in respect of the idle vessels had to be maintained as it was thought that if they part with the skilled staff they may not get them in future.

Consequent on the decision taken by Government in January, 1963 to convert Paradeep as an all-weather major port and abandonment of midstream iron ore loading programme of the intermediary port after March, 1964, 6 motor vessels and three barges acquired at a total cost of Rs. 20.26 lakhs were found to be no longer useful. The running and maintenance charges in respect of these boats during the period from 1958 to 1964 including the pay and allowances of the crew amounted to Rs. 9.33 lakhs. The boats carried 1.25 lakh tonnes of iron ore during that period; an expenditure of Rs. 6.21 lakhs would have been incurred if the ore was carried by private contractors. Four vessels costing Rs. 11.03 lakhs were sold in January, 1966, March, 1966 and December, 1966 at Rs. 9.59 lakhs. The remaining two vessels and three barges worth Rs. 9.23 lakhs are yet to be disposed of (August, 1967).

Besides carriage of iron ore till March, 1964, the vessels were stated to have been engaged on survey and investigation work. It was noticed that 4 out of 6 vessels were engaged on survey and investigation work on an average of 5 days in a year up to March, 1964 and one vessel was utilised on an average for 9 days in a year subsequent to March, 1964. Thus from March, 1964 onwards, the vessels remained practically idle. The crew attached to them were, however, retained in service without any work for various periods up to March, 1967. On an enquiry from audit, the department stated (September, 1966) that the crew could not be retrenched due to labour trouble.

The crew were, however, ultimately retrenched in March, 1967 after payment of Rs. 34,779 (out of which Rs. 2,777 is yet to be disbursed) as retrenchment compensation and one month's pay in lieu of notice of discharge.

The total expenditure incurred on running and maintenance of the boats including pay and allowances of the crew for the period from March, 1964 to March, 1967 thus rendered infructuous amounted to Rs. 8.49 lakhs.

The matter was reported to Government in October, 1967; their remarks are awaited (February, 1968).

IRRIGATION AND POWER DEPARTMENT

47. *Interest foregone from the Orissa State Electricity Board*— According to the Electricity (Supply) Act, 1948 the value of assets transferred to the Orissa State Electricity Board was to be treated as a loan advanced to the Board on the date of its declaration by Government. The State Government have so far (August, 1967) declared a provisional loan of Rs. 17.45 crores in respect of value of assets transferred from time to time to the Board. Government decided in March, 1964 to charge interest from the Board on the loan declared, from the first day of the financial year next following that in which the assets were physically transferred instead of charging interest from the date of physical transfer of the assets. The interest of 6 per cent foregone by Government by such an arrangement on the loan so far declared amounted to Rs. 69.93 lakhs.

The matter was reported to Government in September, 1967, their comments are awaited (February, 1968).

GENERAL

48. *Advances to private parties to facilitate investment in Government loan*— Mention was made in paragraph 45 of Audit Report, 1967 about advance payment to suppliers against value of materials ordered for on condition that the parties would subscribe to the 5½ per cent Orissa Government Loan, 1977.

In August, 1966, Government in relaxation of the existing rules, issued standing orders authorising payment of advances to suppliers up to 90 per cent of the value against orders placed for supplies, for investment in Government loan bonds; the loan bonds, thus purchased by the suppliers were to be kept in the custody of the officers placing the orders for supplies and to be released proportionately as and when the supplies are made. According to the provision made in the application to be submitted by the supplier for advance payment, the half-yearly interest on these loan bonds, so long these remain with Government, is to be collected by Government from the Bank and disbursed to the parties.

In pursuance of the instructions, advances were paid in 29 cases amounting to Rs. 37.35 lakhs as indicated below:—

Name of the department	Number of cases	Amount (Rs. in lakhs)
WORKS AND TRANSPORT—		
Works Wing	17	11.74
Transport Wing	2	12.00
PLANNING AND CO-ORDINATION		
Rural Engineering Organisation	10	13.61

Apart from the propriety of payment to parties before the amount is actually due to them, such payment of advances for getting the Government loan subscribed resulted, in effect in investment of Government money in Government loans till the advances got fully adjusted by receipt of supplies.

The following further points were noticed—

(i) Payment of advance to the extent of Rs. 12.00 lakhs to two dealers (for purchase of T.M.B. and Leyland chassis) for investment thereof in Government loan bonds entailed Government in payment of interest to the extent of Rs. 0.27 lakh to the parties.

(ii) The purchase order placed with one dealer for Leyland chassis envisaged delivery at the rate of 6 numbers per month from October to December, 1966; the agreement executed with the dealer, however, did not contain the delivery schedule nor the penalty clause in case of delay in supply. 10 numbers of chassis were delivered by the dealer in January, 1967 and the remaining 8 numbers in March 1967. The delay in supply entailed Government in an extra expenditure of Rs. 0.21 lakh on account of rise in price of the chassis.

(iii) In two cases advances amounting to Rs. 6.94 lakhs were paid by two public works divisions for carrying out wood works in certain buildings 4 months before the actual work orders for the construction of the buildings themselves were issued.

(iv) Loan bonds against advances to the extent of Rs. 9.91 lakhs paid by three divisions in six cases were not kept in custody by the officers disbursing the advances.

(v) In one case, loan bonds worth Rs. 5.00 lakhs were purchased against the advance of Rs. 5.25 lakhs paid to the supplier.

(vi) In 13 cases (involving a total advance of Rs. 15.16 lakhs made by three divisions); supplies to the extent of Rs. 13.33 lakhs were not made even after the expiry of the stipulated date of completion of supply by over six months.

(vii) In 12 cases involving a total advance of Rs. 2.29 lakhs, loan bonds were not pledged in favour of the Divisional officer as security for the advance paid to the suppliers.

49. *Misappropriations, losses, etc., of Government money*—In paragraph 47 of Audit Report, 1967, 336 cases of misappropriations, losses, etc. of Government money involving a total amount of Rs. 14.52 lakhs in respect of cases up to 31st January, 1966 were reported to be pending finalisation as on 31st January, 1967. During the period from the 1st August, 1966 to the 31st July, 1967, 58, further cases of misappropriations, losses, etc., of Government money involving Rs. 13.17 lakhs were reported; the number of cases disposed of by the end of January, 1968 was 52 involving Rs. 0.77 lakh.

An analysis of 342 cases involving Rs. 26.92 lakhs, which were pending finalisation on the 31st January, 1968, is given in Appendix VI, pages 130-131.

An analysis by years in which these were reported to Audit is given below:—

Year in which the cases were reported to audit	Number of cases	Amount involved (In lakhs of rupees)
1948-49 to 1961-62	158	8.47
1962-63	34	1.01
1963-64	40	0.83
1964-65	23	3.59
1965-66	23	1.41
1966-67	56	11.46
1967-68	8	0.15
Total	342	26.92

50. *Miscellaneous irregularities, losses, extra expenditure, etc.*—Cases of miscellaneous irregularities, losses, etc., are mentioned in Appendix VII, page 132.

CHAPTER IV

WORKS EXPENDITURE

WORKS AND TRANSPORT DEPARTMENT

(Expressway Project)

51. *Extra expenditure*—In Paradeep Expressway Division, the work “construction of high level bridge over Mahanadi at Bhutmundi” was entrusted before final selection of site, alignment and design of the bridge to Orissa Construction Corporation (a fully State owned Government Company) in September, 1962 on lump sum contract basis at 5 per cent over and above the total cost of the bridge or at Rs. 3,500 per running foot whichever is less. After one and a half months of the issue of work order to the contractor, the work was stopped due to change of alignment; the alignment was shifted two miles upstream from the original site as there was an “error in the layout”. Meanwhile, the contractor had already constructed hutments for labourers and incurred some expenditure on establishment and claimed Rs. 18,970 as compensation. The claim was considered by the department and payment of Rs. 10,000 towards construction of hutments for labourers at the old site was made in July, 1966. The expenditure had to be incurred as the work was taken up without adequate investigation and final selection of site and was thus avoidable.

A total amount of Rs. 4.92 lakhs was paid to the contractor which was not covered by the terms of the contract; the details of the cases are as follows:—

a) According to the terms of the contract, the contractor was to carry out suitable remedial measures to overcome the adverse effects of tilts and shifts without any extra cost to the department. Soil testing was not done before taking up the work. Due to bad soil conditions, one of the wells shifted beyond the permissible limits. An expenditure of Rs. 2.12 lakhs was incurred by the contractor on the remedial works which was reimbursed.

(b) The contractor claimed an amount of Rs. 2.80 lakhs in November, 1965 from the department for driving piles (1.86 lakhs rft.) on the approach road to the bridge to stabilise the loose soil for casting prestressed slabs and placing launching girders; this work formed part of the contract. The claim was, however, paid by the department.

An amount of Rs. 15 lakhs was paid to the contractor as advance for purchase of machinery in October, 1964 on condition that it should carry interest at 6.25 per cent per annum and the machineries purchased and brought to the site of the work should be mortgaged. But a sum of Rs. 10.17 lakhs has only been recovered till March, 1967. Neither has any interest been recovered on the amount of advance nor has the machinery brought to the site been mortgaged.

The matter was reported to Government in January, 1968; their reply is awaited (February, 1968).

52. *Wasteful expenditure due to change in alignment of Expressway*—The construction of a stretch of Expressway (22, 255 ft.) at Neulpur, which was taken up in February, 1963 at an estimated cost of Rs. 12.99 lakhs was abandoned in August, 1963 as the Railway authorities did not approve of the alignment for the fly-over crossing of the Expressway over an existing Railway line.

- Before the work was abandoned an expenditure of Rs. 4.39 lakhs had been incurred on this construction which included a sum of Rs. 3.06 lakhs on land acquisition and a sum of Rs. 1.33 lakhs on earth work, cost and carriage of rolling stone, etc. The Additional Chief Engineer in charge of the work, informed Audit in May, 1965 that a portion of the abandoned alignment would be used by the Railway Authorities as they were considering construction of a new Railway line which cover the abandoned alignment and that a sum of Rs. 3.80 lakhs would be recovered from them towards the cost of land (Rs. 3.06 lakhs) and proportionate cost of earth work (Rs. 0.74 lakh). According to the Additional Chief Engineer, the amount of expenditure incurred on the portion of the road which will neither serve the Expressway nor the Railways is Rs. 0.59 lakh. The decision of the Railway Authorities for taking over the land and for payment of proportionate cost of the earth work had not been received (December, 1967).

The matter was reported to Government in July, 1967; their reply is awaited (February, 1968).

53. *Infructuous expenditure*—Construction of bridges over Pattamundai and Gobri canals (taken up in November, 1963) and Kula Creek (in April, 1964) were completed in November, 1965, March, 1966 and October, 1966 respectively. Settlement of abutments over Pattamundai and Gobri canals were noticed in March and May 1966, respectively and the abutments were found progressively sinking due to poor soil condition. Subsequent testing of soil samples from the foundation level of all the three bridges revealed that bearing power of the foundation soil was very much less than that adopted for the design. Abutments were thus abandoned and construction of 2 additional spans in each of the bridges was taken up in March, 1967 rendering an expenditure of Rs. 3.51 lakhs already incurred on construction of abutments, infructuous.

Considering the behaviour of the abutments in Pattamundai and Gobri canal bridges, similar measures were adopted in the case of Kula Creek bridge. Abandonment of the abutments in this case rendered an expenditure of Rs. 1.81 lakhs infructuous.

The matter was reported to Government and the Chief Engineer in June 1967, their replies are awaited (February, 1968).

(Roads and Buildings Branch)

54. *Construction of a high level bridge*—For construction of a high level bridge over river Daya on Pipli-Jatni road, three tenders were received in February, 1962; these were 36 per cent, 40 per cent and 43 per cent above the estimated cost of Rs. 6.80 lakhs. None of these tenders were accepted; reasons for ignoring the tenders were not recorded.

After opening of the tenders, in February, 1962 rates were obtained in the same month from another contractor 'B' who quoted 56 per cent over the estimated rate. Government ordered in October, 1962 to award the contract to contractor 'B' at the rates of the 2nd lowest tenderer, i.e., at 40 per cent above the estimated cost.

Government stated in September, 1967 that the lowest tender was rejected on the ground that the contractor had no previous experience in bridge work and he had no equipment for it and also some of the rates quoted by him were

unworkable. Work order was issued to contractor 'B' in January, 1963 without getting commitment from the contractor that he was willing to execute the work at the rate offered by the 2nd lowest tenderer. According to the department, the work was due for completion by June, 1964. The contractor 'B' submitted the itemwise quotation in July, 1964 as per rates of the 2nd lowest tenderer and imposed the following conditions:—

- (i) his rates were valid for 30 days from 3rd February, 1962;
- (ii) cement should be issued at Rs. 7 per cwt, and steel issued direct to work.

These conditions were not acceptable to the department. The financial implications of the conditions have not been assessed by the department. No agreement with the contractor could, therefore, be executed and the stipulated date of completion of the work could not also be enforced.

The department found in February, 1967 that progress made by contractor 'B' in execution of the work was far from satisfactory and most of the wells sunk had developed tilts and shifts beyond permissible limits; the extent of defective work has not been assessed by the department so far (October, 1967). The divisional officer reported to the Superintending Engineer (February, 1967) that the interest taken by the contractor was not encouraging and he had "neither machinery nor man-power required for the work" and as such the work may not be completed "within next 5 years". No action was taken in this regard nor the contract was rescinded.

For want of funds, Government decided in May, 1967 to stop further execution of the work after bringing it to "well cap level" and to resume the work after funds are made available. The amount required to bring the work to well cap level has been estimated as Rs. 7.75 lakhs; the expenditure incurred on the work to end of June, 1967 amounted to Rs. 4.95 lakhs.

The Executive Engineer stated in December, 1965 that "if the wells are not sunk to designed depth and are left without cap for years, they are likely to get disturbed". Out of twelve wells only four have been sunk to designed level and brought upto well cap level. But well caps have not been laid as yet (December, 1967).

The matter was reported to Government in October, 1967; their reply is awaited (February, 1968).

55. *Avoidable extra expenditure*—Against an order placed by Government in April, 1964 on a local firm at Chowduar for supply of Tubular trusses along with accessories for construction of refugee tenements in the district of Koraput, 178 bags containing 9,968 Nos. of $\frac{5}{8}$ " \times 12" size bolts with nuts were received during April, 1964 to October, 1964 in construction Division No. II, Sunabeda. Even though the unsuitability of these bolts was detected by the Additional Chief Engineer in May, 1964 (after preparation of detailed designs), the order placed on the firm was not cancelled. On the other hand, supplies of these bolts and nuts continued to be received till October, 1964.

Ultimately different kind of holding down bolts of $\frac{3}{6}$ " size were departmentally manufactured at a total cost of Rs. 0.18 lakh and these bolts along with the nuts supplied by the firm were used on the works.

In June, 1965, Government ordered that the extra expenditure involved in manufacturing the holding down bolts should not be deducted from the firm and instructed that the unsuitable bolts (supplied by the firm) should be disposed of by auction or sale. The unutilised bolts were not disposed of (September, 1967). However, 1,456 of them were taken back by the supplier in May, 1965, the cost in respect thereof has not yet been realised from the supplier. Thus purchase of unsuitable bolts and nuts before preparing the detailed design, resulted in extra expenditure of Rs. 0.23 lakh.

The matter was reported to the Chief Engineer and Government in March, 1966; their replies are awaited (February, 1968).

IRRIGATION AND POWER DEPARTMENT

(Lift Irrigation)

56. *Irregularities in the accounts of Director of Lift Irrigation*—Local audit of the accounts of the Director of Lift Irrigation in February, 1967 disclosed several irregularities, the more important of which are indicated below:—

(a) *Injudicious purchase*—In February, 1965 tenders were called for supply of monoblock centrifugal (electrical) pumping sets without indicating the estimated requirement in the tender call notice. Tenders received from the different firms were considered and the offer of one firm which quoted specially reduced rates on the assumption that orders for not less than 100 pumping sets of each type would be placed at a time, was accepted. Orders were placed on this firm in April, 1965 for supply of 200 sets of 10 H. P., 100 sets of 5 H. P. and 25 sets of 3 H. P. pumps in anticipation of requirement for the next year. The estimated requirement at the time of issuing tender notice was only 24 sets of 10 H. P. (25 sets of this type were available in stock at this time). The pumps were received during the period from July, 1965 to March, 1966 at an expenditure of Rs. 4.86 lakhs. Of the total 325 sets received, only 37 sets of 5 H. P. could be utilised till February, 1967. The rest are lying in stock. In February, 1967, the Director of Lift Irrigation stated that the pumps would be utilised as soon as the electric lines were drawn to the pump stations for which the State Electricity Board had been moved. Thus procurement of large number of electrical pumps for possible future use without adequate arrangement of electricity had resulted in blocking up of Government money amounting to Rs. 4.45 lakhs.

(b) *Avoidable extra expenditure*—In view of urgent need for pumping sets for Rabi cultivation and the acute shortage of pumps in the market it was decided in November, 1964 to procure as many pumping sets as would be available from the ready stock of the various supplying firms. Accordingly, 100 pumps were ordered from one supplier at Calcutta on 14th November, 1964 at Rs. 2,616.42 each. Supply was, however, actually made by the firm's agent at Cuttack which involved payment of Orissa Sales Tax at the rate of 7 per cent also besides the price of Rs. 2,616.42. Another supplier from Cuttack offered (22nd November, 1964) to meet the full requirement *ex-stock* at Rs. 2,500 each plus Orissa Sales Tax; but no order was placed on them, the reasons for which have not been intimated (November, 1967). Meanwhile, another supplier from Calcutta informed the Director of Lift Irrigation telegraphically on 16th November, 1964 that they had despatched 54 pumping sets at the rate of Rs. 2,800 each as per verbal orders placed with them by personal contact. Apparently, the local

market (Cuttack) was not exploited before placing orders with the Calcutta firms. Had all the 154 pumping sets been purchased from the Cuttack firm the department could have saved an avoidable extra expenditure of Rs. 19,206.

(c) *Outstanding Advances*—Advance payments made to suppliers and others requiring recovery or adjustment amounted to Rs. 4.73 lakhs. Of these amounts of Rs. 0.08 lakh and Rs. 1.81 lakhs pertain to payments made during 1963-64 and 1964-65 respectively. These advance payments have been shown in the Cash Book as final expenditure in contravention of departmental rules, with the attendant risk of the recoveries being overlooked.

(d) *Other points of interest*—(i) A sum of Rs. 14.06 lakhs was spent for purposes other than those for which the money was drawn from the treasury; out of this, in respect of Rs. 13.72 lakhs either there was no sanction of the competent authority to incur the expenditure or there was no allotment of funds;

(ii) The closing cash balance as on 7th December, 1966 included a sum of Rs. 0.55 lakh in the shape of vouchers pertaining to advances and payments made on other accounts. This irregular practice of keeping vouchers in lieu of cash had been strictly prohibited by Government in July, 1964;

(iii) Amounts available out of allotment at the end of each financial year were drawn and kept in hand in shape of bank drafts in favour of subordinate officers. Out of Rs. 3.91 lakhs kept in the shape of bank drafts as on 7th December, 1966, a sum of Rs. 3.74 lakhs was drawn during 1960-61 (Rs. 2.03 lakhs), 1961-62 (Rs. 1.48 lakhs) and 1962-63 (Rs. 0.23 lakh).

Detailed contingent bills for Rs. 36.35 lakhs were awaited for over one year (November, 1967), in respect of amounts drawn in abstract bills.

The matter was brought to the notice of Government in April, 1967; their reply is still awaited (February, 1968).

(Irrigation Branch)

57. *Payment of advance*—For meeting the requirement of irrigation projects in the State, tenders were invited in March, 1964 by the Chief Engineer, Irrigation for supply of seven Crawler Tractors (100 to 150 H. P.). 11 tenders were received in April, 1964. The quotation of a firm at Vijayawada was accepted, ignoring certain *prima facie* lower tenders, on the ground that the firm agreed to supply the tractors *ex-stock* at Bombay and that it would not involve foreign exchange and import licence. It is seen, however, that according to the tender given by the firm, the department was to furnish "Actual Users Licence".

Orders were placed by the Additional Chief Engineer with the firm in September, 1964 for supply of seven Yugoslavian 105 H. P. Tractors at the rate of Rs. 1.62 lakhs each (customs and excise duties extra) for delivery by January, 1965. After receiving the purchase order, the firm wanted the department to send the form of import licence duly filled in. The order, was, therefore, cancelled in February, 1965. The firm, however, referring to the purchase order placed in September, 1964 intimated to Government on 7th July, 1966 that the equipment was "lying in Calcutta for the last 5 months" on Government's account. It requested Government to decide on the purchase

and advance "90 per cent payment of the value of the equipment plus taxes and other expenses against physical delivery" at Calcutta. The other conditions laid down by the firm included *inter alia*:—

- (i) "Despatch of the equipment to respective destinations after complete coverage from all risks by an insurance policy".
- (ii) "The equipment will be completely covered by an insurance policy against all risks from Calcutta Port to the destination site".

Subsequently, on 28th July, 1966 the firm supplied 2 *pro forma* invoices dated 19th July, 1966 to Government showing twelve Yugoslavian Agricultural Crawler Tractors of 105 H. P. each with cable operated Tilt Angle Dozers for "immediate payment" of 90 per cent of the price against guarantee. On the same day, Government sanctioned the payment of Rs. 17.52 lakhs, being 90 per cent advance of the value of the equipment, and the full amount of customs duty (Rs. 6.60 lakhs) and Central Sales Tax (Rs. 0.78 lakh), against proof of payment of customs duty and Sales Tax by the firm before delivery of the goods at the destination site in Orissa. The advance was to be paid on receiving insurance guarantee or bank guarantee. Again on 28th July, 1966, referring to the quotation of the firm of April, 1964, the Additional Chief Engineer, Irrigation placed a supply order on the firm for supply of 12 Crawler Tractors of 105 H. P. with Bull Dozer attachment within 3 months (against the requirement of 7 such Tractors advertised 2 years earlier) at Rs. 1.62 lakhs each ex-warehouse, Calcutta, duties (Rs. 0.55 lakh) and taxes (Rs. 0.07 lakh) extra as per actuals and directed the Executive Engineer, Central Irrigation Project Division to pay the advance of Rs. 24.90 lakhs sanctioned by Government on receipt of "Insurance guarantee bond and other connected documents". The advance was paid on the same day on "pre-receipted" invoices. It was mentioned by the firm therein that the rates and duties were at pre-devaluation rates.

The following points have been noticed:—

- (i) Proof of payment of Rs. 7.38 lakhs towards duties and taxes was not obtained before payment of the amount with the supply order.
- (ii) The advance was paid on pre-receipted invoice of the firm dated 28th July, 1966 without any proof of despatch.
- (iii) A marine insurance policy (All Risk Insurance) for Rs. 27 lakhs which did not cover "non-supply" was treated as insurance guarantee covering risk against non-supply also. The Insurance company cancelled the Marine Insurance Policy in December, 1966 and intimated Government in January, 1967 that it covered only transit risk and was not meant as security against "non-supply".
- (iv) The firm has not delivered any tractors so far (July, 1967).

The matter was reported to Government in August, 1967; their comments are awaited (February, 1968).

58. *Extra expenditure in transportation of cement*—(a) During the period December, 1964 to July, 1966, 811 metric tonnes of cement were obtained by the Southern Irrigation Project Division, Berhampur, partly from a cement factory at Vijayawada and partly from two Public Works Divisions located at Bhubaneswar and Charbatia. The total cost of transportation by road excluding loading and unloading charges amounted to Rs. 35,921. The cost of carriage by railway would have been Rs. 14,492. An extra expenditure of Rs. 21,429 was thus incurred on the transportation of cement by road instead of by rail.

It was stated by the Executive Engineer, in October, 1966 that despatches were made by road to ensure the timely execution of the Dhanai Project. The despatches of cement were, however, made to Berhampur and then to the work site and not to the work site of the Dhanai Project straightway. An additional expenditure of Rs. 7,909 was incurred on the road transport from Bhubaneswar and Charbatia by the circuitous route. Further according to the information furnished by the Division the cement could be utilised by them only by January, 1967. The Project is still under construction (July, 1967).

The matter was reported to Government in January, 1967; their reply is still awaited (February, 1968).

(b) Similarly, Phulbani division (under Roads and Buildings Branch of Works Department) obtained 1,832 metric tonnes of cement from the Cement factory at Vijayawada to Berhampur during the period from August, 1962 to September, 1963; the entire quantity was transported by road at a cost of Rs. 1.35 lakhs. The cost of carriage by railway would have been Rs. 0.53 lakh. An extra expenditure of Rs. 0.82 lakh was thus incurred on the transportation of cement by road instead of by rail.

In this case, difficulties in getting wagon allotments by Railways was advanced by the Divisional Officer as the reason for resorting to the road transport; the divisional records did not indicate that such difficulty was reported by the Cement Company. Moreover, Government authorised in January, 1963 transportation of cement by road from a cement factory situated only within the State after ascertaining the wagon position.

The matter was reported to Government in January, 1966; their reply is still awaited (February, 1968).

(Delta Irrigation Scheme)

59. *Maintenance of Motor Vehicles*—A large fleet of vehicles is maintained for the Delta Irrigation Scheme. Specific scales of expenditure have been fixed by Government for utilisation of spare parts for the vehicles. According to the rules framed by Government, stock registers are to be maintained for each vehicle and the utilisation of spare parts recorded therein along with the scales of expenditure fixed by Government from time to time; the stock registers have not been maintained by the departmental officers. An expenditure of Rs. 1.35 lakhs was incurred on spare parts for 35 vehicles during 1964-65 against the sanctioned maximum limit of Rs. 0.66 lakh.

The Superintending Engineer, Delta Irrigation Circle sanctioned the auction sale of 467 truck tyres, 200 truck tubes and 17 jeep tyres in November, 1964 and February, 1966 which had been procured at a total cost of Rs. 2.94 lakhs. The depreciated value of the tyres and tubes could not be ascertained as no log books or stock registers were maintained and the dates of their procurement and period of utilisation were not known. The sanction of Government required for the disposal of the material was not obtained. The auction sale was conducted in November, 1964 and February, 1966 and fetched an amount of Rs. 7,375.

The matter was reported to the Chief Engineer and Government in April, 1965; their replies are still awaited (February, 1968).

60. *Non-recovery of the cost of assets transferred to a Government Company*—The plant, machinery and other assets of a Saw Mill were transferred to the Orissa Forest Corporation (a fully owned Government Company) in December, 1963 at a cost of Rs. 1.27 lakhs details of which are given below:—

	Rs.
Cost of land ..	39,000
Cost of shed ..	20,129
Sanitary installations ..	2,265
Electric installations ..	15,000
Machinery ..	36,808
Departmental charges ..	13,356
Total ..	1,26,558

Some items of the machinery such as electric motor with complete gear vertical brand saw with blade etc., acquired by the Stores and Mechanical Division at a cost of Rs.18,555 were not taken over by the Corporation as they were reported to be not in working condition. The Corporation also informed Government in November, 1966 that the valuation made by the department in respect of other machinery was not acceptable to them as the cost was considered high; the Corporation did not, however, give their valuation of the assets. The valuation has not been finalised so far. The cost of the assets transferred to the Company is yet to be paid by them (November, 1967).

The matter was brought to the notice of Government in September, 1966; their reply is still awaited (February, 1968).

61. *Loss due to long storage of salwood scantlings etc.*—In Mahanadi South Division, 108 cft. of sal wood planks, 227 cft. of beams and 5,246 cft. of scantlings had accumulated on 1st April, 1964 and were lying exposed in the open; as a result, the wood deteriorated. Of these, 96 cft. of planks, 204 cft. of beams and 1,259 cft. of scantlings could be utilised on different works over a period of 2 years up to 15th July, 1966. It was decided that the balance quantity of wood (4,022 cft. of all categories) valued at Rs. 40,210 which was reported by the Divisional Officer (April, 1965) to have deteriorated due to damage by white ants and because of exposure to sun and rain, should be disposed of as fuel on weight basis. Government approved (June, 1966) its disposal at a flat rate of Rs. 6.25 P. per quintal. An amount of Rs. 4,850 was realised as sale proceeds of the wood during the period from July, 1966 to January, 1967 against the book value of Rs. 40,210 resulting in a loss of Rs. 35,360; the loss is yet to be regularised (February, 1968).

The matter was reported to Government in July, 1967; their reply is awaited (February, 1968).

62. *Extra expenditure*—In Puri Canal Division I, spot quotations were obtained in January, 1966 for collection of river shingles and supply at the river bank. In February, 1966, the Superintending Engineer, Delta Irrigation Circle approved a rate of Rs. 90 per 100 cft. for the supply of the river shingles. The Executive Engineer employed job workers and obtained supply of 25,407 cft. of the material during the period from February, 1966 to October, 1966 at a cost of Rs. 23,766 (at Rs. 90 per 100 cft.).

The following points have been noticed:—

- (i) Sealed competitive tenders were not called for in respect of the supply indicating the quantity required;
- (ii) according to the schedule of rates, the rate for the supply of river shingles is Rs. 13 per 100 cft.;
- (iii) the quantity of the material required by the department was not worked out and the purpose for which it was required has not been indicated by the department. In many of the agreements the size of the shingles was not specified;
- (iv) the rate approved by the Superintending Engineer was about 7 times the schedule of rates; the Superintending Engineer is competent to allow a rate up to one-fifth above the schedule of rate. This has not been regularised by the competent authority so far (December, 1967);
- (v) the places to which the material was transported from the river bank, expenditure incurred on such transport and the utilisation of the material has not been intimated by the department (December, 1967).

According to the rate prescribed in the schedule of rates, the department would have incurred an expenditure of Rs. 3,433 only for the entire supply at the river bank. But the actual expenditure was Rs. 23,766. The department thus incurred an extra expenditure of Rs. 20,333 in getting the supply of 26,407 cft. of river shingles at the river bank.

The superintending Engineer, Delta Irrigation Circle stated in December, 1966 that the special rate of Rs. 90 was allowed as the collection from the river bed was a laborious process involving picking from sand one by one.

The matter was reported to Government in February, 1967; their reply is awaited (February, 1968).

63. *Extra expenditure*—In Mahanadi North Division, the work of construction of a canal syphon across Nuna River was entrusted on contract basis after calling for tenders to Orissa Construction Corporation (a fully owned State Government Company) in June, 1965 at a cost of Rs. 44.75 lakhs against the estimated cost of Rs. 26.56 lakhs. The agreement provided *inter alia* for the following two types of earth work:—

	Rate per 100 cum. Rs.
(1) Excavation of foundation requiring shoring, shuttering, piling, dewatering from foundation, etc. and constructing coffer dam, if required	1,200
(2) Excavation in hard soil in sloping portion ..	220

The Corporation executed 24,867 cum. of earth work in sloping portion up to March, 1966 and payment was made at the lower rate of Rs. 220 per 100 cum. of work during the period March, 1966 to January, 1967. The Corporation, however, claimed (April, 1966) payment at the higher rate of Rs. 1,20. per 100 cum. According to the Executive Engineer in charge of the wo-0

Recording the measurements, the excavation work in foundation for which higher rate was agreed to, contemplated the use of shoring, shuttering, dewatering, etc. operations. The work done by the contractor in respect of earth work in hard soil did not require these operations. Moreover, for the earth work done in slopes, the contractor did not reach any water level for employing any of the operations. The Chief Engineer observed that the agreement clearly specified the rate for the sloping portion and ordered in May, 1966 for payment of the work at the lower rate of Rs. 220 per 100 cum. The Corporation, however, insisted on payment at the higher rate. The Additional Chief Engineer ordered in January, 1967 for payment for the work at the higher rate treating all the earth work as in foundation and payment at higher rate was allowed thereafter; approval of Government has not been obtained by the Additional Chief Engineer for having reversed the earlier decision of the Chief Engineer. Further measurements were not recorded indicating the earth work done in sloping portion separately. In respect of the earth work of 24,867 cum. in sloping done up to March, 1966, the extra payment amounted to Rs. 2.44 lakhs.

The matter was brought to the notice of Government in May, 1967; their reply is awaited (December, 1967).

64. *Extra expenditure due to incorrect estimate*—The estimate for the work of excavation of a portion of Daya West Branch Canal from 12M-3300' to 14M-1980' provided for excavation of earth work in stiff earth (i. e., hard soil) along with some other items of work. The tender for the work invited in November, 1964 included, among other items earth work in "Hard or gravelly soil" and in "hard gravelly soil". The rates tendered by contractors 'A' and 'B' compared with the cost according to the schedule of rates in respect of these items of work and the entire work are given below:—

	Work put to tender			Rate of			
				Contractor 'A'		Contractor 'B'	
	Quantity cum.	Rate per 100 cum. Rs.	Value (Rs. lakhs)	Rate per 100 cum. Rs.	Value (Rs. lakhs)	Rate per 100 cum. Rs.	Value (Rs. lakhs)
(1) Hard or gravelly soil ..	48,119	85	0.41	177	0.85	160	0.77
(2) Hard gravelly soil ..	784	106	0.01	636	0.05	160	0.01
(3) Total of items (1) and (2) ..	..	..	0.42	..	0.90	..	0.78
(4) Rates for the entire work ..	..	..	3.66	..	3.83	..	5.32

The basis for the quantity of earth work in "hard gravelly soil" which was put to tender has not been explained by the divisional officer. The lowest tender of contractor 'A' was accepted and work order was issued in February, 1965 with stipulation to complete the same by February, 1966. The date of completion was subsequently extended up to December, 1966; the work is still in progress (July, 1967).

Contractor 'A' was paid a total amount of Rs. 6.32 lakhs up to July, 1967 which included an amount of Rs. 3.40 lakhs for execution of 3,779 cum. earth work in "hard or gravelly soil" (against 48,119 cum. put to tender) and 52,351 cum. earth work in "hard gravelly soil" (against 784 cum. put to tender). According to the rates tendered by the 2nd lowest tenderer (contractor 'B'), Rs. 5.42 lakhs would have been payable for the work executed including Rs. 0.90 lakh for the 2 items of earth work. Incorrect estimate of the items of work, eventhough detailed survey was undertaken before the estimates were sanctioned, thus resulted in an extra expenditure of Rs. 0.90 lakh up to July, 1967.

The matter was reported to Government in June, 1967. Reply is still awaited (February, 1968).

65. *Extra expenditure due to unusual conditions in contracts and loss on account of non-recovery of laterite stone*—The estimate for the work of excavation of a canal in 2 reaches provided *inter-alia* for "Excavation in laterite stone" and "laterite stone in block cutting and delivery of sized stone" in equal quantities. The rates tendered by the lowest tenderer, Contractor 'A' in December, 1962 compared with the estimated cost for the 2 items of work and the entire work are given below:—

	Work put to tender			Rate of the contractor 'A' (Lowest tenderer)	
	Quantity (lakhs cft.)	Rate per 100 cft. Rs.	Value (Rs. lakhs)	Rate per 100 cft. Rs.	Value (Rs. lakhs)
(1) Excavation in Laterite stone	39.51	5.51	2.18	24.00 and 25.00	9.70
(2) Laterite stone block cutting and delivery of sized stone.	39.51	25.19	9.95	14.50 and 15.00	5.81
(3) Rate for the entire work .. .. .	..	..	12.19	..	15.59

The value of laterite stone to be recovered according to the estimate was Rs. 9.95 lakhs.

The following special conditions were imposed by the contractor—

- (i) In case of rock other than laterite, blasting materials should be supplied by the department at the cost of the contractor;
- (ii) laterite blocks would be cut and supplied in length where the rock is good and suitable for him for cutting the blocks.

According to the agreement, laterite stones other than those of full block and of specified sizes will not be accepted by the department for "block cutting" but will be paid as for excavation work.

The works were due for completion by November, 1964. Payments amounting to Rs. 13.81 lakhs were made up to April, 1964; no further payments have been made so far (October, 1967).

The following points have been noticed—

- (i) A total quantity of 55.28 lakhs cft. of "excavation in laterite stone" was done by the contractor. Neither "laterite stone cutting" was done nor sized laterite stone was delivered. The special condition imposed by the contractor that laterite blocks would be cut and supplied where it was "suitable for him" and the higher rate of Rs. 24/Rs. 25 for excavation in laterite stone compared with the lower rate of Rs. 14.50/Rs. 15.00 for block cutting apparently prompted the contractor to execute and claim the entire work at the higher rate and avoid supply of any sized laterite stone. The department anticipated in the estimate that laterite stone would be obtained to the extent of half the total work. On this basis, laterite stone to the extent of 27.64 lakhs cft. valuing Rs. 6.96 lakhs should have been recovered. Due to the special condition, there was not only an extra expenditure of Rs. 2.76 lakhs on the payment for 27.64 lakhs cft. of work at the higher rate compared with the rate for block cutting, but also loss amounting to Rs. 6.96 lakhs being the cost of laterite stone not obtained from the work.
- (ii) No work involving the use of blasting operation was done; but blasting materials such as Gelatine (471 Kgs.) detonators and fuse coils were issued to the contractor; an amount of Rs. 1,500 is yet to be recovered on this account (October, 1967).

The matter was brought to the notice of Government in September, 1965; their reply is still awaited (February, 1968).

PLANNING AND CO-ORDINATION DEPARTMENT

(Rural Engineering Organisation)

66. *Extra expenditure on purchase of Asbestos Cement Products*—The Director General of Supplies and Disposals made an allotment of 116 tons of Asbestos Cement Products to the Executive Engineer, Rural Engineering Organisation, Sundergarh in November, 1964 in respect of the quarter February—April, 1965 against rate contract entered into with Hyderabad Asbestos Cement (Products) Ltd. The material was ordered in November, 1964 and obtained during March—June, 1965. Before receipt of the material ordered on the rate contract, the Chief Engineer placed a separate order in January, 1965 for supply of 82 tones of Asbestos Cement Products (2,100 A. C. sheets and 500 pairs Ridges) on a dealer at Sundergarh at higher rates outside the Director General of Supplies and Disposals rate contract. The materials were received during February—March, 1965 but were not utilised immediately; only 127 numbers of A. C. sheets were issued to works in June, 1965 and no further issues were made up to March, 1966.

Thus, the direct purchase made from a local dealer at higher rates when supplies on indents placed on Director General of Supplies and Disposals rate contract were awaited proved to be unnecessary. The extra expenditure on the purchases compared with the rates in the rate contract amounted to Rs. 20,839.

The matter was reported to Government in October, 1965; their reply is still awaited (February, 1968).

CHAPTER V

STORES AND STOCK ACCOUNTS

67. *Synopsis of important accounts*—A synopsis of the important Stores and Stock Accounts for 1966-67 (other than those relating to Government Commercial and Quasi-Commercial Departments/Undertakings, etc.) and for 1963-64 and 1964-65 in respect of accounts received after finalisation of the relevant Reports is given in Appendix VIII, page 133.

Stores and Stock Accounts for 1963-64 have not been received from 5 Roads and Buildings, Irrigation and Multipurpose River Projects Divisions and for 1964-65, 1965-66 and 1966-67 from 5, 22 and 35 such divisions respectively (October, 1967). The total value of stock held by these divisions at the end of 1963-64, 1964-65, 1965-66 and 1966-67 was Rs. 21.35 lakhs, Rs. 7.83 lakhs, Rs. 42.81 lakhs and Rs. 1,98.27 lakhs respectively. The accounts are also awaited from departmental officers in respect of Government Headquarters Hospitals including Medical College Hospital, Cuttack, Medical College Hospital, Berhampur, Sales Stores (Medicine) from 1964-65 onwards and from Orissa Government Press, Cuttack and Chemical Fertilisers for 1965-66 and 1966-67.

The details of the arrears are given in Appendix IX, page 135.

68. *Stock Registers and Stock verification*—Mention was made in paragraph 84 of the Audit Report, 1966 regarding shortages and irregularities noticed by the stores verification party set up by Government. Physical verification was conducted by the party in respect of 9 Roads and Buildings Divisions and 2 Irrigation Divisions during 1965-66. Defects pointed out by the verification party from time to time since the party started functioning (1953) continue to exist. No intimation has been received in regard to the action taken on the reports (November, 1967).

Some of the shortages and defects, pointed out by the party during 1965-66 and 1966-67 are given below:—

(i) *General Electrical Division I*—(a) According to outstanding balance in the "Miscellaneous Public Works Advances" a sum of Rs. 1.83 lakhs representing the value of materials was recoverable from staff, private parties, etc. The recovery is still pending.

(b) Loss of five ceiling fans found short in 1959, and 130 ceiling fans of different sizes, meters and mercury tube lamps which were found in the stock, but not taken to stock account are yet to be investigated.

(ii) *Kendrapara Expressway Division*—4,655 bags of cement costing Rs. 0.47 lakh found short, were stated to have been issued to various other divisions. Hand receipts in support of issues could not be produced to the verification party and the materials were also not accounted for. In addition, 79 bags of cement valuing Rs. 790 were found lying clodded in the Divisional stores.

(iii) *Civil Works Division, Charbatia*—(a) As against 650 A. C. Sheets shown as utilised in the work "construction of officers hostel", only 434 numbers were recorded in the measurement book. The shortage of 216 numbers could not be explained.

(b) Out of 200 Metric tonnes of G. C. I. sheets issued on loan to various parties during 1963-64 only 25 tonnes could be obtained back. The balance of 175 tonnes is yet to be received back.

(iv) *Loss due to theft of stores*.—Cement, Ceiling fans, barbed wires and G. I. Pipes, etc., valued at Rs. 0.13 lakh were stated to have been lost due to theft in General Electrical Division I, public Health Division II and Kendrapara Expressway division; responsibility for the loss is yet to be fixed (October, 1967).

AGRICULTURE DEPARTMENT

69. *Scheme for distribution of chemical fertilisers*.—Government appointed Orissa State Co-operative Marketing Society as their sole agent in 1958 for the distribution of nitrogenous fertilisers to cultivators. The stock accounts for the year 1965-66 and 1966-67 are yet to be prepared (December, 1967). The delay in submission of the stock accounts was stated by the Director of Agriculture to be due to want of complete accurate and reliable maintenance of records by the agent and the timely submission of returns in respect thereof by the agent and the distributors; according to the agreement, the responsibility for keeping proper accounts of the transactions in the prescribed form and its prompt and regular submission to the Director of Agriculture devolves on the agent.

The departmental officer did not follow any systematic basis in compiling the stock accounts. Losses, shortage, damage, wastage, etc., from May, 1958 to March, 1965 remained undetected as these stand included in the closing stock arrived at by the Director. It was stated by the Director of Agriculture (June, 1967) that the agent had not furnished "physical Verification certificate on the accounts rendered by them" and that a physical verification of stock by the Registrar of Co-operative Societies was being arranged at the instance of Government; the results of verification are awaited (February, 1968).

The total payments made by Government on account of purchase of chemical fertilisers to the suppliers after adjustment of the sale proceeds (less commission) credited by the agent upto 31st March, 1967 was reported by the Director of Agriculture (September, 1967) to be Rs. 4.58 crores. In the absence of stock account compiled by the Director of Agriculture beyond April, 1965 and the physical verification reports, the value of the closing stock is not susceptible of verification.

Test check of the stock accounts of the scheme for 7 years from 1958-59 to 1964-65 (received in two instalments in February, 1966 and June, 1967) revealed the following further points:—

(i) The closing balance of stock on 31st March, 1965 as compiled by the Director of Agriculture was 67,026 metric tonnes (value: Rs. 2,04.43 lakhs) inclusive of shortage of 16 metric tonnes which has not been regularised against 64,318 metric tonnes (value : Rs. 1,96.16 lakhs) shown by the agent, disclosing a net difference of 2,708 metric tonnes (value: Rs. 8.27 lakhs) which was shown less by the agent; the balance as worked out by the Director of Agriculture was not accepted by the agent. The discrepancy between the two sets of figures has also not been reconciled so far (June, 1967).

(ii) Sale proceeds of fertilisers amounting to Rs. 3,50.64 lakhs have been credited into the treasury by the agent and the distributors during the period from May, 1958 to March, 1965 against the sale proceeds of Rs. 3,85.52 lakhs due from them; a sum of Rs. 34.88 lakhs was recoverable from the agent on 31st March, 1965. The treasury records, however, indicated an additional credit of Rs. 1.31 lakhs representing sale proceeds of fertilisers; the discrepancy is yet to be reconciled (June, 1967).

According to the terms of agreement, the accounts of sale during the quarter are to be furnished and cost price of the fertilisers deposited within sixty days of sale of stocks, failing which interest at 6½ per cent is leviable. The amount of interest due at the end of March, 1965 from the agent for the defaults of Rs. 34.88 lakhs in payment of sale proceeds into the treasury has not been worked out by the Director of Agriculture.

(iii) Rebate (approximately Rs. 8.50 lakhs) recoverable from the Government of India on account of reduction of pool price of different types of fertilisers in November, 1961, October, 1962 and December, 1963 on production of audited and certified accounts of stock maintained by the agent on those days, could not be claimed by Government so far (December, 1967) due to non-receipt of full details of the position of stock of different types of fertilisers from the agent and the distributors.

(iv) The closing stock of the fertilisers (67,026 metric tonnes) as on 31st March, 1965 was over four times the annual average sale (16,386 metric tonnes) during the period from 1958-59 to 1964-65.

The matter was reported to Government in June, 1966 and July, 1967; their reply is awaited (February, 1968).

CHAPTER VI
REVENUE RECEIPTS
ARREARS IN COLLECTION OF REVENUE AND INTEREST
ON LOANS

70. According to the information furnished by some of the departments, the arrears as on 31st March, 1967 amounted to Rs. 16.40 crores as shown below :—

Nature of revenue	Arrears (Rs. in lakhs)
Sales Tax ..	3,19.23
Land Revenue ..	2,92.13
Interest on State Loan Account ..	2,85.17
Electricity Duty ..	2,03.00
Forest Leases ..	1,58.33
Mining Revenues ..	1,28.48
Taxes on goods carried by Road and Inland Waterways	50.14
Other revenues (such as house-rent, water charges, dividends on shares, motor vehicles tax, State transport receipts, cost of Police guards, Jail receipts, Agricultural receipts, hire charges of tractors, etc.)	2,03.52
Total ..	16,40.00

The extent of arrears outstanding as on 31st March, 1967 in respect of Excise Duties have not been received so far (December, 1967).

REMISSIONS, WRITE-OFF, ETC.

71. *Write-off and remissions of claims to revenue*—During the year 1966-67, demands in 100 cases aggregating Rs. 1,66,906 were written off or remitted as detailed below :—

Department	Nature of revenue	No. of cases	Amount Rs.
(1) Co-operation and Forestry	Forest leases—		
	(a) Written off ..	7	37,298
	(b) Remitted ..	1	2,365
(2) Finance ..	Sales Tax written off ..	10	8,362
(3) Political and Services	House rent—		
	(a) Written off ..	3	768
	(b) Remitted ..	12	14,536
	(c) Waived ..	4	5,406
(4) Transport ..	Motor Vehicle Tax waived	62	16,070
(5) Works ..	Lease amount of Ferry Ghat remitted	1	867
(6) Irrigation and Power	Water rates remitted ..	..	81,234

72. *Remissions of revenue*—Relief in respect of payment for services given to any body or person or Fund constitute payment and need ordinarily be given through a grant-in-aid with the knowledge of the Legislature rather than by remission of dues. Relief in the form of remission of revenue by way of rent free occupation and concessions has been allowed in respect of buildings at Bhubaneswar every year by Government. The total of such remissions granted by Government through executive orders during 1965-66 in 76 cases amounted to Rs. 38,746 and that during 1966-67 in 12 cases aggregated Rs. 14,535. There were many cases in which such remission had arisen in the previous years also. This has the effect of a recurring remission of a considerable amount of revenue; the financial effect in respect of the relief is not being included in the demands for grants presented to the Legislature.

SALES TAX

73. (a) The budget estimates and actuals in respect of Sales Tax revenue for the year 1966-67 are given below along with the corresponding figures for the four previous years :—

Year	Budget estimates	Actuals	Variation	Percentage
		(In lakhs of rupees)		
1962-63 ..	453.35	550.17	+96.82	21.3
1963-64 ..	566.62	743.91	+177.29	31.3
1964-65 ..	722.60	898.58	+175.98	24.4
1965-66 ..	832.00	992.88	+160.88	19.3
1966-67 ..	1031.50	1096.93	+65.43	6.3

The actual collections of sales tax exceeded the budget anticipations in all the years chiefly owing to enhancement of rate of tax and widening the scope of the tax.

(b) *Extent of arrears in collection of Sales Tax*—The total amount of sales tax demands assessed but not realised up to 31st March, 1967, totalled Rs. 3,19.23 lakhs against Rs. 2,72.98 lakhs as on 31st March, 1966. The detailed break up of the arrears indicating the stages at which these stood as at the end of March, 1966 and 1967 are indicated below :—

	31st March, 1966	31st March, 1967
	(Rupees in lakhs)	
(i) Amount covered by stay order ..	97.53	116.01
(ii) Amount covered by certificate of cases ..	37.00	29.67
(iii) Amount covered by notices to third parties contemplated in the Act	32.66	9.47
(iv) Amount covered by notices of penalty ..	53.93	116.06
(v) Amount awaiting recovery by coercive measures contemplated under the Act	4.12	6.71
(vi) Recovery kept in abeyance—		
(a) Proposed to be written off being irrecoverable	27.97	32.17
(b) Outstanding against works contractors likely to be written off	8.42	3.36
(c) Outstanding against the dealers outside the state recovery of which is stated to be beyond control	11.13	5.76
.. Total ..	2,72.98	3,19.23

The arrears as at the end of March, 1967 formed 32 per cent of the average annual revenue of the last three years. The yearwise breakup of the arrears was not furnished by the department so as to ascertain the volume of the old outstanding arrears.

74. *Results of test Audit in general*—During the period from April, 1966 to June, 1967 the assessment documents and other records were test audited in 8 circles, out of 20 commercial tax circles in the State.

In the course of test audit, 28 cases of under-assessments and escapements of tax, aggregating Rs. 38,739 were noticed as indicated hereunder :—

(i) *Under-assessment*—In 7 circles, 24 cases of under-assessments of tax amounting to Rs. 9,419 were noticed; the details classified according to the cause of under-assessment, are given below :—

Particulars	Taxes under-assessed	
	Number of cases	Amount Rs.
(a) Arithmetical inaccuracy in assessment of tax	5	2,670
(b) Incorrect accounting of closing stock while calculating the taxable turnover	1	2,383
(c) Application of wrong/lower rates of tax under Central/State Sales Tax Act	7	2,034
(d) Incorrect computations of tax under the Orissa/Central Sales Tax Act	5	1,042
(e) Non-assessment of tax for some quarters, irregular allowance of rebate and incorrect allowance of permissible deductions	6	1,290
Total	24	9,419

(ii) *Escapement of tax*—A lease holder of the Forest Corporation, registered under the Central Sales Tax Act collected Kendu leaves from areas under the jurisdiction of Rourkela Sales Tax circles and sold the same in the course of inter-state sale at Jharsuguda under Sambalpur Sales Tax circle. The dealer was assessed to tax in October, 1959 of Rs. 27,341 for the quarters ending September, 1957 to March, 1959 (7 quarters) by the Commercial Tax Officer, Rourkela Circle. On an appeal made against the assessment order by the assessee that the Commercial Tax Officer, Rourkela was not competent to make assessment as the sale took place under the jurisdiction of another Circle, the assessment order was cancelled by the appellate authority and a copy of the appellate decision was sent in May, 1960 to Commercial Tax Officer, Sambalpur who without calling for the records from the original assessing officer assessed the dealer in December, 1961 and January, 1962 to a tax of Rs. 379 for two quarters ending December, 1958 and March, 1959 by which time assessment of five earlier quarters had become barred by limitation resulting in escapement of tax of Rs. 26,962.

Three other cases of escapement of tax amounting to Rs. 2,358 were also noticed in Sambalpur Circle as indicated below :—

Particulars	Tax escaped	
	No. of cases	Amount Rs.
(a) Assessment of suppressed turnover time barred owing to not initiating prompt action on reports made from the field officers	2	1,956
(b) Delay in issue of registration certificates ..	1	402

TAXES ON VEHICLES

75. (a) The receipts under the Taxes on vehicles for the last five years as compared with the budget anticipations of the respective years are given below :—

Year	Budget estimates	Actuals	Variation	Percentage
(In lakhs of rupees)				
1962-63	1,09.00	1,28.97	+19.97	18.3
1963-64	1,41.90	1,50.47	+8.57	6.0
1964-65	1,62.35	1,64.74	+2.39	1.5
1965-66	1,82.45	1,70.77	-11.68	6.4
1966-67	2,10.00	1,87.31	-22.69	10.8

The short fall during 1965-66 was explained as due to fall in actual collection while that for 1966-67 was stated to be chiefly due to implementation of the revised rates of taxes on goods vehicles from July, 1966 instead of April, 1966.

(b) *Extent of arrears in collection of Motor Vehicle Tax*—The arrears in collection of Motor Vehicle Tax assessed but not realised to end of March, 1967 in 12 out of the 14 regions in the State amounted to Rs. 24.45 lakhs; information regarding the extent of arrears in the districts of Koraput and Sambalpur is awaited (October, 1967). The penalty for the defaults in payment of tax as on 31st March, 1967 as calculated by the State Transport Authority, works out to Rs. 33.95 lakhs increasing the total arrears to Rs. 58.40 lakhs; the penalties are leviable only at the time of realisation of the arrear tax. The arrears of tax (excluding penalty) formed 14 per cent of

- The annual average revenue of the three year's collections from 1964-65 to 1966-67 on this account. The yearwise breakup of the arrears is given below:—

Year	Arrears on the 31st March, 1967		
	Tax	Penalty	Total
	(In lakhs of rupees)		
1962 and earlier years	2.87	4.52	7.39
1963	1.65	1.37	3.02
1964	1.93	2.26	4.19
1965	4.08	5.43	9.51
1966	7.04	6.94	13.98
1967	6.88	13.43	20.31
Total	24.45	33.95	58.40

The arrears largely relate to untraced vehicles and migration of vehicles to neighbouring States on completion of major projects of the State without payment of tax. The Deputy Commissioner, Transport stated in October, 1967 that it has not been possible on the part of the Regional Transport Officers to bring the registration documents upto-date since a large part of the arrears relate to the period when the Administration was under the Police Department and that the records taken over by Transport Officers from the Police Authorities in August, 1965 on the reorganisation of the transport set-up, were lacking in relevant particulars. The breakup of the arrears of the tax demand (including penalty) as intimated by the departmental authorities is detailed below:—

	(Rs. in lakhs)
(i) Amount covered by certificate cases	5.48
(ii) Amount covered by proceedings contemplated under the State Acts	7.94
(iii) Amount stayed on appeal	0.50
(iv) Amount proposed to be written off	2.38
(v) Amount for which no action has been taken	42.10
Total	58.40

76. Results of Test Audit in general—

(i) To end of August, 1967, the assessment documents and other records for the assessment years 1965 and 1966 were test audited in 9 out of 14 Regional Transport Offices in the State and under-assessments and loss of revenue to the extent of Rs. 6.51 lakhs were noticed; a summary, classified according to the cause of under-assessment/loss of revenue is indicated below—

Particulars	Number of cases	Amount Rs.
(1) Non-levy of tax from the date of purchase or acquisition of vehicles—		
(a) New cases ..	127	63,138
(b) In respect of vehicles already registered (details at (ii) (a) below)	64	1,28,479
(2) Under-assessment/short realisation of tax due to wrong application of rates, errors in calculation, etc.	375	93,172
(3) Loss of revenue due to acceptance of indefinite, incomplete and defective off-road intimations (details at (ii) (b) below)	58	2,24,456
(4) Failure to levy and realise tax and penalty for violations of the off-road declarations detected by the Enforcement branch during 1966-67 (excludes the amount of penalty)	32	37,804
(5) Waiver of penalty imposed on a Municipality for late payment of tax notwithstanding the fact that the penalty is to be waived on the basis of an order of appeal preferred to the prescribed authority in the prescribed manner	1	22,500
(6) Exemption of tax allowed for the month in which the off-road intimation was received although exemption is permissible for complete calendar months following that in which the intimation is received.	95	19,133
(7) Acceptance of belated off-road intimation in contravention of the provisions of the Act and the departmental instructions involving ignoring the levy of tax (details at (ii) (b) below).	39	10,450
(8) Refund of tax without observing the provisions of the Act and the rules made thereunder, viz., without getting the tax tokens surrendered, without any record of off-road intimation or its acceptance applications for refund having been received beyond the period of 3 years, etc.	27	7,385

(9) Cancellation of registration without realising the arrear tax	6	37,255
(10) Short levy/non-realisation of penalty towards non/late payment of tax	18	2,373
(11) Short realisation of fees such as for issue of temporary permits, drivers/learners licence fees, fees for testing competency of drivers and fitness of vehicles, for assignment of new mark in respect of vehicles plying in the State for over 12 months but registered in other States, etc.	627	2,709
(12) Non-realisation of tax at enhanced rate in respect of tax paid after 3rd May, 1966 resulting in short realisation of tax (the rate was enhanced from 3rd May, 1966).	19	1,677

(ii) Some of the more important categories of the cases are analysed below:—

(a) *Non-levy of tax from the date of acquisition of vehicles* (Sl. No. (1) of sub-para (i)—Under the Bihar and Orissa Motor Vehicles Taxation Act, 1930, tax is payable by a person who keeps a motor vehicle for use unless the owner expresses his intention in writing to the Taxing Officers in the prescribed manner (known as off-road intimation) for not using the vehicle for a specified period, in which case, the exemption is allowed for non-use of the vehicle for that specified period. But it was noticed that tax aggregating Rs. 1.91 lakhs was not levied from the date of purchase or acquisition of vehicles in 127 new cases (Rs. 0.63 lakh) and in respect of 64 vehicles already registered under the Act (Rs. 1.28 lakhs) in spite of the fact that no off-road intimations from the owners were received or accepted by the Taxing Officers in these cases.

(b) *Acceptance of indefinite, incomplete and defective off-road intimation* (Sl. Nos. 3 and 7 of sub-para (i)—In order to claim refund or exemption for non-use of vehicles, the period for which the vehicle will remain off the road, the place where it is to be kept, and the subsequent changes, if any, in the period and location thereof have to be specified in the off-road intimation. Departmental instructions were also issued in March, 1966 to the effect that off-road declarations for indefinite and unspecified period should be treated as nullity and tax charged. It was noticed that such incomplete, indefinite and defective off-road intimations were accepted in 58 cases involving a total tax effect of Rs. 2.24 lakhs.

Further, off-road intimations were accepted by the taxing officers without proper enquiry in 6 regions, though departmental instructions require proper enquiry before such acceptance. In 51 of these cases, the declarations were received after expiry of the period for which tax was paid. Of these in 39 cases, a total tax of Rs. 10,450 was ignored; in the balance 12 cases, the departmental records did not indicate the details for working out the tax ignored.

(iii) *Non-registration of vehicles of a Project*—According to the report made by a Motor Vehicle Inspector to the tax authority (January, 1966), 59 heavy vehicles of Darjang Irrigation Project were not registered and consequently the vehicles were not subjected to tax. The total revenue payable in respect of these vehicles on account of registration fees and fees for fitness certificate was estimated at Rs. 1.27 lakhs *per annum*. The matter as to whether these types of vehicles owned by the Project are liable for registration and tax was reported (September, 1966) by the tax authority to be under consideration of Government; the decision of Government is still awaited (October, 1967).

(iv) *Other topics of interest*—The following further points were noticed—

- (a) In 2 regions, tax was not levied in respect of 7 vehicles belonging to local bodies registered between 1959 and 1966, although the Act does not provide exemption of such vehicles from payment of tax.
- (b) The rate of tax leviable is dependent on the laden/un-laden weight of the particular vehicle. In 6 regions, assessments were made without noting the laden/un-laden weight of the vehicles in the registration certificates. As a result, the correctness of the assessments made and the basis thereof were not susceptible of verification.
- (c) In 3 regions, payment of tax was accepted in monthly instalments instead of quarterly instalments (in advance) provided for in the Act; no penalty was imposed for non-payment of tax quarterly in advance.
- (d) In 3 regions, off-road intimations received by the taxing officers remained unaccepted (August, 1967) even though the off-road period specified in the intimations in these cases had long expired.
- (e) In 259 cases, vehicles are not traced for over 5 years and the amount of tax due could not, therefore, be assessed and realised.

CHAPTER VII

GOVERNMENT COMMERCIAL AND TRADING ACTIVITIES

SECTION A

Statutory Corporations

77. There were three Statutory Corporations in the State as on the 31st March, 1967, viz.,

- (i) The Orissa State Financial Corporation;
- (ii) The Orissa State Warehousing Corporation; and
- (iii) The Orissa State Electricity Board.

Government investment as on 31st March, 1967 in the share capital of the first two Statutory Corporations was Rs. 64.18 lakhs and Rs. 11 lakhs respectively.

78. *Orissa State Financial Corporation*—(i) A synoptic statement showing the financial position of the Corporation (incorporated in 1956) for the last three years ending 1966-67 is given below:—

	1964-65	1965-66	1966-67
	(In lakhs of rupees)		
(1) Authorised capital ..	2,00.00	2,00.00	2,00.00
(2) Paid up capital—			
(a) Share of Orissa Government ..	64.18	64.18	64.18
(b) Others ..	35.82	35.82	35.82
Total ..	1,00.00	1,00.00	1,00.00
(3) Borrowings ..	62.00	1,17.85	1,67.33
(4) Free Reserves—			
(i) Capital Reserve ..	0.08	0.08	0.08
(ii) Special Reserve under Income Tax Act	1.78	3.46	4.82
(iii) Special Reserve under Section 35-A of the State Financial Corporation Act	3.50	5.00	6.50
(5) Total—Capital invested [Items (2), (3) and (4)]	1,67.36	2,26.39	2,78.73
(6) Block assets (net) ..	0.17	0.21	0.20
(7) Depreciation ..	0.14	0.15	0.17
(8) Excess of Income over expenditure before provision for taxation	6.20	6.73	6.82
(9) Intangible assets to be written off out of future profits	5.42	6.12	7.73
(10) Percentage of return on capital ..	3.70	2.97	2.45

(ii) The divisible profit during the year 1966-67 amounted to Rs. 2.25 lakhs; this was not sufficient to meet the guaranteed dividend of Rs. 3.75 lakhs. The liability of the State Government for payment of the guaranteed dividend during 1966-67 amounted to Rs. 1.50 lakhs. The subventions received from the State Government to meet the guaranteed dividend over a period of 10 years up to March, 1967 amounted to Rs. 9.23 lakhs.

(iii) In April, 1965 the Corporation had underwritten the entire issue of preference shares of the face value of Rs. 7.50 lakhs of a private textile company and paid (June, 1965) the application money amounting to Rs. 3.65 lakhs to the company. But no mortgage deed covering the application money was obtained from the company. Due to failure of the textile company to include the latest audited accounts in the prospectus, the allotment of the shares was treated as void. The Registrar of Companies had, therefore, directed the textile company on 21st July, 1965 to repay the share money to the subscribers. As the amount subscribed by the Corporation has not been refunded by the textile company, a civil suit was instituted by the Corporation in April, 1967 for recovery of the amount; an expenditure of Rs. 0.07 lakh has been incurred by the Corporation till September, 1967 on the suit.

In addition, a sum of Rs. 22.88 lakhs due from the textile company on account of loans (Rs. 20 lakhs) disbursed by the Corporation during 1961-62 and 1962-63 together with interest (Rs. 2.88 lakhs) is yet to be recovered (September, 1967). The textile company has stopped production since June, 1965.

79. *Orissa State Warehousing Corporation*—According to section 31(10) of the Warehousing Corporation Act, 1962, the annual accounts of the Corporation for the year together with the Audit Report thereon should be placed before the Annual General Meeting on or before the 30th September. The accounts of the Corporation for the year 1966-67 have not, however, been made available to audit so far (October, 1967).

80. *Orissa State Electricity Board*—(1) The accounts of the Board for the year 1966-67 have not been presented by Government to the State Legislature as required under Section 69 (4) of the Electricity (Supply) Act, 1948 (December, 1967).

(2) The accounts of the Board for three years up to 1966-67 indicate the following working results:—

	1964-65	1965-66	1966-67
	(In lakhs of rupees)		
(1) <i>Capital invested</i> —			
(i) Capital liabilities ..	29,38.07	34,96.23	39,07.90
(ii) Reserves—			
(a) Development Reserve ..	1,21.88	1,49.28	1,49.28
(b) Depreciation Reserve ..	2,40.60	3,35.15	4,24.68
(c) Other Reserves ..	1,04.74	1,25.03	1,47.55
(d) Loan Bond Redemption Fund	1,43.08	2,13.67	2,67.61
(2) <i>Working results</i> —			
(a) Gross revenue ..	6,95.13	6,28.57	6,42.64
(b) Working expenses ..	4,71.62	5,10.51	5,79.24
(c) Net surplus before charging interest (a-b)	2,23.51	1,18.06	63.40
(d) Interest charges ..	1,46.20	1,24.71	1,48.30

(3) There was steep rise in the amount of book debts during 1966-67 while the revenue from the sale of energy dwindled as indicated below:—

Position as on—	Book debts (In lakhs of rupees)	Revenue from sale of energy	Percentage of total debts to sales
1st March, 1965 ..	1,27.14	6,64.46	19
31st March, 1966 ..	1,37.00	6,14.44	22
31st March, 1967 ..	1,88.92	6,10.21	31

(4) *Internal Check*:—According to the provisions of Section 69(1) of the Electricity (Supply) Act, 1948, the Board is required to have a proper system of internal check. The work of internal check as on 31st March, 1967 was heavily in arrears as would be seen from the following particulars:—

(a) Internal check of Gazetted and Non-Gazetted establishment bills and contingent bills	In arrears for four years
(b) Inspection of divisions (Total No. of divisions is 25)	In arrears for five years: 1 division In arrears for four years: 11 divisions In arrears for three years: 15 divisions In arrears for two years: 20 divisions In arrears for one year: 20 divisions

(5) *Non-realisation of hire charges of vehicles and diesel engine sets*:—A sum of Rs. 0.31 lakh has been lying unrecovered in one of the divisions of the Board on account of hire charges of vehicles and diesel engine sets given on hire during the period from 1954-55 to 1966-67.

(6) *Loss of interest and undercharges*:—(a) The monthly bills issued by the Board to the consumers for consumption of electric energy contain a provision for recovery of interest, if they remain unpaid after 15 days/30 days of the receipt/issue of the bills. Interest was not, however, claimed by the Board in cases of default. The interest thus foregone in 108 cases in four divisions amounted to Rs. 2.07 lakhs during the period from March, 1965 to March, 1967.

(b) Cases where consumers were charged less than the actual charges during July, 1963 to April, 1967 noticed during the period from August, 1966 to August, 1967 were as follows:—

Nature of under-charges	Number of divisions involved	Number of cases	Amount of under-charge (Rupees in lakhs)
(i) Under-charges due to low power factor	1	3	1.23
(ii) Under-charges due to mistake in the readings of the maximum demand indicator	2	16	0.46
(iii) Under-charges due to wrong billing	5	153	3.85

5.54

(7) *Cases of losses due to theft*—In six divisions of the Board, 29 cases of losses by theft of stores materials had occurred during the period from September, 1964 to January, 1967. The total loss in these cases amounted to Rs. 0.79 lakh.

(8) The various irregularities noticed by audit in connection with the execution of works by the Board during the period 1966-67 are detailed below:—

	Number of divisions	Number of cases	Amount involved (Rs. lakhs)
(a) Works expenditure incurred without obtaining administrative approval and technical sanction	7	47	93.82
(b) Expenditure incurred without sanctioned estimate	2	60	14.69

	Number of divisions	Number of cases	Amount involved (Rs. lakhs)
(c) Expenditure incurred in excess of sanctioned estimate	3	16	3.49
(d) Expenditure incurred without allotment of funds	1	11	0.47
(e) Expenditure incurred in excess of allotment	3	46	3.82

(9) *Non-realisation of security deposit for supply of power*—Security deposits amounting to Rs. 8.59 lakhs for supply of power to consumers (42 cases) have not been realised in 4 divisions.

81. *Loss of revenue*—Government commenced supply of power to the Barsuan Iron Mines operated by the Hindusthan Steel, Ltd., with effect from December, 1958. An agreement was entered into by Government with the Hindusthan Steel Ltd., in July, 1960 for making bulk supply to the mines according to which extra charges were leviable during any month in which the average power factor of the electrical load fall below eighty per cent. (The power factor is the ratio of the energy actually consumed in Kilowatt hours with the demand of the pressure of current in Kilovolt amperes). The maximum demand of the pressure of current was 4,750 K.V.A. After its formation in March, 1961, the Board continued the supply of power on the same agreement. Trivector meter to record the maximum demand and the power factor was, however, installed in the premises of the consumer only in December, 1964. The average power factor ranged between 41 to 55 per cent during the period from December, 1964 to January, 1967. According to the agreement, extra charges were to be recovered at 10 per cent for the fall in power factor from 80 per cent up to 60 per cent and an additional 1 per cent for each complete 1 per cent fall below 60 per cent. But extra charges were levied at $\frac{1}{2}$ per cent for each one per cent fall in power factor below 80 per cent (i. e. extra charges were calculated at $\frac{1}{2}$ per cent instead of at 1 per cent for each 1 per cent fall in power factor below 60 per cent). This resulted in an undercharge of an amount of Rs. 0.95 lakh (Rs. 0.83 lakh towards energy charges and Rs. 0.12 lakh as electricity duty), during the period from December, 1964 to February, 1967.

As the trivector meter was not installed prior to December, 1964 average power factor could not be determined and as such no extra charges were levied during the period from December, 1958 to November, 1964.

In July, 1967 the divisional officer intimated to Audit that the Commercial Engineer of the Board was approached by him (July, 1967) to fix a suitable average power factor prior to December, 1964 and that a provisional claim for the undercharge of Rs. 0.95 lakh for the period from December, 1964 to January, 1967 has been preferred against the Company.

82. *Loss of revenue due to defective billing*—Mention was made in paragraph 77(6)(a) of the Audit Report, 1967 about the supply of additional power of 1,000 K. W. to Ferro-Manganese plant of M/S Jeypore Sugar at Rs. 300 per K. W. per year. In the original agreement of January, 1958 the procedure for monthly billing had been laid down but the final charge was payable with reference to the highest maximum demand registered at any time during the year. In the absence of any fresh agreement for the additional power supply, the terms and conditions stipulated in the original agreement supplied for the purpose of billing the total power supplied. Supply of power

during the year 1965-66 ranged between 7,020 K. W. and 7,680 K. W., the highest maximum demand recorded was 7,680 K. W. of which 7,000 K. W. pertained to supply under the original agreement and the balance of 680 K. W. represented the additional supply. At Rs. 300 per K. W. per year, the amount payable for the additional 680 K. W. worked out to Rs. 2.04 lakhs. But the Board charged (February, 1966) Rs. 1.09 lakhs for the additional supply on the basis of the monthly supplies. Final billing after taking the maximum demand recorded was not done. This has resulted in a loss of revenue to the extent of Rs. 0.95 lakh.

The matter was reported to the Board in June, 1967 and their reply is awaited (January, 1968).

83. *Unfruitful outlay on construction of a sub-station*— On the basis of the demand (December, 1963) for supply of power at 150 H. P. load from three consumers (at 50 H. P. each) and on the expectation that a sub-station in the area would be highly remunerative, one 250 K. V. A. distribution sub-station was set up in August, 1966 at Rambha (Ganjam district) at a cost of Rs. 0.57 lakh. Agreement was entered only with one of the three consumers for payment of yearly minimum charge. Although the sub-station was commissioned in September, 1966, not even one of the three consumers had drawn power so far (August, 1967). No other party has come forward to draw power from the sub-station (August, 1967).

A claim for Rs. 5,789.54 (yearly minimum charge) has been preferred for the period from October, 1966 to November, 1967 against the consumer who had executed the agreement. The amount has not been paid by him so far (January, 1968). The sub-station has not been put to use so far (January, 1968) and there is also no reasonable prospect of the area being developed in near future to utilise the services of the sub-station. The entire expenditure of Rs. 0.57 lakh on the construction of the sub-station has thus become unfruitful.

84. *Maintenance of Sub-Station at Nuamundi*—Government installed a 66 K. V. capacity sub-station at Nuamundi in the State of Bihar in September, 1958 at a cost of Rs. 19.26 lakhs for supply of power to the Bihar Electricity Board. Agreement specifying the terms and conditions for the supply of power was not executed. The arrangement was continued by the Orissa State Electricity Board after its formation in March, 1961. After drawing power for nearly 6½ years, the Bihar Board unilaterally stopped obtaining power from the sub-station from May, 1965. The sub-station is, however, being continued. An expenditure of Rs. 0.98 lakh was incurred by the Orissa Board on its maintenance and that of the staff colony during the period from May, 1965 to March, 1967. As the sub-station is no longer serving the purpose for which it was set up, a large portion of the outlay of Rs. 19.26 lakhs is idle and the expenditure of Rs. 0.98 lakh incurred on maintenance up to March, 1967 is infructuous.

The Executive Engineer in charge of the sub-station stated (July, 1967) that the sub-station had not been dismantled as it was being utilised as an intermediary to correct faults in supply in that zone of the Orissa State.

85. *Extra expenditure*—Orders for purchase of 560 K. M. of 'Mink' brand (at Rs. 1,100 per K.M.) and 800 K.M. of "Fox" brand A. C. S. R. Conductors (at Rs. 700 per K.M.) were placed by the Board in October, 1962 on Firm 'A' after rejecting a lower offer for want of past experience. It was stipulated in the purchase order that supply would be made at 300 K.M

every month after 14 months from the date of order (i. e. from January, 1964) failing which a penalty of $\frac{1}{2}$ per cent per week subject to a maximum of 5 per cent of such portion of the contract which remained undelivered within the stipulated delivery period would be levied. Security deposit of Rs. 11,760 required to be realised according to the purchase order was not obtained from the firm. The firm delivered only 141 K.M. of 'Mink' brand conductors up to April, 1964 and did not deliver the balance of 419 K.M. of 'Mink' brand and the entire quantity of 800 K.M. of 'Fox' brand conductors on the plea that import licence were denied to them and that the Board had not assisted them in getting the licences. Orders for the undelivered quantities were cancelled in May, 1966. Penalty amounting to Rs. 0.51 lakh was not, however, imposed on the firm as it was held that the firm could not supply under *force majeure* circumstances. As the assistance by the Board for getting import licence was not contemplated either in the tender notice or in the purchase order, denial of import licence by the Government cannot be a *force majeure* circumstance.

Fresh orders were placed for 'Mink' brand on firm 'B' (at Rs. 1,667 per K. M.) and 'Fox' brand conductors on firm 'C' (at Rs. 990 per K. M.) in February, 1967 and December, 1966, respectively, resulting in an extra expenditure of Rs. 4.70 lakhs.

SECTION B

Government Companies

86. (1) There were 45 Government Companies in existence in the State at the end of March, 1967 with a total investment by Government of Rs. 16,41.84 lakhs as share capital excluding Rs. 1.29 lakhs in respect of five liquidated companies (vide statement No. 14 of the Finance Accounts, 1966-67). Of the 45 Companies, 33 (Serial Nos. 7 to 39 of the Synoptic statement) were floated under the Pilot Project Scheme embarked upon by the State Government in March, 1958 to help the accelerated promotion of small scale industries by providing financial and technical assistances; of the remaining 12 companies, 6 (serial Nos. 1 to 6 *ibid*) were fully owned by Government and the remaining 6 (serial Nos. 40 to 43 of the synoptic statement and Khosal Industries Development Syndicate Ltd. and Mayurbhanj Oil and Oil Products Ltd., not shown in the synoptic statement) were partly owned by Government.

A synoptic statement showing the financial position of forty three companies of the latest year for which audited accounts are available is given in Annexure 'A' to this chapter (pages 102 to 105). No information is available in respect of two companies, viz., Kohsal Industries Development Syndicate Limited and Mayurbhanj Oil and Oil Products Limited; the investment by Government in the share capital (Rs. 0.60 lakh) of the latter concern was written off by Government during 1966-67.

(2) Out of 43 companies, only 5 companies (Serial. Nos. 1, 2, 7, 8 and 40 of synoptic statement) have furnished their audited accounts for 1966-67 till December, 1967. The rest of the companies furnished the accounts up to the years as indicated below:—

1965-66	13	(including 2 fully owned by Government)
1964-65	16	(including 2 fully owned by Government)
1963-64	1	
1962-63	4	
1961-62	4	

These thirty-eight companies could not, therefore, hold the Annual General Meeting as required under section 166 of the Companies Act, 1956.

(3) *Companies fully owned by Government*—Out of six fully owned Government Companies, only two (Sl. Nos. 1 and 2) have been able to produce their accounts for 1966-67 till December, 1967. The latest available accounts indicate that three Companies (Sl. Nos. 2, 5 and 6 of the synoptic statement with a total paid up capital of Rs. 1,55,14 lakhs earned a profit of Rs. 9.41 lakhs; none of them declared dividend. Three Companies (Sl. Nos. 1, 3 and 4) with total paid up capital of Rs. 11,93.59 lakhs sustained a net loss of Rs. 25.87 lakhs.

(4) *Companies partly owned by the State Government*—(i) 25 Pilot Project Companies have gone into production. The latest available accounts indicate that 13 of these companies (Sl. Nos. 7, 8, 16, 18, 19, 21, 23, 24, 27, 31, 35, 37 and 38 of the synoptic statement with Government investment of Rs. 17.40 lakhs, sustained a net loss of Rs. 6.82 lakhs. The remaining 12 companies (Sl. Nos. 9, 11, 12, 13, 14, 15, 20, 22, 25, 26, 28 and 29 of the synoptic statement) with Government investment of Rs. 21.86 lakhs earned a profit of Rs. 2.15 lakhs; 2 of these (Sl. Nos. 11 and 12) declared dividend amounting to Rs. 32,750. One company (Sl. No. 10) has not gone into production (October, 1967); the accounts of the company for the year 1965-66 showed a net loss of Rs. 0.12 lakh.

(ii) 7 Pilot Project Companies with a paid-up capital of Rs. 4.61 lakhs (Sl. Nos. 17, 30, 32, 33, 34, 36 and 39 of synoptic statement) in which Government investment amounted to Rs. 4.11 lakhs, are either under liquidation or proposed to be put into liquidation.

(iii) The irregularities/defects mentioned in paragraph 81 (iii) of the Audit Report, 1967 persisted in most of the Pilot Project Companies during 1966-67 also. Besides these, the following common irregularities/defects were noticed in the maintenance of accounts in the Pilot Project Companies during 1966-67:—

(a) Temporary loans were advanced to 5 companies (Sl. Nos. 7, 10, 20, 29 and 31 of synoptic statement) by the Managing Director/ General Managers and others without obtaining the approval of the Board of Directors as required under the Companies Act.

(f) No details have been made available to audit (6 companies) for the commission on sales and sales promotion expenses.

(c) Debts due from or to other companies under the same management have not been disclosed in the accounts as required under the Companies Act, 1956 (6 companies).

(d) Statutory Registers have not been maintained (5 companies).

(e) Installed capacity has not been fully utilised (5 companies).

(f) Returns relating to Sales Tax and Income-Tax have been submitted late (7 companies).

(g) Capital has been blocked up because of non-installation of the machinery, etc., purchased and due to other reasons (5 companies).

(A) Companies fully owned by the State Government

87. *Industrial Development Corporation of Orissa Ltd.*—(1) 2 Production units, viz., Hiraakud Industrial Works and Kalinga Iron Works were acquired by the Company in a running shape in March, 1964 and April, 1963 respectively, the former from the Government of Orissa and the latter from a private management. The project undertaken by the company in 1962-63 for the construction of a Tile factory was completed in 1965-66 and the factory was commissioned in March, 1966. All the three units incurred loss as indicated below:—

Unit acquired—	Profit +/ Loss —	
	1965-66	1966-67
	(In lakhs of rupees)	
(i) Hiraakud Industrial Works ..	+4.08	—2.42
(ii) Kalinga Iron Works ..	+3.84	—5.60
Units constructed—		
(iii) Chowdwar Tile Factory ..	—2.40	—3.09

Two projects, viz., Bargarh Cement Project and the Hiraakud Cable Project have gone into production during 1967-68. Two other projects viz., Hiraakud Rerolling mill and Ferro-chrome project which were expected to go into production by August, 1966 and June, 1967 respectively are still under construction (December, 1967).

Three projects viz., Power-tiller project at Jeypore, paper unit at Basudevpur and Power transformer and switchgear unit at Jamankira taken up by the company at the instance of the State Government in April, 1964, June, 1966 and May, 1965 respectively were abandoned for want of funds in April, 1967 on the advice of the State Government. An expenditure of Rs. 1.75 lakhs incurred by the company on these projects on establishment, survey, project, reports, etc., proved infructuous; the company decided in November, 1967 to claim the amount from the State Government.

After obtaining a letter of intent from the Government of India in April, 1964 for the manufacture of Coke, Pig iron, Urea and fertiliser as an integrated industrial scheme at Talcher, the Talcher Industrial Complex Project was undertaken by the company during that month. An expenditure of Rs. 16.25 lakhs was incurred on the project up to April, 1967. The project has since been deferred due to meagre financial resources of the company with no definite date for its resumption. The expenditure of Rs. 16.25 lakhs included an amount of Rs. 2.55 lakhs spent on stipends and training charges on 20 graduate engineers for training them in Public Sector Undertakings during the period from April, 1964 to October, 1966. On completion of training the company was to provide the trainees with jobs and they were to serve the company for a minimum period of 5 years. 11 such engineers served in the Sindri Fertiliser Factory during June, 1966 to October, 1967 as the company could not utilise their services; their salaries for this period amounting to Rs. 88,000 were paid by the company and these engineers were permanently absorbed by the Sindri Factory at the end of October, 1967. The condition that the engineers should serve the company was relaxed in all the cases as the management did not expect any difficulties in future for starting the work on the project with the core of engineers remaining with them. A total expenditure of Rs. 3.43 lakhs incurred by the company on the training of the 20 engineers proved infructuous to the company.

(2) The following points were noticed in audit in respect of some of the projects of the company:—

(i) *Hirakud Industrial Works*—(a) Machineries valued at Rs. 7.66 lakhs obtained during 1964-65 have not been installed or commissioned so far (December, 1967).

(b) Orders for the manufacture of machinery for 8 Sugar units were placed on the Hirakud Industrial Works by the Director of Industries, Orissa in December, 1963. The machinery was to be delivered in May, 1964 and March, 1965. On the request of the company, the date of delivery was extended to September, 1964 and July, 1965. As only 2 units were delivered by January, 1966, the Director of Industries cancelled the orders for the remaining 6 units in January, 1966. The company had by then manufactured 4 more units. The request of the company to revoke the cancellation order for these 4 units was not agreed to by the Director of Industries. The costing of 4 units has not been made by the Company; a total amount of Rs. 2.63 lakhs spent on direct material and labour for their manufacture is locked up.

(ii) *Kalinga Iron Works*—(a) Mention was made in paragraph 114 (3) (b) (A) of the Audit Report, 1966 that the company took over the low shaft furnace of Messers. Kalinga Industries Limited on the 1st April, 1963. According to the sale agreement the purchase consideration of the assets was to be paid in suitable monthly instalments, the aggregate of such payment in any financial year was not to exceed the profits earned by the unit in that financial year. Against an amount of Rs. 73.60 lakhs payable to the Kalinga Industries Limited as purchase price, Rs. 72.25 lakhs have been paid up to March, 1967. The net profits disclosed by the unit from 1963-64 to 1965-66 amounted to Rs. 30.76 lakhs only, excluding the net loss of Rs. 5.60 lakhs suffered by the unit during 1966-67.

(b) At the time of acquisition of the Kalinga Iron Works from the Kalinga Industries Ltd., there was a proposal of that firm for expansion of the project and to have two additional furnaces with an additional annual production capacity of 70,000 tons of pig iron along with the existing capacity of 30,000 tons, a spun pipe plant, a cast iron foundry, a power plant and an oxygen plant. After acquisition the company commenced execution of the expansion programme during 1963-64. At that time, the cost of expansion was estimated at Rs. 5,70.00 lakhs with the target date of completion as September, 1965. The estimates were revised in 1964-65 to Rs. 6,31.58 lakhs and subsequently in December, 1966 Rs. 9,10.78 lakhs. The target date for completion was also revised to September, 1966. Even though the expansion programme at the time of the acquisition of the unit by the company envisaged 2 additional furnaces, provision was made in the revised capital estimates for the installation of a third additional furnace, the expenditure incurred on this account could not, however, be ascertained. Though the revised estimates are still to be approved by the Board of Directors the management has been executing the works according to these estimates. An expenditure of Rs. 7,33.73 lakhs has already been incurred up to March, 1967; the probable date of completion of the project could not be given by the management.

At the time the unit was acquired and the expansion was undertaken, there was demand for pig iron in the market. After completion of the expansion programme a part of the additional production of pig iron was intended to be used by the spun pipe plant of the company from 1965-66 onwards, the demands for pig iron went down considerably and the company could not sell

the annual production of its existing unit even after reduction of price; it was having 4 months' production (valued at cost: Rs. 27.62 lakhs) as closing stock on 31st March, 1967. After incurring an expenditure of Rs. 89.05 lakhs on the Spun pipe plant, the construction work was suspended as some of the machinery and equipment imported from West Germany was reported to be missing in transit during Indo-Pakistan conflict in 1965. As the company is financing the project from borrowed funds (at interest rates ranging from 7 to 9 per cent) loss on account of the interest on capital locked up in the spun pipe plant amounts to over Rs. 6 lakhs annually.

(c) According to the advice of the technical consultants orders for machinery for the spun pipe plant were placed in March, 1963 with a West German firm indicating that pig iron of a specified quality would be available for the plant from the existing furnace and the two additional furnaces under installation. It was subsequently noticed by the Company that it would be impossible to guarantee the composition of pig iron without installing an intermediate induction furnace. Orders for an induction furnace were placed in February, 1966 at a cost of Rs. 20.34 lakhs on an Indian firm. The cost of installation of this machinery is estimated to be another Rs. 10 lakhs. The incorrect data furnished by the consultants was thus responsible for an additional outlay of about Rs. 30 lakhs.

(d) The civil engineering and mechanical erection works of the expansion programme (estimated cost: Rs. 2,03.04 lakhs) were done departmentally. No attendance record was maintained in respect of labour supplied by contractors and employed on the works. No record of the outturn was also kept in respect of the work executed through departmental labour. These indicate that there was no control over the employment of labour to see that the expenditure incurred was commensurate with the outturn.

(e) M/S. B. Patnaik & Mines (P) Ltd., were supplying iron ore with ferrous content of 61 to 62 per cent to the Kalinga Iron Works while it was under Kalinga Industries Ltd. After the unit was taken over by the company no regular contract was entered into with the suppliers, but they were asked to continue supplies of ore beyond April, 1963 on the same terms and conditions as before. The ore supplied was found to be low grade as it contained as low as 54 per cent of ferrous content. The rate of supply of ore was increased by Rs. 1 per Metric tonne from July, 1965 with the stipulation that the ferrous content of the ore would be 60 per cent. As the supplies made during the period July, 1965 to March, 1967 were also found to be of low grade which is disadvantageous to the company, the General Manager of the unit stated in December, 1967 that steps were being taken to enter into a contract to safeguard the interests of the company.

(f) Mention was made in paragraph 114(3)(b)(B) of the Audit Report, 1966 that the oxygen plant worth Rs. 3 lakhs purchased from a firm in Hungary, in May, 1963 after installation and trial operation in June, 1965 did not work and its "separating column" was damaged due to explosion. The claim with the insurance company has not been settled so far (December, 1967). The "separating column" has not been replaced so far as import licence for the same is expected to be received only in December, 1967; no date for the replacement and the commissioning of the plant could be furnished by the Company.

(iii) *Choudwar Tile Factory*—The production of tiles for 228 working days in 1966-67 was 15.01 lakhs only as against the estimated output of 29.70 lakhs during that period, indicating utilisation of the installed capacity to the extent of 50.6 per cent. The percentage of breakages both in the green stage and kiln stage in respect of Roofing tiles and Ridge tiles ranged from 12 to 43 per cent as against the normal estimated breakages of 3 to 10 per cent.

As against the normal expectation of getting 50 per cent of production in the form of first class tiles, only 17.5 per cent of such tiles were obtained during the year.

The total sales of the unit constituted only about 3 months production resulting in heavy accumulations of closing stock at the end of the year.

As against the average estimated cost of Rs. 165 per 100 tiles the cost of production was Rs. 311, Rs. 633 and Rs. 147 in respect of roofing, ridge and flooring tiles respectively. The sale prices fixed, however, were mostly below the cost; these ranged between Rs. 230 to Rs. 270 for roofing tiles, Rs. 600 to Rs. 700 for ridge tiles and Rs. 95 to Rs. 100 for flooring tiles.

The unit sustained a net loss of Rs. 3.09 lakhs during 1966-67.

(iv) *Cement Project, Bargarh*—In October, 1965 the National Coal Development Corporation, Ltd., (a Central Government Company) offered the Project to supply coal from their collieries and to render all services which any middlemen would do for the uninterrupted supply of coal without any extra cost. The offer was not considered by the company; the reasons therefor were not kept on record. With a view to have uninterrupted supplies the company decided to obtain supplies through 2 sources and in January, 1967 agreements were entered into with two middlemen for arranging supply of 2.2 lakh metric tonnes of coal by each of the middlemen to the Project from January, 1967 to December, 1969 with a handling commission of 80 paise per metric tonne. Had the offer of the National Coal Development Corporation, Ltd., been accepted and at least half the supplies been obtained from them, the project would have saved an amount of Rs. 1.76 lakhs towards handling commission payable on the supply of coal for the contracted supplies of 2.2 lakh metric tonnes of coal from one of the middlemen over a period of 3 years from January, 1967.

88. *Orissa Construction Corporation Ltd.*,—(a) The Orissa Construction Corporation Limited, a fully owned Government Company was incorporated on 22nd May, 1962 with the object of carrying out the business of builders, contractors, engineers, architects, surveyors, estimators, designers, etc. The authorised and paid up capital of the Company as on 31st March, 1967 stood at Rs. 1 crore and Rs. 57.14 lakhs respectively. Besides, the Company was utilising Rs. 13.65 lakhs as working capital which is the value of the assets transferred by Government to the company during 1962-63 and 1963-64; the valuation thereof has not been finalised so far (October, 1967). In addition, Government have granted unsecured advance against supply of material which stood at Rs. 24.37 lakhs as on 31st March, 1967.

No internal audit system has been introduced (October, 1967) although the company has been in existence for the last five years. The management have stated (May, 1967) that "due to financial stringency it is not possible to effect the same immediately".

*A middleman was to arrange supply of wagons, contact coal controller, submit the programme, etc., of movement of coal, etc., dispensing with the need for the purchasers to maintain separate establishment at collieries.

(b) *Avoidable expenditure*—The work relating to construction of a runway at the Bhubaneswar Aerodrome was taken up by the Company in February, 1964 for Rs. 7.31 lakhs. It was to be completed by July, 1964. The work could not however, be completed earlier than 31st January, 1967 as there was delay in supply of materials and land by the Central Public Works Department. The expenditure on pay and allowances of the staff and depreciation charges of the machinery positioned for execution of the work, beyond February, 1964 amounted to Rs. 0.84 lakh. The agreement entered into by the Company with the Central Public Works Department did not provide for passing on the extra expenditure to the latter for any delay on their part for making available either the land or the required materials in time.

89. *Orissa Mining Corporation Limited*—

Brick Supply at Daitari—Without calling for tenders or entering into an agreement specifying the terms and conditions of supply and also the rate at which supply was to be effected, a contractor was entrusted by the Company with the work of supply of bricks as and when required during the years 1963-64 and 1964-65. 597 tons of slack coal (valued at Rs. 24,079) were also supplied to the contractor during February, 1964 for consumption in brick making and the value of the supply was treated as an advance to the contractor; the advance has been recovered by adjustment only in March, 1967.

During 1963-64 and 1964-65 the contractor supplied 24.23 lakhs of bricks valued at Rs. 1.27 lakhs. Of this, 1.32 lakhs of bricks valued at Rs. 0.07 lakh were not accounted for as receipts at the project site which require regularisation. The utilisation of the bricks in the works could not be verified by the Company's Officers-in-charge of the works as suitable accounts were not compiled by the subordinate authorities.

(B) *Companies partly owned by the State Government*

(a) *Pilot Project Companies (Jointly owned by State Government and Private Parties)*

90. *The Kalinga Foundry Ltd.*,—The installed capacity of the plant is 20,000 M.T. but the actual production during the year 1966-67 was only 425 M.T. as against the target of 2,500 M.T. The shortfall was attributed to non-receipt of orders from the Railways.

Anticipating increased orders from Railways, the Company acquired additional plant and machinery (Rs. 1.11 lakhs) during 1965-66. Machinery worth Rs. 11,500 has not so far been installed (September, 1967). Owing to lack of orders from Railways, the Company had to suspend production for 180 days out of the available 300 working days, in the year 1966-67. The factory remained closed from 1st April, 1967. The shortfall in production resulted in a loss of Rs. 2.65 lakhs during the year 1966-67; upto 31st March, 1967 the Company had sustained an accumulated loss of Rs. 3.73 lakhs.

Sundry Debtors outstanding at the end of 1966-67 amounted to Rs. 1.75 lakhs out of which Rs. 0.58 lakh was shown as outstanding for a period exceeding six months. No effective steps seem to have been taken to realise the outstanding dues from the parties.

91. *Orissa Foundry Co., Ltd.*—The Company was incorporated in March, 1958 with the object of manufacturing railway fish plates, C.I. Pipes, etc. The manufacture of these products started from July, 1962 as against the target for commencing production in August, 1959. The delay was attributed to (i) non-completion of factory buildings; (ii) delay in procuring raw materials and receipt of licence from the Inspector of Factories and Municipality.

The total accumulated loss upto the end of 1964-65 amounted to Rs. 16,545 which has been attributed to high cost of production.

During the course of audit the following points were noticed.—

(i) The installed capacity, target of production and the actual production during the three years ending 1964-65 were as under:—

Production year	Installed capacity	Target of production	Actual production
(In Metric Tonnes)			
1962-63 ..	360	36	35
1963-64 ..	480	160	108
1964-65 ..	480	160	69

The targets of production were set at very low figures as compared to installed capacity of the machines. The company could not even achieve the targets of production fixed by the Board during the years from 1963-64 and 1964-65.

The low utilisation of the machines and labour positioned for working of the machines has resulted in heavy overhead charges contributing to the loss.

(ii) *Outstanding liabilities*—(a) Under Sundry Debtors, a sum of Rs. 11,448 was due from a single party since 1964-65 in whom the Managing Director was interested.

(b) Out of an advance of Rs. 18,756 shown in the accounts for 1964-65 an amount of Rs. 17,000 paid in 1963-64 was recoverable from the same party.

92. *Balanga Iron Works Ltd.*—The Company was incorporated in March 1958 for the manufacture of C.I. Electrical goods and other materials. The accounts for 1964-65 disclosed a net accumulated loss of Rs. 0.02 lakh as on 31st March, 1965. The accounts for the years 1965-66 onwards have not been made available to audit so far (July, 1967).

As against the installed capacity of 1,200 M. Tonnes per annum, the actual production during 1964-65 was only 275 M. Tonnes, out of which 213 M. Tonnes of finished goods could be sold during the year. The Board of Directors observed (January, 1964) that the short fall in production, sales, collection of dues and accumulation of finished goods were due to imprudent and inefficient management of the affairs of the company by the then Managing Director. In pursuance of the Board's resolution (January, 1964) the Managing Director was relieved of his responsibility from January, 1964. A new Managing Director took over charge of the Company on 7th September, 1964. The Board observed (28th May, 1965) that "the progress of the Company is very poor since the Managing Director has taken over charge".

93. *Jagannath Chemical and Pharmaceutical Works, Ltd.*,—The Company was incorporated in February, 1960 with the object of manufacturing medicines viz., Sulpha drugs and commenced production in March, 1964. The paid-up capital of the company as on 31st March, 1965 was Rs. 1.04 lakhs; of this, the State Government's contribution was Rs. 0.84 lakh. The balance of Rs. 0.20 lakh was paid by a private entrepreneur who happened to be the Managing Director.

The accumulated loss at the end of March, 1965 was Rs. 0.53 lakh (including preliminary and development expenses amounting to Rs. 0.14 lakh).

18.5 per cent of the installed capacity was utilised during 1964-65. During the period March, 1964 to September, 1964, the Company had manufactured 18.72 lakh tablets against 50.40 lakh tablets produced during the corresponding period of the previous year. The break-down of the tablet making machine from October, 1964 to December, 1965 mainly contributed to this low utilisation.

Non-utilisation of the substantial part of the installed capacity had resulted in increased cost of production and the products had to be sold below cost price. The products manufactured did not also have a ready market.

A fresh machine (cost Rs. 7,343) installed in April, 1962 for sugar coating purpose has not been brought into use so far (May, 1967).

94. *Orissa Sports Manufacturers and Fabricators, Ltd.*,—The company was incorporated in July, 1960 with the object of establishing and running a business for the manufacture and sale of sports goods, fabrication of children park articles, etc. The paid-up capital of the company was Rs. 1.24 lakhs as on 31st March, 1963 out of which a sum of Rs. 1.04 lakhs was contributed by the State Government. The balance of Rs. 0.20 lakh was paid by a private entrepreneur who was acting as the Managing Director of the Company. The accounts of the Company for the year 1963-64 onwards have not yet been received in Audit (September, 1967). The company sustained a net loss of Rs. 0.03 lakh during the year 1962-63, whereas it earned a net profit of Rs. 0.02 lakh and Rs. 0.01 lakh during the years 1960-61 and 1961-62 respectively.

During audit, the following points were noticed :—

- (i) Annual General Body Meetings for the years 1962-63 and 1963-64 have not been held so far;
- (ii) Accounts for the year 1962-63 were not approved by the Board before submission to the Company Auditors;
- (iii) Sales promotion expenditure of Rs. 0.12 lakh and Rs. 0.15 lakh were incurred during the years 1962-63 and 1963-64 respectively. The vouchers and other details of such expenditure could not be placed before the Board of Directors in respect of Rs. 0.08 lakh; and
- (iv) Machineries worth Rs. 0.12 lakh acquired from Government (July, 1960) have not been installed as these were found to be defective.

The Managing Director was removed with effect from the 16th March 1967 on account of his misconduct, misdemeanour and dereliction of duty.

(b) Companies jointly owned by the State Government/Central Government and private parties

95. Orissa Road Transport Company Ltd., Berhampur—(1) The Orissa Road Transport Company Ltd., was incorporated in December, 1950 and commenced its business on 1st January, 1951 with the object of expanding and developing an efficient Road Transport in co-ordination with the Railways. The issued and paid-up capital of the Company as on the 31st March, 1966 was Rs. 30 lakhs as detailed below:—

Party	Number of shares held		Total number of shares
	Class 'A'	Class 'B'	
Orissa State Government	17,363	6,000	23,363
Union Government ..	6,000	..	6,000
Others ..	637	..	637
Total ..	24,000	6,000	30,000

(2) Working results—Comparative figures relating to operational activities and working results for the three years ending the 31st March, 1966 are indicated below :—

	(Figures in lakhs of rupees in items No.1 to 6 and 17)		
	1963-64	1964-65	1965-66
(1) Paid-up capital ..	30.00	30.00	30.00
(2) Gross income ..	1,07.13	1,14.79	1,33.12
(3) Expenditure including Income-tax	96.67	1,01.06	1,20.71
(4) Gross profit ..	43.64	44.50	49.37
(5) Excess of income over expenditure (net profit)	10.46	13.73	12.41
(6) Net profit before appropriation ..	29.93	35.87	37.23
(7) Number of vehicles ..	198	214	243
(8) Number of routes operated ..	129	129	132
(9) Operational K. M. ..	96.56 lakhs	99.76 lakhs	1,03.38 lakhs
(10) Average daily operation run K.M.	26,456	27,332	29,506
(11) Income per K.M. (Rs.) ..	1.11	1.15	1.25

	(Figures in lakhs of rupees in items No. 1 to 6 and 17)		
	1963-64	1964-65	1965-66
(12) Expenditure per K.M. (Re.)	0.80	0.78	0.93
(13) Percentage of expenditure over income	90.23	88.04	90.68
(14) Profit per K.M. (Re.)	0.31	0.37	0.32
(15) Percentage of gross profit on paid-up capital	145.47	148.33	164.57
(16) Percentage of net profit on paid-up capital	34.87	45.77	41.37
(17) Capital employed —			
(a) Paid-up capital	30.00	30.00	30.00
(b) Borrowings (excluding bank overdraft)	..	..	..
(c) Free Reserves (including P. L. Account balance)	40.85	46.67	54.95
Total (a), (b) and (c)	70.85	76.67	84.95
(18) Percentage of net profit (before appropriation on capital employed)	42.24	46.78	43.81
(19) Percentage of dividend declared	10	10	10

(3) The operating results in respect of Cuttack-Bhubaneswar route and Bhubaneswar town service were not particularly encouraging as will be evident from the following details :—

Sl. No	Route	1963-64		1964-65		1965-66	
		Expected income per K.M.	Actual income per K.M.	Expected income per K.M.	Actual income per K.M.	Expected income per K.M.	Actual income per K.M.
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
(1)	Cuttack-Bhubaneswar	1.74	0.91	1.74	0.92	1.74	1.03
(2)	Bhubaneswar Town	1.74	0.29	1.74	0.30	1.74	0.36

The low income for the Cuttack-Bhubaneswar route was attributed to the introduction of new long distance services covering this route both by the State Transport Service and the Orissa Road Transport Company, granting of 50 per cent concession to season-ticket holders and plying of private taxis. No analysis for the low income in the Bhubaneswar town service was made except for the months of May, June and July during which low return was attributed to lean traffic on accounts of heat-wave. No steps have been taken by the company to increase the revenue on these two routes.

(4) *Loss of revenue in advertisement*—For the display of advertisement boards of M/S Orissa Textile Mills Ltd. on the buses of the company, a rate of Rs. 10 per board per annum was fixed by the Government on 17th October, 1958 and the company adopted the rate for 1959-60. On 19th March, 1959, Government revised the rate from Rs. 10 per board per annum to Rs. 8 per month per board or Rs. 96 per annum for each board. The Company, however, ignored the revised rates and renewed the agreements with Messrs Orissa Textile Mills Ltd. for 3 years from 1960-61 to 1962-63 at the old rate of Rs. 10 per annum per board. The renewal of the agreement at the old rates resulted in a loss of revenue of Rs. 43,709 for the period from 1959-60 to 1962-63.

(5) During the course of audit, the following other points were noticed:—

(i) Though the Deputy Manager (Stores) had not been vested with the power to make local purchases, purchase to the extent of Rs. 0.32 lakh were made by him during 1965-66.

(ii) Spare parts valued at Rs. 2.70 lakhs were found to be obsolete as on 31st March, 1966. This did not include the stock held by the Zonal Officers. The obsolescence was attributed to the change in the make of the vehicle brought into use by the Company.

(iii) Sundry debtors as on 31st March, 1966 amounted to Rs. 9.21 lakhs and included dues from Railways, Postal Department and other Departments of the State Government. Due to non-realisation of revenue in time owing to delay in submission of bills etc., the company had to resort to overdraft from the Bank; such overdraft during 1965-66 amounted to Rs. 9.76 lakhs for which interest amounting to Rs. 0.23 lakh was paid by the company.

(iv) Total amount outstanding as advance against the employees on 31st March, 1966 was Rs. 1.14 lakhs out of which a sum of Rs. 0.63 lakh was advanced up to the year 1963-64. This included an amount of Rs. 0.13 lakh due from 30 ex-employees against whom legal action was suggested by the company in December, 1945, for effecting recovery. No action has so far been taken in the matter (August, 1967).

(v) The costing records in respect of operational activities and works executed in the workshop have not been maintained properly.

(c) *Company jointly owned by the state Government and private parties*

96. *Orissa Small Industries Corporation Ltd.*:—The Orissa Small Industries Corporation Ltd. was incorporated in December, 1961 with an authorised capital of Rs. 50 lakhs for promoting small scale industries in the State.

The issued and subscribed capital of the company as on 31st March, 1966 was Rs. 14.58 lakhs of which Rs. 14 lakhs were contributed by the State Government. The State Government also deposited a sum of Rs. 1.75 lakhs against equity shares to be issued in future. In addition, the State Government has advanced loans of Rs. 25.55 lakhs (secured) and Rs. 5 lakhs (unsecured) to the company. Besides, the company made cash credit arrangement with the State Bank of India in 1965-66 to the extent of Rs. 26 lakhs which was guaranteed by the State Government. The balance outstanding in the cash credit account as on 31st March, 1966 was Rs. 22.76 lakhs.

The accounts for the year 1966-67 have not been received (September, 1967)

The table below summarises the financial position of the company under broad heading for three years ending 1965-66 :—

	1963-64	1964-65	1965-66
	(Rupees in lakhs)		
<i>Liabilities</i>			
(a) Paid—up capital (including share deposit)	7.58	7.58	16.33
(b) Reserves and surplus .. ..	..	0.12	0.36
(c) Borrowings	4.71	25.87	53.31
(d) Trade dues and other liabilities ..	58.58	120.49	147.80
Total ..	70.87	154.06	217.80
<i>Assets—</i>			
(e) Gross Block ..	2.32	4.99	11.32
(f) Less—Depreciation ..	0.26	0.97	2.07
(g) Net fixed assets ..	2.06	4.02	9.25
(h) Other assets ..	..	..	..
(i) Current assets loans and advances including investments	68.39	150.04	204.19
(j) (i) Miscellaneous expenditure ..	0.07	..	0.21
(ii) Losses ..	0.35	..	4.15
Total (g) to (j) ..	70.87	154.06	217.80
Capital employed ..	11.87	33.57	65.64
Net worth(a)+(b)—j(i)—j(ii) ..	7.16	7.70	12.33

The results of the working of the company during the three years ending 31st March, 1966 are tabulated below:—

	1963-64	1964-65	1965-66
	(Rupees in lakhs)		
(a) Purchase including direct charges ..	21.29	46.82	71.51
(b) Sales ..	16.55	45.48	31.99
(c) Gross profit (+)/Loss (—) ..	+0.84	+3.62	+2.92
(d) Net profit (+)/Loss (—) ..	+0.08	+1.33	+4.27
(e) Closing stock at cost ..	9.83	14.20	55.94
(f) Percentage of gross profit on sales ..	5.08	7.96	9.13
(g) Percentage of net profit on paid-up capital	1.06	16.55	Loss

The net loss of Rs. 4.27 lakhs disclosed in the accounts for the year 1965-66 was understated by Rs. 1.80 lakhs because (i) credit was taken in the accounts for a subsidy of Rs. 1.96 lakhs claimed from the Government of Orissa, (which has neither been sanctioned nor accepted in principle by the Government) and (ii) credit for Rs. 0.16 lakh on account of sale proceeds of goods and commission thereon was not taken into account.

The loss was explained by the company as due to—

- (a) substantial drop in sales (by Rs. 13.49 lakhs);
- (b) steep increase in staff salary and remuneration (by Rs. 2.20 lakhs);
- (c) reduction in the earning of commission (by about Rs. 2.93 lakhs); and
- (d) increased expenditure on account of interest charges.

During audit, the following further points were noticed.

(1) *Liquidity position*:—Adequate steps have not been taken for realisation of the debts due to the company in order to improve the liquidity position of the company as indicated below:—

(a) No detailed list showing the balances due from the individual debtor was prepared.

(b) Advances to suppliers awaiting adjustment/recovery as on 31st March, 1966 amounted to Rs. 10.24 lakhs. This included a sum of Rs. 1.11 lakhs advanced during earlier years; the yearwise details have not been furnished.

(c) Advances to staff outstanding as on 31st March, 1966 amounted to Rs. 1.61 lakhs. Due to defective maintenance of the records, the date from which the Advances were lying outstanding could not be ascertained.

(2) *Loss on the purchase and working of a private instrument Factory*—At the instance of the Company, Government decided in November, 1963 that the former should establish an Instrument Factory at Berhampur to manufacture and repair scientific instruments required for educational and technical institutions. The Company acquired (in April, 1964) the fixed assets and other goods of a private firm for Rs. 95,069 (including a sum of Rs. 8,000 paid on account of good will). The management anticipated a net profit of 15 per cent in implementation of the scheme. The factory was established in June, 1964 and the proprietor of the private firm from whom the assets had been purchased, was appointed as the Technical Adviser of the Factory on a consolidated salary of Rs. 2,000 per month. Up to 31st March, 1966, the factory sustained a net loss of Rs. 1.08 lakhs, of which the loss during the year 1965-66 alone was Rs. 0.55 lakh. The total sales of the concern for the year 1965-66 amounted to Rs. 0.36 lakh while the salaries paid to the staff amounted to Rs. 0.48 lakh. The value of the finished goods remaining unsold at the end of the year was Rs. 0.48 lakh which included finished goods worth Rs. 0.17 lakh purchased from the private firm in April, 1964. The correctness of valuation of the goods produced, sold and those remaining in stock was not susceptible of verification in the absence of proper costing records. Part of the machinery (valued Rs. 0.15 lakh) purchased from the private firm was yet to be installed (March, 1967). The Technical Adviser left the Company in March, 1966. The factory has not been closed (December, 1967).

SECTION C

Government Commercial and Quasi-Commercial Departments

97. *Departmentally managed Government Undertakings*—At the end of 1966-67, there were fifteen Departmentally managed Commercial and Quasi-Commercial Undertakings. Thirteen of these undertakings had a total capital of Rs. 6,98.72 lakhs the *pro forma* accounts of the remaining two undertakings *viz.*, Jeep servicing station, Bhubaneswar and the scheme for State Trading in Kendu leaves declared as "Commercial/Quasi-Commercial" from July, 1960 and November, 1965 respectively have not been submitted to audit so far (February, 1968).

The *Pro forma* accounts are in arrears (i) for five years (from 1962-63) in respect of one undertaking (Serial No. 12 of the synoptic statement) (ii) for four years (from 1963-64) in respect of two undertakings (Serial Nos. 9 and 13 *ibid* (d)), (iii) for three years (from 1964-65) in respect of three undertakings (Serial Nos. 8, 10 and 11 *ibid*), (iv) for one year in respect of five undertakings (Serial Nos. 1 to 4 and 6 *ibid*).

The assets/liabilities of the two inoperative schemes (Serial Nos. 9 and 10) have not been disposed of/liquidated completely (February, 1968).

A statement showing the summarised financial results of the working of the undertakings as disclosed by the *pro forma* accounts for the latest year is given in Annexure 'B', pages 106 to 109.

INDUSTRIES DEPARTMENT

98. *Loss on Disposal of machinery*—A scheme for the manufacture of Cutlery, cycle parts and locks and for imparting training to workers in the use of improved tools and machinery was started by Government as a departmental undertaking during 1953-54. An expenditure of Rs. 1.87 lakhs was incurred on the scheme up to 1958-59 as detailed below:—

	(Rupees in lakhs)
Buildings	.. 0.72
Machinery	.. 0.45
Establishment and contingencies	.. 0.70

A further amount of Rs. 1.16 lakhs was withdrawn from the treasury by the Director of Industries in March, 1958; out of this, a sum of Rs. 0.39 lakh was retained in the closing cash balance and was refunded into the treasury as unspent balance only in February, 1964.

As the Government undertaking did not go into production, the Government decided in March, 1960 to abandon the scheme and transfer the machinery to a Government Company to be formed under the Pilot Project Scheme. The proposed company was not floated. Subsequently, in December, 1962, Government transferred part of the machinery acquired for Rs. 0.40 lakh to M/S. Orissa Agrico Ltd., (another Government company). The valuation of the machinery transferred was decided by Government in December, 1966 at Rs. 0.14 lakh. According to the Additional Director of Industries, Orissa

(September, 1967), the machinery was put to use by the Company after repairing it at a cost of Rs. 0.10 lakh. The cost of the machinery has not been received from the Company (November, 1967). Information about disposal of the balance machinery has not been furnished by the department.

As the departmental scheme was wound up before it went into production, an expenditure of Rs. 0.70 lakh incurred on the scheme towards establishment and contingent expenditure proved infructuous.

Buildings constructed for the scheme were utilised for the Ceramic Production Centre run by the Department.

SUPPLY DEPARTMENT

99. *Non-recovery of advances*—(a) During local audit in February, 1967 it came to notice that advances amounting to Rs. 6.99 lakhs were paid by the Collector, Puri to a purchasing agent at Sakhigopal during the period from February, 1966 to June, 1966 for procurement of foodgrains out of which Rs. 1.18 lakhs remain to be adjusted or recovered (December, 1967). Certificate proceedings instituted by the Collector Puri in January, 1967 for the recovery of the advance from the purchasing agent are in progress (December, 1967). The records relating to the transactions of Government of the purchasing agent were stated to have been seized by the Central Bureau of Investigation (in November, 1966) for abnormal shortages of stock of foodgrains. The detailed report in this respect called for in March, 1967 is still awaited from the Department (December, 1967).

(b) An advance of Rs. 3.49 lakhs was paid to a Huller agent in Puri district during the period from March to August, 1965 for procurement of paddy out of which a sum of Rs. 0.20 lakh remained unutilised with the agent (March, 1967). The physical verification of stocks with the agent conducted by the departmental officers in April, 1965, January and April, 1966 disclosed shortages of stock valued at Rs. 1.23 lakhs. Out of the amount of Rs. 1.46 lakhs (unutilised advances: Rs. 0.20 lakh, interest thereon upto March: Rs. 0.03 lakh and value of shortages of stocks Rs. 1.23 lakhs) recoverable from the agent as on 31st March, 1967, a sum of Rs. 0.52 lakh has been subsequently recovered leaving a balance of Rs. 0.94 lakh.

Certificate proceedings started by the Collector, Puri against the agent in November, 1966 for the recovery of Rs. 0.94 lakh are in progress December, 1967).

(c) Another Huller agent in Bolangir District was paid an amount of Rs. 0.92 lakh (Rs. 0.29 lakh in March, 1965 and Rs. 0.63 lakh in April, 1965) towards value of 2,375 quintals of super fine paddy procured and certified by the departmental staff to have been held by him. The agent absconded in April, 1965 after delivering rice equivalent to 681 quintals of paddy of the value of Rs. 0.27 lakh. A sum of Rs. 0.03 lakh was payable to him as remuneration. He was subsequently apprehended by Police and criminally proceeded against for misappropriation of Government funds. According to the Collector, Bolangir, the case was one "where through the inefficiency of the supply staff Government funds "have been advanced without possibility of recovery".

The certificate case instituted by the Collector, Bolangir against the agent for recovery of the balance amount of Rs. 0.62 lakh was decreed in favour of Government in May, 1967 for a total amount of Rs. 0.74 lakh including interest of Rs. 0.12 lakh. The follow up action for the recovery of the dues is awaited (October, 1967).

TRANSPORT DEPARTMENT

(State Transport Service)

100. *Loss on operation of transport service at Rourkela town*—Without working out the economics of the scheme, the State Transport Service took over, from April, 1959, the running of the buses for the workers of the Steel Project from the Township to the Plant site and back. A rate of Rs. 7.25 per month per worker and a concessional rate of Rs. 2.25 per running mile of a 50 seater bus for German personnel were charged from April, 1959. As the service was uneconomical, according to the calculations made by the State Transport Service, the rates recoverable from the passengers were increased from Rs. 7.25 to Rs. 9 per month per passenger with effect from September, 1960 and to Rs. 11.55 with effect from October, 1963 after negotiations with the Steel Plant Authorities. As no separate accounts for the Scheme were maintained the actual loss suffered from April, 1959 to August, 1964 by the Transport Service even on the basis of actual average expenditure and earning per month per passenger is not known.

In September, 1964, the position was reviewed by the Transport Service and it was decided to charge Rs. 30 per month per passenger which would give them a profit of 5 per cent on capital. The Steel plant authorities, however, agreed to increase the rate per passenger from Rs. 11.55 to Rs. 16.80 only per month with effect from January, 1965.

During the period from April, 1959 to September, 1965 the total kilometers run by the transport service was 48.36 lakhs. No separate accounts were however, maintained by the Transport authorities to ascertain the expenditure actually incurred for operating the service during the period. However, on the basis of the estimate of expenditure made in working out the rate of Rs. 30 per passenger, the expenditure for the service works out to Rs. 84.05 lakhs against which the income derived by the authorities comes to Rs. 38.62 lakhs resulting in a loss of Rs. 45.43 lakhs.

In October, 1965, the position was again reviewed and the Government agreed to run the buses subject to reimbursement of Rs. 34,600 per month or the actual loss, whichever was less, by the Steel Plant Authorities. No claim for the reimbursement of the amount of the estimated loss (Rs. 2.77 lakhs) incurred during the period from October, 1965 to May, 1966 was preferred against the Steel Plant.

The Scheme was finally abandoned from June, 1966.

101. *Running of School buses*—Under a Scheme drawn up by the Transport Controller in July, 1964 to provide bus facilities to the girl students of school and colleges on a "no profit- no loss" basis, 6 buses were renovated and operated at Cuttack by the State Transport Service during the period from July, 1964 to November, 1966. During the aforesaid period an expenditure of Rs. 2.28 lakhs was incurred on the schemes against which an amount of Rs. 1.36 lakhs was recoverable from the Education Department.

There was a loss of Rs. 0.92 lakh to the State Transport Service in the operation of the scheme.

SECTION D

Investments and guarantees by the State Government

CO-OPERATION AND FORESTRY DEPARTMENT

102. *Co-operative Institutions—*

(a) *Financial Assistance*—Government investment in the share capital of the Co-operative Institutions at the close of the three years ending 1966-67 was as follows:—

Year	Number of institutions	Amount (In lakhs of rupees)
1964-65	1,913	2,88.78
1965-66	2,238	3,45.74
1966-67	2,432	4,17.13

The amount of loans, grants and subsidies paid by Government to various Co-operative Institutions during the three years ending 1966-67 was as follows:—

Year	Amount of loans				Grants and subsidies during the year
	Balance at the end of the previous year	Disbursed during the year	Repayments during the year	Balance at the end of the year	
	(In lakhs of rupees)				
1964-65	2,08.47	58.79	11.25	2,56.01	30.23
1965-66	2,56.01	78.93	29.55	3,05.39	39.41
1966-67	3,05.39	50.14	25.88	3,29.65	32.22

Government have also guaranteed the loans raised by twenty co-operative institutions to the extent of Rs. 20,88.27 lakhs up to March, 1967. Details of guarantees are available in Statement 6 at pages 32 to 42 of the Finance Accounts, 1966-67.

(b) *Dividend received by Government*:—The amount of dividend received by Government in respect of Co-operative institutions (including Banks) during the year 1964-65 amounted to Rs. 1.08 lakhs against the investment of Rs. 2,88.79 lakhs; information in respect of the subsequent years has not been furnished by the department so far (September, 1967).

(c) *Delay in completion of audit*:—In accordance with the provisions of the Co-operative Societies Act, the accounts of Co-operative institutions are required to be audited by the auditors appointed by the Registrar of Co-operative Societies, Orissa once in every year. The accounts of 6,845 Societies (as per details below) remained unaudited as on 30th June, 1967.

Accounts upto the Co-operative year 1963-64	..	2,748 Societies
Accounts for the year 1964-65	..	1,998 Societies
Accounts for the year 1965-66	..	2,099 Societies

The delay in completion of audit was attributed to shortage of staff and increase in volume of business of the Societies.

The audit reports prepared by the Co-operative department in respect of Societies in which the State Government hold shares are required to be forwarded to the Accountant General. The position of receipt of the audit reports (November, 1967) is indicated below :—

year	Number of Co-operative Institutions	Number of Audit reports due for submission	Number received till October, 1967
1964-65 ..	1,913	793	338
1965-66 ..	2,238	Not furnished by Registrar of Co-operative Societies	67
1966-67 ..	2,432		Nil

(d) *Review of audited accounts/reports*—A review of the audited accounts and reports of certain selected societies revealed that :—

(i) During 1961-62 to 1966-67, 4,063 Co-operative Societies had been wound up. A total amount of Rs. 2.05 lakhs was provided up to 30th June, 1966 as assistance by Government to these societies on account of grants-in-aid and subsidies (Rs. 1.08 lakhs) and loans (Rs. 0.97 lakh). The Government contribution in shares of these societies was Rs. 1.77 lakhs as on that date. No information could be made available by the Registrar of Co-operative Societies regarding repayment of the loan/share capital provided by Government.

(ii) The reports of the auditors showed that a sum of Rs. 0.18 lakh was alleged to have been misappropriated by staff in four non-banking societies.

103. *Working of Co-operative Banks*—There were seventeen Co-operative Central Banks and one Urban Co-operative Bank in the State as on 30th June, 1966, which acted as financing agencies of primary societies. Besides these banks, there were two apex institutions, namely the Orissa State Co-operative Bank to provide medium and long term loans to the Co-operative Institutions and the Orissa Provincial Co-operative Land Mortgage Bank to provide long term finance to the agriculturists.

Two Central Banks and one apex bank have not furnished their accounts for the year 1965-66 so far. The details of investments made and loans given by Government in the remaining institutions as on 30th June, 1966 and the profits earned during the year ending on that date are shown in the table given below :—

	Share capital		Net profit	Reserve Fund	Loans by Government
	Government investment	Total			
(In lakhs of rupees)					
(1) 15 Cental Banks ..	44.46	1,77.07	16.41	30.27	41.84
(2) Baripada Urban Co-operative Bank, Ltd.	2.50	3.79	0.70	0.30	0.75
(3) Orissa State Co-operative Bank, Ltd.	17.00	55.45	9.01	13.84	8.76

The net profits mentioned above included Rs. 2.52 lakhs granted by the Government as subsidy for various purposes to 9 out of 15 Central Co-operative Banks.

The Government investment in the remaining two Central Banks and in one apex bank, the accounts of which have not been received, was Rs. 30.18 lakhs as on 30th June, 1966.

In the seventeen Central Banks of which accounts have been received, overdue loan and interest as on 30th June, 1966 amounted to Rs. 1,60.07 lakhs and Rs. 7.90 lakhs respectively.

In six banks, the bad and doubtful debts were estimated by the Banks at Rs. 12.43 lakhs, but provision was made for Rs. 11.72 lakhs only. The dues from the liquidated societies (93 numbers) worked out to Rs. 22.11 lakhs (as on 30th June, 1966), which was considered to be bad (according to relevant audit reports).

Audit reports of 2 Central Banks revealed cases of alleged misappropriation of Rs. 0.12 lakh up to 1965-66.

104. *Working of Regional Marketing Co-operative Societies*—The total number of Regional Marketing Co-operative Societies in which the Government investment exceeded Rs. 20,000 was 45 as on 30th June, 1966. The total investment of Government in these societies amounted to Rs. 80.02 lakhs in the shape of share capital (Rs. 68.62 lakhs) and loan (Rs. 11.40 lakhs). A subsidy of Rs. 2.09 lakhs was also paid to these societies during 1965-66.

Thirty two societies have not furnished their accounts so far (August, 1967). The financial results of the remaining 13 societies are tabulated below:—

Year of Accounts received	Number of societies	Government investment			Profit (+) Loss (-)	Remarks
		Share capital	Loan	Subsidy		
(Amounts in lakhs of rupees)						
1963-64	4	5.10	2.84	0.19	+0.01 -1.05	1 Society 3 Societies
1964-65	9*	11.67	3.26	1.21	+0.55 -1.65	2 Societies 7 Societies
1965-66	1	0.25	0.19	0.12	-0.02	

The review of audited accounts and reports of the above societies revealed the following:—

(i) There were shortages of stores amounting to Rs. 2.51 lakhs in 12 Societies which are awaiting adjustment.

(ii) The accumulated loss up to the end of 30th June, 1966 amounted to Rs. 3.85 lakhs out of which Rs. 2.49 lakhs was sustained by 3 Societies having a paid up capital of Rs. 4.39 lakhs.

(iii) A sum of Rs. 0.13 lakh was alleged to have been misappropriated by the staff in four societies.

*Includes one Society which earned profit during 1963-64 and hence shows against the relevant entry and incurred loss in 1964-65.

105. *Working of Forest Marketing Co-operative Societies*—24 Forest Marketing Co-operative Societies were formed during 1956 to 1962 to procure minor forest produce from the forest labourers. Audited accounts and reports of nine societies (one for 1962-63, seven for 1963-64 and one for 1964-65) were received upto August, 1967. Out of the total paid up capital of Rs. 1.25 lakhs in the nine societies, Government contributed Rs. 1.11 lakhs. In addition, Government disbursed loans of Rs. 1.47 lakhs for construction of godowns and paid staff subsidy of Rs. 1.69 lakhs.

Some points noticed from the audited accounts and reports of the 9 societies are mentioned below :—

(1) Six societies sustained a net loss of Rs. 1.47 lakhs (Rs. 1.29 lakhs in five societies up to June, 1964 and Rs. 0.18 lakh in one society upto June, 1965) while three of them earned a profit of Rs. 0.26 lakh. The loss was mainly attributed to abnormal shortages of stock of brooms, other minor forest produce and overhead charges.

(2) The instalments of loans (Rs. 1.47 lakhs in respect of 4 societies) and interest thereon (Rs. 0.18 lakh in respect of 2 societies) have not been paid.

(3) Annual general body meeting was not held in the case of 3 societies.

(4) Cash and stock registers were not maintained properly in 3 societies.

106. *Working of Fishermen Co-operative Societies*—The audited accounts and reports of 5 out of 146 primary Fishermen Co-operative Societies and one Central Fishermen Co-operative Marketing Society as on 30th June, 1966 to which the primary societies were affiliated have been received so far (August, 1967). The details of total paid up capital, Government's investment, profit earned and loss sustained by these societies disclosed in the latest available accounts are given below:—

No. of Societies	Year of accounts	Total paid-up capital	Government Investment			Profit(+) Loss(-)	Remarks
			Share capital	Loan	Subsidy		
(Rupees in lakhs)							
2	1963-64	1.14	0.92	2.75	0.84	+0.02 -0.21	Loss relates to the Central Fishermen Marketing Co-operative Society.
3	1964-65	0.05	0.02	..	0.02 *	-0.06	All the three Societies incurred loss.
1	1965-66	0.10	0.10	..	..	-0.02	
Total 6		1.29	1.04	2.75	0.86	+0.02 -0.29	

The following points have been noticed in the accounts of the Central Fishermen Marketing Co-operative Society:—

(a) A sum of Rs. 0.05 lakh was misappropriated by the *ex-depot* Managers and a sum of Rs. 0.12 lakh was due for recovery from depot Managers for which no details were available in the audit report.

(b) Principal and interest amounting to Rs. 0.26 lakh were outstanding for recovery from members of the society at the end of June, 1964.

107. *Large sized Co-operative Societies*—The audited accounts and reports of 79 out of 318 large sized Co-operative Societies (as on 30th June, 1966) received so far (August, 1967) reveal the following position:—

Year of account	Number of Societies	Government Investment		Government subsidy	Profit (+) Loss (-)
		Share capital	Loan		
(In lakhs of rupees)					
1963-64	11	1.03	0.09	0.01	+0.14
	2	0.10	..	0.01	- 0.04
1964-65	48	4.07	1.21	0.37	+1.02
	11	0.95	0.10	0.23	- 0.08
1965-66	7	0.66	0.20	(Rs. 120)	+0.11
Total	79	6.81	1.60	0.62	+1.15

The following points have been noticed from the audited accounts and reports:—

(1) A sum of Rs. 0.12 lakh was alleged to have been misappropriated by staff in five societies.

(2) A sum of Rs. 0.12 lakh including cash balance of Rs. 0.02 lakh, recoverable from the President and Secretary of one society (Tendakuda L. S. C. S. Ltd.) remained outstanding since 1962-63.

(3) *Common irregularities*—Certain common irregularities brought out in the reports of auditors are mentioned below:—

Nature of irregularity	Number of Societies involved
(1) Important records (<i>viz.</i> , General Ledger, Journal, Cash Book, Stock Registers) not maintained properly	12
(2) Share certificate not issued to the members	8
(3) Security deposits not realised from the person handling cash and stores	5

Referred to in Paragraph 86

Statement showing the summarised financial position of (a) Companies wholly owned by the State

Sl. No	Name of the company	Date of incorporation	Paid up capital		Loans	
			Government	Total	Government	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)
<i>(A) Companies fully owned by the State Government—</i>						
<i>Accounts for 1966-67</i>						
1.	The Industrial Development Corporation of Orissa Ltd.	29-3-1962	8,74,21	8,74,21	5,55,48	11,10,76
2.	The Orissa Construction Corporation Ltd.	22-5-1962	57,14	57,14	6,83	6,83
<i>Accounts for 1965-66</i>						
3.	The Orissa Mining Corporation Ltd.	16-5-1956	2,51,88	2,51,88	2,42,00	3,42,00
4.	The Orissa State Commercial Transport Corporation Ltd.	7-1-1964	67,50	67,50	..	..
<i>Accounts for 1964-65</i>						
5.	The Orissa Fisheries Development Corporation Ltd.	8-8-1962	35,00	35,00	10,00	21,10
6.	The Orissa Forest Corporation Ltd., (Accounts closed on 31-10-1965)	28-9-1962	63,00	63,00	9,75	9,75
	Total (A) (Sl. Nos. 1 to 6)	..	13,48,73	13,48,73	8,24,06	14,90,14
<i>(B) Companies partly owned by the State Government—</i>						
<i>(a) Pilot Project Companies—</i>						
<i>(Jointly owned by State Government and Private parties)</i>						
<i>Accounts for 1966-67</i>						
7.	Manorama Foundry Company Ltd.	30-3-1959	1,56	1,81	..	29
8.	Kaliuga Foundry Ltd.	26-3-1958	75	1,40(X)	2,60(Y)	2,60
<i>Accounts for 1965-66</i>						
9.	Orissa Timber Products	2-3-1960	1,30	1,44	..	3,92
10.	Modern Malleable Casting Co. Ltd.	2-9-1960	60	1,10	2,10(Y)	3,30
11.	Spark Battery Manufacturing Works Ltd.	17-3-1958	65	80	..	..
12.	Rourkela Fabrication Ltd.	28-3-1959	2,95	3,65	..	54
13.	Utkal Foundry and Engineering Company Ltd.	3-4-1959	2,34	2,69	..	..
14.	Utkal Metal Products Ltd.	24-2-1961	1,00	1,33	..	..
15.	Orissa Boat Builders Ltd.	18-3-1958	1,96	2,11	..	..
16.	Orissa Electrical Manufacturing Co., Ltd.	31-3-1958	3,54	3,74	..	..
17.	Utkal Fruit Product Ltd.	18-3-1958	14	20	..	..
<i>Accounts for 1964-65</i>						
18.	Orissa Tiles Ltd.	1-9-1959	1,89	3,00	..	2,35
19.	Orissa Board Mills Ltd.	4-4-1960	2,64	3,05	..	5,46
20.	Gajapati Steel Industries Ltd.	15-2-1960	2,23	2,50	..	45
21.	Orissa Foundry Company Ltd.	18-3-1958	56	1,06	1,69(Y)	1,69
22.	Balanga Iron Works Ltd.	27-3-1958	1,56	2,07	..	87

*Profit Rs. 107 only

A

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Government and (b) Companies partly owned by the State Government.

(Amount in thousands of rupees)

Free Reserve including balance of Profit and Loss Account at the end of the year	Total capital employed (Total of (Cols. 5 7 and 8)	Block assets (Net)	Total depreciation	Net Profit + Loss—	Interest on loans	Total return (Cols. 12 plus 13)	Percentage of return on capital employed
(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
4,32	19,89,29	14,08,79	47,23	—10,99	7,71	—3,28	..
5,71	69,68	56,79	22,46	+89	..	89	1.28
22,02	6,15,90	2,47,91	22,71	—13,69	3,69	—10,00	..
..	67,50	33,48	4,85	—1,19	..	—1,19	..
5	56,25	1,75	63	6	..	6	0.10
5.76	78,51	13,47	3,46	8,46	53	8,99	11.45
37,96	28,77,13	17,62,19	1,01,34	—16,46	11,93	—4,53	..
7	2,17	1,13	32	—61	..	—61	..
23	4,23	3,21	1,41	—2,65	Y	—2,65	..
3	5,39	1,85	26	21	31	52	9.65
..	4,40	3,66	..	—12	3	—9	(A)
3	83	34	16	21	..	21	25.30(Z)
33	4,52	2,71	1,49	43	35	78	17.25(Z)
1,67	4,36	2,61	84	52	..	52	11.93
4	1,37	30	7	..	..	..	..
11	2,22	92	28	1	..	1	0.45
37	4,11	2,58	67	—55	..	—55	..
..	20	12	..	..	..	..	(A)&(B)
..	5,35	7,57	..	—6	..	—6	(C)
..	8,51	6,10	44	—1,56	35	—1,21	..
..	2,95	1,54	32	2	4	6	2.03
3	2,78	95	18	—7	(Y)	—7	..
5	2,99	87	27	7	..	7	2.34

Sl. No.	Name of the company	Date of incorporation	Paid up capital		Loans	
			Government	Total	Government	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)
23.	Orissa Concrete Products Ltd.	.. 23-9-1959	1,20	1,50	..	35
24.	Jagannath Chemical and Pharmaceutical works Ltd.	12-2-1960	84	1,04	..	..
25.	Orissa Wood Products Ltd.	.. 10-12-1958	3,27	3,48	..	..
26.	Modern Electronics Ltd.	.. 22-3-1960	2,45	2,55	..	..
27.	Kalinga Steel and Wire Products Ltd.	.. 31-3-1959	1,13	1,35	..	..
28.	Orissa Agrico Ltd.	.. 16-3-1961	1,10	1,32	..	1,00
29.	Orissa Instruments Company Ltd.	.. 14-3-1961	1,05	1,20	..	4
30.	Eastern Aquatic Products Ltd.	.. 6-5-1959	50	58	..	..
<i>Accounts for 1964</i>						
31.	Premier Bolts and Nuts Ltd.	.. 4-8-1959	1,23	1,54	..	..
<i>Accounts for 1963-64</i>						
32.	Chilka Cashew Manufacturing Company Ltd.	28-3-1959	45	50	..	7
<i>Accounts for 1962-63</i>						
33.	Madhusudan Chemical Industries Ltd.	15-3-1958	60	60	..	..
34.	Orissa Turnk and Enamal Works Ltd.	.. 3-4-1959	1,34	1,45	..	..
<i>Accounts for 1962-63</i>						
35.	Orissa Sports Manufacturing and Fabricators Ltd.	2-7-1960	1,04	1,24	..	..
36.	Hansanath Ceramic Industries Ltd.	30-3-1959	38	43	..	..
<i>Accounts for 1961-62</i>						
37.	Manufacture Electro Ltd.	.. 24-9-1959	37	42	..	..
38.	Cuttack Iron and Steel Products Ltd.	15-3-1958	65	75	..	17
39.	Konark Processing Works Ltd.	.. 17-3-1958	70	85	..	..
Total (B) (a) (Sl. Nos. 7 to 39) ..			43,97	52,75	6,39	23,10
<i>(b) Companies jointly owned by the State Government/Central Government and Private Parties—</i>						
<i>Accounts for 1966-67</i>						
40.	Orissa Road Transport Company Ltd.	1-12-1950	23,36	30,00	..	..
Total (B) (b) (Sl. No. 40) ..			23,36	30,00	..	..
<i>(c) Others (Jointly owned by the State Government and Private Parties)—</i>						
<i>Accounts for 1965-66</i>						
41.	Orissa Small Industries Corporation Ltd.	20-12-1961	15,75	16,33	30,55	30,55
42.	Mayurbhanj Textile Ltd.	.. 1943	1,50	2,44	..	38
<i>Accounts for 1961</i>						
43.	Mayurbhanj Spinning and Weaving Mills Ltd.	1947	12,00	13,93	..	97
Total (B) (c) (Sl. Nos. 41 to 43) ..			29,25	32,70	30,55	31,90
Grand Total ..			14,45,31	14,64,18	8,61,00	15,45,44

(A) These companies have not gone into production so far (September, 1967).

(B) These companies have decided to go into voluntary liquidation.

(C) This company did not go into production in 1964-65, but has since gone into production.

(X) Excludes share of Rs. 0.30 lakh under transfer.

(Y) These represent conversion of Government shares into loan to the Companies. The terms of repayment of loan and rate of interest payable have not been settled.

(Z) Dividends declared by these companies during 1965-66.

A—concl.
(Amount in thousands of rupees)

Free Reserve including balance of Profit and Loss Account at the end of the year	Total capital employed (Total of Cols. 5 and 8)	Block assets (Net)	Total depreciation	Net Profit+ Loss—	Interest on loans	Total return (Cols. 12 plus 13)	Percentage of return on capital employed
(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
..	1,85	1,40	22	—28	..	—28	..
..	1,04	54	12	—23	..	—23	..
32	3,80	1,78	60	23	..	23	6.05
7	2,55	19	4	24	..	24	9.41
13	1,42	29	31	—25	..	—25	..
28	2,45	41	10	17	7	24	9.79
..	1,52	48	6	4	..	4	2.63
..	58	4	1	—10	..	—10	(B)
..	1,54	64	..	—5	..	—5	..
..	57	12	5	—11	..	—11	(B)
9	69	6	1	2	..	2	2.89(B)
..	1,45	2	..	2	..	2	1.38(B)
3	1,27	50	10	—3	..	—3	..
..	43	36	1	—5	..	—5	(B)
..	42	10	2	—8	..	—8	..
3	95	11	3	—40	1	—39	..
2	87	31	7	2	..	..	2.30(B)
3,93	79,78	43,81	8,46	—4,99	1,16	—3,83	..
59,23	89,23	67,87	60,06	31,37	..	31,37	35.16
59,23	89,23	67,87	60,06	31,37	..	31,37	..
36	47,24	9,25	2,07	—3,91	1,33	—2,58	..
13	2,95	60	1,01	—20	..	—20	..
..	14,90	11,76	14	..	..	..	(A) & (B)
49	65,09	21,61	3,22	—4,11	1,33	—2,78	..
1,01,61	31,11,23	18,95,48	1,73,08	5,81	14,42	20,23	..

(Referred to in paragraph 97,

Statement showing the summarised financial results of the working of available is given below :—

Serial No.	Name of the concern and name of the Administrative department	Government capital	Mean Governmt capital
(1)	(2)	(3)	(4)
1.	Government leather Industries-cum-Tannery, Titilagarh (1965-66) (Industries Department)	5,97	5,46
2.	Government Tannery, Boudh (1965-66) (Industries Department)	3,65	3,45
3.	Government Shoe Factory, Cuttack (1965-66) (Industries Department)	47	85
4.	Government Raniganj Pattern Tile Factory, Balasore (1965-66) (Industries Department)	1,41	1,52
5.	Production Centre for Development of Ceramic Industry, Cuttack (1966-67) (Industries Department)	3,49	3,60
6.	Government Tile Factory, Kendrapara (1965-66) (Industries Department)	1,28	1,25
7.	Government Tile Factory, Panikoli (1966-67) (Industries Department)	1,11	1,19

*Loss was Rs. 7 only.

B

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the undertakings as disclosed by the pro forma accounts for the latest year

(Amount in thousands of rupees)

Free Reserves	Block Assets (Net)	Depreciation	Profit(+) Loss(-)	Percentage of return on mean capital	Remarks
(5)	(6)	(7)	(8)	(9)	(10)
18	1,52	54	35	6.41	..
13	70	49	21	6.08	Based on revised accounts and subject to Audit.
14	27	28	23	26.63	..
3	57	40	-13	Loss	The department have decided in May, 1966 to close down the factory.
4	1,37	68	-12	Loss	The factory has been closed during August, 1965.
3	59	37	*	Loss	Based on the revised accounts. The factory has been closed during April, 1966.
4	53	41	-9	Loss	The department have decided in February, 1966 to close down this factory.

Serial No.	Name of the concern and name of the Administrative department	Government capital	Mean Government capital
(1)	(2)	(3)	(4)
8.	State Schemes of Government Trading (Grain Purchase Scheme) New Scheme (1963-64) (Supply Department)	3,03,39	2,93,45
9.	State Schemes of Government Trading (Grain Supply Scheme) Old Scheme (1962-63) (Supply Department)	2,00,36	1,99,90
10.	Schemes of Government Trading (Cloth and Yarn) (1963-64) (Supply Department)	11,52	11,52
11.	Cold Storage Plant, Cuttack (1964) (Agriculture Department)	13,42	11,87
12.	Scheme for Trading in Iron Ore through Paradeep Port (1961-62) (Commerce Department)	27,72	26,71
13.	State Transport Services (1962-63) (Transport Department)	1,24,93	85,01

B—concl.

(Amount in thousands of rupees)

Free reserves	Block Assets (Net)	Depreciation	Profit(+) Loss(-)	Percentage of return on mean capital	Remarks
(5)	(6)	(7)	(8)	(9)	(10)
2,11	..	..	-2,03	Loss	..
..	3	3	46	0.02	Inoperative with effect from 1st January, 1959.
..	..	..	6	0.49	Inoperative from 1954-55.
..	2,95	2,73	1,39	11.7	The capital (Col. 3) is arrived at by adding back the interest on capital shown as undischarged liabilities in the balance sheet.
..	25	16	71	2.7	..
37,38	1,01,54	75,25	30,91	36.36	..

CHAPTER VIII

FINANCIAL ASSISTANCE TO ORISSA KHADI AND VILLAGE
INDUSTRIES BOARD, CO-OPERATIVE INSTITUTIONS,
LOCAL BODIES AND OTHERS

INDUSTRIES DEPARTMENT

108. *Orissa Khadi and Village Industries Board*—The Orissa Khadi and Village Industries Board is a statutory body constituted under the Orissa Khadi and Village Industries Board Act, 1955; the Board started functioning from June, 1956.

(1) *Financial Assistance received by the Board*—The Khadi and Village Industries Commission provides financial assistance by way of grants and loans for implementation of schemes under various industries sponsored by the Commission and the State Government provides financial assistance in the form of grants to meet the establishment expenditure of the Board. The amounts of grants and loans received by the Board during and to end of 1965-66 are indicated below:—

	During 1965-66		To end of 1965-66	
	Grants	Loans	Grants	Loans
	(In lakhs of rupees)			
From the Khadi and Village Industries Commission	14.95	46.53	127.06*	266.27*
From the Government of Orissa	6.72	..	59.77	..
Total	21.67	46.53	186.83	266.27

Of the funds received from the Commission unspent balances of grants amounting to Rs. 13.07 lakhs and loans amounting to Rs. 42.18 lakhs were refunded to end of 1965-66.

(2) *Arrears in repayment of loans to the Commission*—According to the information furnished by the Board, the total amount of instalments of loans due to be repaid to the Commission up to 31st March, 1966 remaining unpaid by 31st March, 1967 was Rs. 75.44 lakhs; the yearwise breakup has not been furnished by the Board.

(3) *Outstanding Utilisation Certificates*—In respect of grants and loans received from the Commission, the Board has to furnish utilisation certificates to the Commission within a year from the date of receipt. According to the information furnished by the Board, as at the end of July, 1967, utilisation certificates were not furnished to the Commission for grants amounting to Rs. 31.32 lakhs and loans of Rs. 52.71 lakhs. These represented more than 25 per cent of grants and loans received up to 1965-66 (excluding amounts refunded). The yearwise details have not been worked out by the Board.

* These figures have been intimated by the Board after reconciliation of discrepancies in the previous years' figures.

(4) *Khadi Industry*—(a) The statement of accounts of the Khadi Industry as on 31st March, 1966 prepared by the Board disclosed a net loss of Rs. 8.30 lakhs during the period from June, 1956 to March, 1966. The loss was mainly due to poor turnover on account of sales not keeping pace with production and resultant accumulation of stocks of Khadi valued at Rs. 22.90 lakhs; the value of closing stock by the end of March, 1967 was Rs. 29.09 lakhs. The loss was, moreover, understated by Rs. 1.90 lakhs in the statement of accounts as claims to that extent were shown as recoverable from the Khadi and Village Industries Commission which have not been accepted by them.

A substantial portion of the working capital is locked up in the shape of closing stock of Khadi, Cotton and Yarn valued at Rs. 35.23 lakhs; this includes substandard and damaged Khadi worth Rs. 2.65 lakhs. The Board decided in July, 1967 to sell these stocks at a reduced value of Rs. 1.54 lakhs resulting in a further loss of Rs. 1.11 lakhs.

(b) Out of total shortages of Rs. 3.73 lakhs reflected in the Board's balance sheet for the year 1965-66, a sum of Rs. 0.05 lakh has been recovered and shortage to the extent of Rs. 0.26 lakh has been found to be irrecoverable. Shortage of the balance amount of Rs. 3.42 lakhs is yet to be regularised (August, 1967).

(5) *Departmental production units*—The following points have been noticed in Audit in the working of some of the departmental production units set up by the Board at Udyogapuri (Bhubaneswar).

(i) *Oil Production Unit*—During 1964-65 and 1965-66, the unit produced 249 quintals and 237 quintals of oil respectively as against an annual target of 481 quintals as per the pattern of assistance formulated by the Commission. The shortfall was attributed to low extraction of oil due to implements not giving affective service and some of the ghanies remaining idle for some part of the year on account of non-availability of oil seeds. The unit sustained a net loss of Rs. 23,187 from 1959-60 to end of March, 1966. Heavy recurring expenditure on the maintenance of live-stock was stated by the Board to be one of the reasons for this loss.

(ii) *Soap Production Unit*—According to the target fixed by the Commission, the unit which started functioning in 1961-62 is to produce soap worth Rs. 31,500 per year. During 1964-65 and 1965-66 the unit could, however, produce soap worth Rs. 5,455 and Rs. 6,428 respectively. The difficulty in getting raw materials such as silicate and oil was stated by the Board to be the main reason for low production. The unit sustained a net loss of Rs. 13,662 from 1961-62 to end of March, 1966. The loss was attributed by the Board to low production.

(iii) *Hand made Paper Unit*—Machinery worth Rs. 34,126 was purchased by the Board during 1961-62 (Rs. 17,534), 1965-66 (Rs. 4,913) and 1966-67 (Rs. 11,679) for establishment of hand made paper unit at Udyogapuri. An expenditure of Rs. 4,661 was also incurred up to March, 1967 on purchase of bricks and transport of machinery, etc. The Board, however, decided in March, 1967 not to go ahead with the scheme on account of water scarcity. The machinery is yet to be disposed of (August, 1967).

(6) *Arts and Crafts Centre, Puri*—The Centre functioned under the Board from 1956-57 to end of February, 1966 after which it was transferred to the Orissa Co-operative Handicrafts Corporation.

The Board had invested a sum of Rs. 1.30 lakhs as working capital up to February, 1966. The Centre sustained a net loss of Rs. 0.21 lakh during the period from 1956-57 to end of February, 1966. The following further points were noticed:—

- (i) Goods produced at a cost of Rs. 1.42 lakhs were transferred to the Corporation for Rs. 1.24 lakhs resulting in a loss of Rs. 0.18 lakh to the Board; the cost is yet to be realised (August, 1967);
- (ii) a sum of Rs. 0.21 lakh in respect of Sundry Debtors is still pending recovery (August, 1967);
- (iii) a sum of Rs. 0.16 lakh short recovered from customers on account of sales tax during the period from 1959-60 to 1965-66 was stated by the Board (August, 1967) as irrecoverable; the tax has already been paid to the Sales Tax Authorities; and
- (iv) an amount of Rs. 0.26 lakh representing shortage of stock, excess payments, etc., recoverable from some of the employees of the Centre is still pending recovery (August, 1967). Of this, a sum of Rs. 0.22 lakh relates to the period up to March, 1963.

109. *Financial assistance to Co-operative Institutions*—An amount of Rs. 82.36 lakhs was paid as financial assistance during 1966-67 to Co-operative institutions in the shape of grants-in-aid and subsidies (Rs. 32.22 lakhs) and loans (Rs. 50.14 lakhs).

Some points in respect of Co-operative institutions are mentioned in paragraphs 102 to 107, pages 97 to 101.

CO-OPERATION AND FORESTRY DEPARTMENT

110. *Scheme for Co-operative Farming Societies*—With a view to increasing and improving agricultural output and the living standards of farmers, a co-operative scheme was taken up by Government in 1961-62 after some preliminary work. To the end of March, 1967, Government organised 105 societies and spent an amount of Rs. 12.13 lakhs on the execution of the scheme as detailed below:—

	(Rupees in lakhs)
(i) Share capital contribution	2.10
(ii) Subsidies on account of staff and construction of godown-cum-cattle shed	2.32
(iii) Working capital loan (Balance outstanding on 31st March, 1967)	7.71

By the end of 1966-67, 9 of the 105 societies had been liquidated; the share capital contribution made by Government to 6 of these societies amounting to Rs. 0.11 lakh could not be recovered from them before liquidation and remains to be regularised (June, 1967). 19 more, which received a total assistance of Rs. 2.19 lakhs (share capital: Rs. 0.36 lakh, loan: Rs. 1.39 lakhs and subsidies: Rs. 0.44 lakh) were not in working condition; of these, 9 have either submitted or decided to submit proposals for liquidation, in 9 other cases, either no land has been pooled or no cultivation started and in one case the members were not willing to continue the society.

Test check of the records of 49 societies in three circles out of 77 societies which are functioning indicated that the accounts of 39 of these were audited by the Co-operative Department for periods ranging from one to five years. 32 of these 39 societies incurred losses aggregating Rs. 1.05 lakhs and 7 societies earned profit totalling Rs. 0.09 lakh. The losses were mainly attributed in the Co-operative department's audit reports to lack of interest; mismanagement and delay in starting cultivation.

(i) Loans and subsidies amounting to Rs. 2.55 lakhs were granted to 51 societies during the year 1962-63 to 1966-67 for construction of godown-cum-cattle sheds; 50 of these societies have not commenced construction of the sheds so far (June, 1967).

(ii) 91 out of 95 societies, with whom the working capital loans were outstanding by the end of 1966-67, have not executed the loan bonds so far (June, 1967); of the bonds furnished by the remaining 4 societies, two were not registered and did not contain a list of assets of the societies which could be treated as security for the loan. There were defaults in repayment of instalments of loan and interest by all the 95 societies amounting to Rs. 1.75 lakhs (principal Rs. 0.94 lakh and interest: Rs. 0.81 lakh) by the end of June, 1967 in respect of the overdue loans and interest as on 31st March, 1967; the outstandings include Rs. 0.41 lakh due from 18 societies which are not in working condition.

(iii) A sum of Rs. 0.10 lakh due from a Co-operative Joint Farming Society towards a portion of the cost of reclamation of 250 acres of reclaimed land leased out in its favour in July, 1958 has not been recovered so far (June, 1967); the society has been liquidated in September, 1964.

(iv) Loans amounting to Rs. 1.67 lakhs advanced to 5 societies during the period from 1956-57 to 1958-59 when the scheme was in experimental stage await recovery (June, 1967).

The matter was reported to Government in September, 1967; their comments are awaited (February, 1968).

111. *Labour Contract Co-operative Societies*—A scheme for promotion and development of Labour Contract Co-operative Societies was taken up by Government during 1962-63, 9 District Level Unions and 285 Primary Societies were organised during the period from 1962-63 to 1966-67, entailing an expenditure of Rs. 16.75 lakhs as detailed below:—

	(Rupees in lakhs)
(i) Share capital contribution ..	5.40
(ii) Subsidies for managerial expenses and technical assistance ..	4.68
(iii) Working capital loan ..	6.67

Out of 285 primary societies organised, two societies with a total share capital of Rs. 4,000 and subsidy of Rs. 2,400 contributed by Government were liquidated; the recovery of the share capital contribution made by Government or regularisation thereof has not been done so far (October, 1967). 120 more societies ceased functioning by the end of 1966-67 and await liquidation (October, 1967); the total financial aid provided by Government to these societies include share capital contribution: Rs. 2.29 lakhs, subsidies: Rs. 1.71 lakhs and working capital loans Rs. 0.50 lakh. Two of these societies have not refunded advances, amounting to Rs. 0.74 lakh obtained by them from the various Engineering departments of Government for execution of works.

Working capital loan amounting to Rs. 6.67 lakhs was provided by Government to 5 Unions and 10 Primary Societies, to the end of 1966-67; there were defaults in repayment of loans by 10 Primary Societies and 2 Unions amounting to Rs. 1.41 lakhs (Principal: Rs. 0.95 lakh and interest: Rs. 0.46 lakh) by the end of August, 1967 in respect of the instalments which have fallen due up to March, 1967.

The matter was reported to Government in October, 1967; their comments are awaited (February, 1968).

112. *Grants to Local Bodies*—(1) An amount of Rs. 9,81.92 lakhs was paid as grants-in-aid during 1966-67 to Local Bodies, Panchayat Samitis, etc., as shown below:—

	(In lakhs of rupees)
Zilla Parishads	.. 35.41
Panchayat Samitis	.. 9,14.80
Grama Panchayats	.. 17.47
Municipalities and Notified Area Committees	14.24

The following are some of the important points reported during 1966-67 and 1967-68 by the Examiner, Local Fund Accounts, who audits the accounts of Local Bodies.

(a) *Local Bodies*—(i) Out of the total amount of Rs. 1,08.04 lakhs (Rs. 64.77 lakhs as Government grant received during 1965-66 and Rs. 43.27 lakhs as previous year's unspent balance) available for expenditure, only a sum of Rs. 48.82 lakhs could be spent during the year leaving a balance of Rs. 59.22 lakhs.

(ii) 21 Local Bodies diverted the unspent balances for purposes other than those they had been sanctioned; the total amount of grants so diverted to end of 1965-66 amounted to Rs. 8.41 lakhs.

(iii) An amount of Rs. 36.11 lakhs towards instalments of principal (Rs. 32.18 lakhs) and interest (Rs. 3.93 lakhs) out of the loans advanced to the Local Bodies was outstanding for recovery by March, 1966.

(iv) Utilisation of unspent balances of grants received in earlier years without obtaining Government sanction.

(b) *Panchayat Samitis and Zilla Parishads*—(i) 225 Panchayat Samitis and 8 Zilla Parishads diverted the unspent amounts of grants for purposes other than those for which the grants had been sanctioned. The total amount of grant so diverted to end of 1965-66 amounted to Rs. 29.92 lakhs.

(ii) Heavy cash balances (amounting to Rs. 10,000 or more in each case) totalling in all Rs. 20.29 lakhs were held by 96 institutions on 31st March, 1966.

(iii) 66 cases of thefts, misappropriation and losses of cash involving a total amount of Rs. 0.35 lakh were noticed during 1965-66.

(iv) Overpayments and infructuous expenditure involving a total amount of Rs. 8.92 lakhs were noticed in 301 institutions during 1965-66.

(v) Irregular expenditure to the extent of Rs. 4,37.53 lakhs was suggested for regularisation through *ex post facto* sanction but expenditure amounting to Rs. 26.46 lakhs has only been regularised by March, 1966.

(vi) Advances paid for execution of works and for miscellaneous purposes amounting to Rs. 6,42.63 lakhs were outstanding against Samiti staff for recovery/rendition of account as on 31st March, 1966.

(vii) An amount of Rs. 65.64 lakhs towards instalments of principal (Rs. 48.16 lakhs) and interest (Rs. 17.48 lakhs), out of the loans advanced to various institutions and parties, was outstanding for recovery by March, 1966.

(viii) Grants given by Government are placed at the credit of Panchayat Samitis in their deposit accounts opened in the Treasuries. These grants are to be spent within a year from the date of issue of sanction.

The table below indicates that large balances were left unspent out of these grants—

	(Rupees in lakhs)
Balances on 1st April, 1965	.. 6,04.86
Grants received during the year	.. 13,40.19
Withdrawals made from the deposit account during the same period	13,17.89
Balance on 31st March, 1966	.. 6,27.16

(2) On a test check by Audit of the accounts of Panchayat Samitis and Zilla Parishads during 1966-67, the following points were noticed :—

(i) Mention was made in paragraph 106(4) of the Audit Report, 1967 about some works left incomplete at various stages of construction. In 64 other Panchayat Samitis 3,219 works (buildings, roads, wells, etc.) were also left incomplete at various stages of construction during 1955-56 to 1965-66. The expenditure incurred on 3,111 of these works was Rs. 36.07 lakhs which included advances of Rs. 17.93 lakhs; the expenditure incurred and advances outstanding on the remaining 108 works have not been indicated by the department (October, 1967).

(ii) For the purpose of imparting training to non-official functionaries of Panchayati Raj of the district (Mayurbhanj) training centres started functioning from 1964-65. An expenditure of Rs. 1.37 lakhs (out of grants given to Zilla Parishad from 1962-63 to 1965-66) towards construction of buildings, purchase of furniture, equipments, etc., was incurred (May, 1966). The centres had to be closed down from 1st June, 1966 by Government as the "desired response from the non-official members" was not obtained. Building, furniture and equipment of the total value of Rs. 1.11 lakhs are lying unused since June, 1966. Utilisation certificates for grants amounting to Rs. 1.27 lakhs have not been furnished by the grantee (October, 1967).

(3) A test audit of sanctions to grants-in-aid conducted during 1966-67 in the offices of the sanctioning authorities revealed the following points:—

(i) According to Government instructions issued in May, 1963 grants-in-aid for the subsequent year were not to be sanctioned unless utilisation certificates for the preceding years grants are furnished by the grantees. But grants-in-aid amounting to Rs. 4,60.61 lakhs and Rs. 4,53.71 lakhs were disbursed to the Panchayati Raj bodies during 1964-65 and 1965-66 respectively although utilisation certificates in respect of the bulk of the grants disbursed during the earlier years were not furnished by the grantees (January, 1967).

(ii) According to financial rules of Government the authority sanctioning grants-in-aid for creation of capital asset should maintain a register of block assets created out of such grants; such a register was not maintained by the sanctioning authority.

(iii) Grants-in-aid to Panchayat Samitis for implementation of Community Development Programme were paid quarterly. The rules provide that the last quarterly instalment of the grant should be released based on the expenditure during the first six months and the anticipated expenditure during the remaining period of the year. During 1964-65, even though the balance at the beginning of the year in 5 Panchayat Samitis was Rs. 11.11 lakhs and the expenditure incurred during the first nine months of the year was Rs. 1.31 lakhs, grants amounting to Rs. 6.18 lakhs were released to these Samitis during that year. In respect of 3 other Panchayat Samitis, grants-in-aid amounting to Rs. 6.02 lakhs sanctioned during 1964-65 was revised to Rs. 9.03 lakhs only in the last quarter of January, 1965 and the entire amount was drawn by the Panchayat Samitis during 1964-65; expenditure incurred by one of these Samitis up to June, 1964 and 2 Samitis up to December, 1964 amounted to Rs. 1.07 lakhs.

113. *Grants to other institutions*—An amount of Rs. 4,55.09 lakhs was paid as grants to other bodies, institutions, etc., during 1966-67.

Audit of sanctions to grants conducted in offices sanctioning the grants and the test check of the accounts of some recipient bodies indicated the following points:—

Name of the grantee/ purpose of grant	Amount and year of sanction (Rupees in lakhs)	Remarks
---------------------------------------	--	---------

URBAN DEVELOPMENT DEPARTMENT

- | | | |
|---|-------------------|---|
| 1. Cuttack Municipality for improvement of roads. | 2.00
(1966-67) | The grants was sanctioned without obtaining the audited statements of expenditure for the previous years. |
|---|-------------------|---|

DEPARTMENT OF CULTURAL AFFAIRS

- | | | |
|---|-------------------|---|
| 2. Orissa Sahitya Academy, Bhubaneswar for editing and publishing books of eminent men in the field of Oriya and Sanskrit literature. | 0.40
(1964-65) | Out of the grant, Rs. 3,980 could be spent during 1966-67 and the balance is still lying unutilised (June, 1967). |
|---|-------------------|---|

EDUCATION DEPARTMENT

- | | | |
|---|-------------------|---|
| 3. Three aided Colleges, viz., (a) Nirakarpur Science College.
(b) Rairangpur College ..
(c) Banki College ..
to meet their net deficit and loss of fees income of Science and Art Sections. | 1.40
(1966-67) | Against the admissible grant of Rs. 1.24 lakhs, a sum of Rs. 1.40 lakhs was paid during 1966-67 resulting in an excess payment of Rs. 0.16 lakh. The excess payment of Rs. 0.16 lakh has not been recovered so far (October, 1967). |
|---|-------------------|---|

114. *Utilisation of amounts of subsidy sanctioned by Government*—Government paid an amount of Rs. 0.66 lakh during 1965-66 as subsidy for reimbursing the interest charges to be paid by Industrial Co-operatives (Panchayat Samiti Industries). The amounts were released through the Orissa State Financial Corporation. The Corporation retained an amount of Rs. 0.33 lakh therefrom and adjusted it towards repayment of principal amounts or as advance deposit towards interest.

CHAPTER IX

OUTSTANDING AUDIT OBJECTIONS AND INSPECTION
REPORTS

115. *Outstanding Audit Objections*—The number of objections pertaining to the period up to March, 1967 pending settlement on 31st December, 1967 was 1,24,326 involving a total amount of Rs. 51.24 crores as indicated below:—

Year		Number of objections	Amount (In crores of rupees)
1962-63 and earlier years	..	93,323	21.87
1963-64	..	5,843	2.71
1964-65	..	6,398	4.39
1965-66	..	8,026	7.72
1966-67	..	10,736	14.55

It will be seen that 1,05,564 objections involving Rs. 28.97 crores were over two years old.

The table below compares the position of outstanding audit objections during the last three years :—

	Number of items and amounts shown as outstanding in the Audit Reports,		
	1966	1967	1968
Number of items outstanding	1,56,850	1,38,189	1,24,326
Amount involved (In crores of rupees)	51.77	46.22	51.24

In addition, 169 objections involving Rs. 5.38 crores relating to Hirakud Dam Project raised by the Financial Adviser and Chief Accounts Officer up to 31st March, 1967 were awaiting settlement on 31st December, 1967.

A departmentwise analysis showing the nature of objections and the amount is indicated in Appendix X at page 136.

About 51 per cent (Rs. 25,95.12 lakhs) of the total amount of outstanding objections, was for want of detailed contingent bills. The rules require that detailed contingent bills should be submitted to Audit within three months in respect of expenditure on works and one month in all other cases. In the absence of detailed contingent bills, the expenditure escapes audit scrutiny and there is a risk of irregularities remaining undetected for unduly long periods. Detailed contingent bills for Rs. 18.03 crores in respect of 60,430 items were awaited for over 2 years.

Some of the departments with large outstandings in respect of detailed contingent bills are indicated below:—

Department	Amount (In crores of rupees)
Revenue and Excise ..	7.83
Agriculture ..	6.11
Tribal and Rural Welfare ..	3.85
Community Development and Panchayati Raj	3.43

The outstandings against the Community Development and Panchayati Raj Department include detailed contingent bills to the extent of Rs. 1.76 crores yet to be submitted by the Block Development Officers in respect of drawals relating to the period prior to the formation of Panchayat Samitis.

The objections regarding non-submission of vouchers and sub-vouchers, etc., also require special attention as in these cases payees' receipts, vouchers, etc., have not been furnished to Audit. Vouchers and sub-vouchers for a total amount of Rs. 11.63 crores are awaited, until the vouchers and sub-vouchers are furnished, the purpose for which the money was withdrawn from the treasury cannot be ascertained and the expenditure cannot be audited.

116. *Outstanding Inspection Reports*—Important irregularities and defects in accounts noticed during local audit and inspections are included in Inspection Reports which are sent to the departmental officers for necessary action. At the end of December, 1967, as many as 3,307 Inspection Reports containing 16,353 paras (some dating back to 1951-52) were not settled for more than one year. These include 1,442 reports containing 6,557 paragraphs which are outstanding for more than three years.

The number of outstanding Inspection Reports and paragraphs are on the increase as shown below :—

	Shown in Audit Report,	
	1967	1968
Number of Inspection Reports outstanding	2,489	3,307
Number of paragraphs in these Reports	14,248	16,353

A departmentwise analysis of the Reports outstanding for more than one year is given in Appendix XI, page 137, the outstandings are particularly heavy in respect of Community Development and Panchayati Raj, Revenue and Excise, Agriculture and Works and Transport Departments.

The common types of irregularities noticed during the three years ending March, 1967 are shown in Appendix XII, page 138.

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Accountant General, Orissa

BHUBANESWAR,

The 7 JUN 1968

Countersigned

S. Ranganathan

(S. RANGANATHAN)
Comptroller and Auditor General of India

NEW DELHI,

The

JUN 1968

APPENDIX I

[Referred to in paragraph 16 (c), page 16]

Statement showing the position of overdrafts from the Reserve Bank of India during 1966-67

Period during which overdrafts occurred	Maximum amount of overdrawals on a single day (date)	Remarks
1. 1st to 20th April, 1966	Rs. 12.21 crores (4th April, 1966)	The overdraft of Rs. 0.32 crore at the end of the day 21st April, 1966 was wiped out on that date on receipt of a Ways and Means Advance for Plan Schemes of Rs. 2.34 crores from the Government of India.
2. 26th April, 1966	Rs. 0.47 crore	
3. 29th April to 2nd May, 1966	Rs. 0.14 crore (30th April to 2nd May, 1966)	The overdraft of Rs. 0.14 crore on the 3rd May, 1966 was wiped out on that date on receipt of a Ways and Means Advance of Rs. 1 crore from the Government of India.
d. 7th May to 28th June, 1966	Rs. 4.87 crores (21st and 22nd May, 1966)	On 23rd May, 10th June and 16th June, 1966, the State Government received three Ways and Means Advances totalling Rs. 6.18 crores from the Government of India. The overdraft of Rs. 2.98 crores on 29th June, 1966 was wiped out on that date on receipt of a further Ways and Means Advance of Rs. 3.15 crores from the Government of India specifically for clearing the overdrafts with the Bank.
5. 1st to 3rd July, 1966	Rs. 0.20 crore (2nd and 3rd July, 1966)	..
6. 5th to 20th July, 1966	Rs. 10.92 crores (11th July, 1966)	On 12th July, 1966, the State Government received a Ways and Means Advance of Rs. 2.34 crores for Plan Schemes from the Government of India. The overdraft of Rs. 1.41 crores at the end of 20th July, 1966 was wiped out on the next day. Two further Ways and Means Advances totalling Rs. 4.56 crores were received by the State Government on 2nd August and 15th September, 1966 for Plan Schemes from the Government of India.
7. 17th to 19th September, 1966	Rs. 1.60 crores (19th September, 1966)	On 1st October, 1966 the State Government received a Ways and Means Advance of Rs. 2.32 crores for Plan Schemes from the Government of India.
8. 22nd October, 1966 to 30th March, 1967	Rs. 15.03 crores (25th and 26th March, 1967)	Four Ways and Means Advances for Plan Schemes aggregating Rs. 9.28 crores were received from the Government of India on 7th November and 12th December, 1966 and 7th January and 6th February, 1967. On 31st March, 1967, Government of India paid an <i>ad hoc</i> loan of Rs. 9.55 crores to the Government of Orissa for clearing overdrafts with the Bank and grants-in-aid of Rs. 1.50 crores towards expenditure on relief measures undertaken by the State Government on account of drought; the assistance thus converted the shortfall of Rs. 10.44 crores on 30th March, 1967 to a credit balance of Rs. 5.34 lakhs on 31st March, 1967; the shortfall against the minimum balance required to be kept on that date was Rs. 24.66 lakhs.

APPENDIX II

(Referred to in paragraphs 21 and 23, pages 20 and 25)

Statement showing savings under voted grants/appropriations

Sl. No.	Number and name of grant	Original grant	Supplementary grant and the month in which obtained	Total grant	Expenditure	Excess + Saving -	Amount surrendered	Percentage of saving
1	2	3	4	5	6	7	8	9
(In lakhs of rupees)								
I—Cases where savings amounted to 20 per cent or more of the total grant—								
Voted—								
1.	7—Cultural Affairs ..	13.64	1.52 October, 1966 (1.13) March, 1967 (0.39)	15.16	9.94	—5.22	5.07	34.43
2.	17—Expenditure relating to the Industries Department.	2,38.77	13.32 October, 1966 (11.00) March, 1967 (2.32)	2,52.09	1,91.07	—61.02	49.18	24.21
3.	20—Labour, Emigration and Employment Organisation	38.96	..	38.96	29.03	—9.93	9.46	25.49
4.	28—Electricity Schemes	2,69.00	..	2,69.00	1,76.98	—92.02	90.66	34.21
5.	32—Fisheries ..	98.77	..	98.77	54.91	—43.86	47.73	44.41
6.	34—Contribution to Local Bodies	1,12.57	27.01 October, 1966 (22.01) March, 1967 (5.00)	1,39.58	1,08.00	—31.58	30.73	22.62
7.	35—Animal Husbandry	2,19.09	..	2,19.09	1,67.35	—51.74	44.98	23.62
8.	36—Public Relations ..	40.63	0.74 October, 1966 (0.50) March, 1967 (0.24)	41.37	31.66	—9.71	11.68	23.47
9.	37—Agriculture ..	6,61.31	35.34 October, 1966 (35.34) March, 1967 (*)	6,96.65	4,03.50	—2,93.15	2,15.62	42.08
10.	44—Agricultural Improvement and Research	2,35.06	47.00 October, 1966 (47.00) March, 1967 (*)	2,82.06	2,00.50	—81.56	79.74	28.91
11.	46—Road and Water Transport Schemes	42.00	..	42.00	31.27	—10.73	10.23	25.55
12.	49—Hirakud Dam Project	33.00	..	33.00	4.31	—28.69	27.55	86.94
13.	50—Capital Outlay on Ports	96.50	1,56.50 October, 1966	2,53.00	1,42.66	—1,10.34	1,05.78	43.62
14.	51—Capital expenditure relating to Labour Department	5.00	..	5.00	2.36	—2.64	2.64	52.80
15.	53—Capital expenditure relating to Home Department	2.00	..	2.00	1.46	—0.54	0.39	27.00
16.	54—Capital outlay on Forests	3,81.90	..	3,81.90	2,98.93	—82.97	1.09	21.73
17.	55—Share capital contribution to Co-operative Organisations	84.23	1.02 March, 1967	85.25	61.55	—23.70	3.27	27.80
18.	58—Capital expenditure relating to Grama Panchayat Department	1.00	..	1.00	0.33	—0.67	0.61	67.00

* Represents token grant of Rs. 100

APPENDIX II—contd.

Sl. No.	Number and name of grant	Original grant	Supplementary grant and the month in which obtained	Total grant	Expenditure	Excess Saving	Amount surrendered	Per cent saving
1	2	3	4	5	6	7	8	9
(In lakhs of rupees)								
<i>II—Cases where the savings exceeded 10 per cent but within 20 per cent of the total grant—</i>								
19.	1—Elections and other expenditure relating to the Home Department	72.12	*	72.12	64.02	—8.10	6.99	11.23
20.	6—Expenditure relating to the Political and Services Department	47.47	4.00 March, 1967	51.47	43.70	—7.77	7.23	15.10
21.	13—Land Revenue	4,42.29	**	4,42.29	3,82.99	—59.30	42.91	13.41
22.	21—Tribal and Rural Welfare Department	3,23.04	1.84 October, 1966	3,24.88	2,68.39	—56.49	41.54	17.39
23.	23—Public Health	2,64.79	16.74 October, 1966	2,81.53	2,38.43	—43.10	35.03	15.31
24.	31—Forest	2,38.69	4.30 October, 1966(0.30) March, 1967(4.00)	2,42.99	2,05.89	—37.10	32.10	15.27
25.	33—Co-operation and Marketing	1,05.78	1.02 October, 1966 (0.82) March, 1967 (0.20)	1,06.80	92.04	—14.76	13.00	13.82
26.	39—Ports	2.17	1.72 March, 1967	3.89	3.39	—0.50	..	12.85
27.	41—Loans to Local Funds, Government servants, etc	7,49.29	8,25.82 October, 1966 (5,69.52) March, 1967 (2,56.30)	15,75.11	13,24.98	—2,50.13	1,76.71	15.88
28.	42—Compensation for abolition of Zamindari System and other expenditure relating to the Revenue Department	51.00	..	51.00	40.91	—10.09	11.01	19.78
29.	47—Capital expenditure relating to Public Health and Health (L. S. G.) Department	60.00	5.00 October, 1966	65.00	53.66	—11.34	10.49	17.45
<i>III—Cases where the saving was below 10 per cent of the total grant—</i>								
30.	2—Jails	58.62	..	58.62	57.72	—0.90	0.63	1.54
31.	3—Police	5,92.17	*	5,92.17	5,69.17	—23.00	12.08	3.85
32.	4—Expenditure relating to the Planning and Co-ordination Department	2,66.68	89.20 October, 1966	3,55.88	3,48.60	—7.28	17.46	2.05
33.	9—Ministers, Civil Secretariat and other expenditure relating to Finance Department	1,33.04	8.21 October, 1966 (0.43) March, 1967 (7.78)	1,41.25	1,36.87	—4.38	0.97	3.10
34.	11—Expenditure relating to the Education Department	11,52.39	1,77.97 October, 1966 (1,77.22) March, 1967 (0.75)	13,30.36	12,13.80	—1,16.56	19.81	8.76
35.	12—Taxation	48.49	2.13 March, 1967	50.62	49.72	—0.90	..	1.78
36.	15—Registration	10.69	0.29 October, 1966	10.98	10.80	—0.18	0.09	1.64

* Represents token grant of Rs. 100.

** Represents token grant of Rs. 200.

APPENDIX II—*concl'd.*

Sl. No.	Number and name of grant	Original grant	Supplementary grant and the month in which obtained	Total grant	Expenditure	Excess + Saving —	Amount surrendered	Percentage of saving
1	2	3	4	5	6	7	8	9
(In lakhs of rupees)								
37.	16—District Administration and other expenditure relating to the Revenue Department	3,81.27	4,16.48 October, 1966 (2,70.83) March, 1967 (1,45.65)	7,97.75	7,48.88	—48.87	44.02	6.13
38.	18—Civil and Sessions Court and other expenditure relating to the Law Department	39.85	3.45 October, 1966 (0.74) March, 1967 (2.71)	43.30	43.20	—0.10	..	0.23
39.	19—Stationery and other expenditure relating to the Commerce Department	87.54	13.03 October, 1966	1,00.57	96.81	—3.76	0.10	3.74
40.	22—Medical and other expenditure relating to the Health Department	3,30.13	6.43 October, 1966	3,36.56	3,20.30	—16.26	4.91	4.84
41.	24—Irrigation	12,13.51	27.01 October, 1966 (13.19) March, 1967 (13.82)	12,40.52	11,32.47	—1,08.05	42.07	8.71
42.	25—Public Works	15,76.13	3,65.69 October, 1966 (68.67) March, 1967 (2,97.02)	19,41.82	18,90.13	—51.69	1,13.34	2.66
43.	26—State Legislature	12.40	..	12.40	11.95	—0.45	0.42	3.63
44.	29—Taxes on Vehicle	9.57	0.21 March, 1967	9.78	9.42	—0.36	0.14	3.68
45.	30—Transport Schemes	2,06.91	13.47 March, 1967	2,20.38	2,05.29	—15.09	12.80	6.85
46.	38—Supply Department	47.63	3.59 October, 1966	51.22	48.88	—2.34	2.61	4.57
47.	43—Capital Outlay on Industrial Development	3,01.27	5.84 October, 1966	3,07.11	2,99.10	—8.01	6.23	2.61
48.	60—Capital Outlay on Public Works	6,85.53	1,41.04 October, 1966 (46.04) March, 1967 (95.00)	8,26.57	7,55.05	—71.52	74.89	8.65
<i>Charged—</i>								
49.	Interest on Debt and other obligations	14,18.09	1,09.69 October, 1966 (2.34) March, 1967 (1,07.35)	15,27.78	14,83.51	—44.27	2.93	2.89
50.	Floating Debt (Repayment)	3,50.00	8,97.00 October, 1966 (3,00.00) March, 1967 (5,97.00)	12,47.00	8,47.00	—4,00.00	3,00.00	32.08

APPENDIX III

(Referred to in paragraph 24, page 31)

Statement showing details of schemes relating to famine relief under which provision remained unutilised

Grant number and particulars of relief measure	Provision		Actual Expenditure	Saving
	Original	Supplementary		
(In lakhs of rupees)				
5—Community Development Projects, etc.—				
Cost of food articles obtained from CARE to meet drought situation in the State and to start feeding programme by millo and wheat, etc., to the drought stricken people		21.80	17.75	4.05
11—Expenditure relating to Education Department—				
Free distribution of Nationalised Text Books to children of Primary School teachers		4.50		
Remission of College fees in aided Colleges and tuition fees in Government and non-Government aided Secondary Schools		10.20	8.49	18.21
Meeting full deficit of aided High Schools and M. E. Schools		12.00		
16—District Administration and other expenditure relating to the Revenue Department—				
Salaries and Establishment for effective administration of Relief operations	5.49	26.98	28.55	3.92

APPENDIX III—concl.

Grant number and particulars of relief measure	Provision		Actual Expenditure	Saving.
	Original	Supplementary		
(In lakhs of rupees)				
Relief Work—Test Relief for providing labour to able bodied persons.	1,00.00	1,89.86	2,85.30	4.56
Gratuitous Relief ..	21.00	..	..	21.00
Relief on Natural Calamities—				
Concessional supply of food.	25.00	95.00	1,13.16	6.84
Provision of transportation of relief articles.	5.50	2.76	5.67	2.59
Supply of drinking water by construction of surface wells and tube wells.	50.00	16.14	61.62	4.52
Constructing small earthen for diverting water for irrigation purposes.	..	13.81	12.00	1.81
25—Public Works—				
To provide gainful employment to the people.	..	56.00	49.99	6.01
Other Relief Measures (where the saving was less than Rs. 1 lakh on each measure).	1.50	1,27.72	1,27.90	1.32
41—Loans and Advances by the State Government.				
Giving taccavi loans to cultivators.	35.00	4,76.00	4,86.28	24.72
Total ..	2,43.49	10,52.77	11,96.71	99.55

APPENDIX IV

(Referred to in paragraph 28, page 34)

Drawal of money from treasury in advance of requirements with a view to utilising the budget provision

Sl. No.	Name of office and purpose of drawal	Date of drawal	Amount (Rs. lakhs)	Remarks
AGRICULTURE DEPARTMENT				
1.	District Agriculture Officer, Cuttack for construction of storage godown	31st March, 1967	2.14	The amount was deposited in favour of the Executive Engineer, Rural Engineering Division (East) on 31st March, 1967. An amount of Rs 0.13 lakh was spent by the division up to November, 1967 and the balance of Rs 2.01 lakhs remained unspent (November, 1967).
2.	Agronomist, Bhubaneswar for construction of Minor Irrigation Water Use Training Centre at Bhubaneswar	31st March, 1967	1.00	The amount was deposited in favour of the Executive Engineer, Rural Engineering Division, Puri on 31st March, 1967 out of which Rs 0.50 lakh was spent by October, 1967 by the Division and the balance of Rs 0.50 lakh remained unutilised (November, 1967).
3.	District Agricultural Officer, Balasore for construction of godown at Balasore	31st March, 1967	2.84	The amount was deposited in favour of the Executive Engineer, Rural Engineering Division Balasore on 31st March, 1967. Entire amount remained unspent with the division due to want of site and administrative approval (December, 1967).
4.	District Agricultural Officer, Bolangir for construction of godown at Balangir	31st March, 1967	2.44	The amount was deposited in favour of Executive Engineer, Rural Engineering Division, Bolangir on 31st March, 1967. The entire amount remained unspent with the division (December, 1967).
			Total ..	8.42

CO-OPERATION AND FORESTRY DEPARTMENT

5.	Registrar, Co-operative Societies, Orissa for—			
(a)	Share capital investment in Rice-cum-Oil Milling Units	29th March, 1967	10.30	Entire amount was paid to 16 Societies in May, 1967.
(b)	Share capital investment in Co-operative Cold Storage Plants	31st March, 1967	1.21	Entire amount was paid to 3 Societies in April, 1967.
			Total ..	11.51

APPENDIX IV—concl'd.

Sl. No.	Name of office and purpose of drawal	Date of drawal	Amount (Rs. lakhs)	Remarks
HEALTH DEPARTMENT				
6.	District Family Planning and Medical Officer, Puri for construction of Family Planning Sub-centres	31st March, 1967	1.89	The amount was deposited in favour of Executive Engineer, Rural Engineering Division, Puri. The entire amount remained unspent (December, 1967) with the division as details of works and location thereof were not intimated by the Administrative department
7.	District Family Planning and Medical Officer, Cuttack for construction of Family Planning Sub-centres	31st March, 1967	3.15	The amount was deposited in favour of Executive Engineer Rural Engineering Division Cuttack (East). The entire amount remained unspent (November, 1967) with the Divisional Officer.
8.	District Family Planning and Medical Officer, Bolangir for construction of Family Planning Sub-centres	16th March, 1967	1.89	The amount was deposited in favour of Executive Engineer, Rural Engineering Division, Bolangir. The entire amount remained unspent (November, 1967) with the Divisional Officer.
9.	District Family Planning and Medical Officer, Keonjhar for construction of Family Planning Sub-centres	30th March, 1967	1.05	The amount was deposited in favour of Executive Engineer, Rural Engineering Division, Keonjhar. The entire amount remained unspent (November, 1967) with the Divisional Officer.
			Total ..	7.98

REVENUE AND EXCISE DEPARTMENT

10.	Subdivisional Officer, Bhubaneswar for execution of test relief works	31st March, 1967	1.84	The amount was advanced to the Orissa Khadi and Village Industries Board, Bhubaneswar on 31st March, 1967. An amount of Rs 1.80 lakhs was spent by October 1967, the balance of Rs 0.04 lakh remains unspent (November, 1967) with the Board.
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FINANCE DEPARTMENT

11.	District Magistrate, Sundargarh for payment of share of entertainment tax to Rourkela N.A.C. for 1966-67	31st March, 1967	1.83	A sum of Rs. 0.54 lakh was kept in a sealed bag in treasury till June, 1967. The balance was utilised.
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COMMUNITY DEVELOPMENT AND PANCHAYATI RAJ DEPARTMENT

12.	Registrar, Community Development and Panchayati Raj Department	31st March, 1967	1.83	The amount was advanced to a non-Government organisation on 20th April, 1967; detailed accounts for the amount were awaited by the Registrar (November, 1967).
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APPENDIX V

(Referred to in paragraph 29, page 35)

Cases in which there were heavy unspent cash balances with the departmental offices as on 31st March, 1966

Sl. No.	Name of the Office	Amount (In lakhs of rupees)	Remarks
EDUCATION DEPARTMENT			
1.	Director of Public Instructions, Orissa, Cuttack	23.61	An amount of Rs. 0.32 lakh was refunded in August, 1966.
INDUSTRIES DEPARTMENT			
2.	Director of Industries ..	14.99	Of this, the unspent balance by end of January, 1967 was Rs. 0.64 lakh.
3.	Project Office, Jajpur ..	2.60	..
4.	Industrial Training Institute, Barbil ..	0.78	..
5.	State Purchasing Organisation, Bhubaneswar ..	0.35	..
6.	Purna Chandra Industrial Institute, Baripada ..	0.15	..
	Total ..	18.87	
TRIBAL AND RURAL WELFARE DEPARTMENT			
7.	District Welfare Office, Koraput ..	4.89	..
8.	District Welfare Office, Ganjam ..	2.15	..
9.	District Welfare Office, Cuttack ..	3.16	An amount of Rs. 2.67 lakhs was spent leaving an unspent balance of Rs. 0.49 lakh by end of February, 1967.
10.	District Welfare Office, Sambalpur ..	1.53	The unspent balance by July, 1966 was Rs. 0.42 lakh.
11.	District Welfare Office, Balasore ..	1.57	..
12.	District Welfare Office, Baripada ..	1.59	..
13.	District Welfare Office, Keonjhar ..	0.95	The unspent balance by end of October, 1966 was Rs. 0.32 lakh.
	Total ..	15.84	
AGRICULTURE DEPARTMENT			
<i>(i) Agriculture Section</i>			
14.	Director of Fisheries, Orissa, Cuttack	5.07	The entire amount was spent by January, 1967.
15.	Deputy Director of Agriculture, Sambalpur ..	0.14	..
16.	District Agriculture Office, Khurda ..	0.38	Rs. 0.30 lakh was spent leaving a cash balance of Rs. 0.08 lakh.
17.	District Agriculture Office, Aska ..	0.26	..
18.	Assistant Soil Conservation Office, Koraput ..	0.33	An amount of Rs. 0.11 lakh was spent leaving a balance of Rs. 0.22 lakh by November, 1966.
19.	Assistant Soil Conservation Office, Kuchinda ..	1.14	The entire amount was spent by December, 1966.
20.	Superintendent, Soil Conservation Training School, Koraput ..	0.74	..
21.	Assistant Director of Fisheries, Northern Zone, Sambalpur ..	0.84	..
	Total ..	8.90	

APPENDIX V—concl'd.

Sl. No.	Name of the office	Amount (In lakhs of rupees)	Remarks
<i>(ii) Animal Husbandry and Veterinary Section</i>			
22.	Milk Union Supply Scheme, Phulnakhara	4.28	..
23.	Joint Director of Animal Husbandry and Veterinary Services, Sambalpur	4.23	An amount of Rs. 2.43 lakhs was refunded into the Treasury in July, 1966.
24.	Poultry Development Officer, Cuttack	1.52	An amount of Rs. 1.04 lakhs was spent leaving a balance of Rs. 0.48 lakh by February, 1967.
25.	Key Village Officer, Cuttack	0.87	..
26.	Deputy Director of Dairy Development, Cuttack	0.80	..
27.	District Animal Husbandry and Veterinary Officer, Cuttack	0.69	..
28.	District Animal Husbandry and Veterinary Officer, Puri	0.68	..
29.	District Animal Husbandry and Veterinary Officer, Sambalpur	0.61	..
30.	District Animal Husbandry and Veterinary Officer, Phulbani	0.41	The unspent balance was Rs. 829 by November, 1966.
	Total	14.09	
HEALTH DEPARTMENT			
31.	S. C. B. Medical College Hospital, Cuttack	6.42	..
32.	S. C. B. Medical College, Cuttack	2.15	..
33.	Civil Surgeon, Sambalpur	1.30	..
34.	Medical College, Berhampur	0.85	..
35.	Medical College Hospital, Berhampur	0.82	..
36.	Civil Surgeon, Cuttack	0.26	..
37.	District Headquarters Hospital, Puri	0.25	..
	Total	12.05	
HOME DEPARTMENT			
38.	Home (Public Relations) Department	4.31	An amount of Rs. 2.90 lakhs was spent leaving a balance of Rs. 1.41 lakhs by 30th September, 1966.
REVENUE DEPARTMENT			
39.	Sub-Divisional Office, Pallahara	0.28	..
40.	Sub-divisional Office, Kamakhyanagar	0.29	..
41.	Collectorate, Phulbani	2.36	..
42.	Sub-divisional Office, Patnagarh	0.25	..
43.	Sub-divisional Office, Sonapur	0.08	..
44.	Sub-divisional Office, Titilagarh	0.27	..
	Total	3.53	
MINING AND GEOLOGY DEPARTMENT			
45.	Directorate of Mines	3.21	..
COMMUNITY DEVELOPMENT AND PANCHAYATI RAJ DEPARTMENT			
46.	Grama Sevak Talim Kendra, Bolangir	0.31	The unspent cash balance was Rs. 0.20 lakh by August, 1966.

APPENDIX

(Referred to in para

Statement showing departmentwise analysis of cases of misappropriations, losses, etc. of
as on 31/3/51

Department	Cases in which departmental/ criminal proceedings have not been instituted due to non-receipt of detailed reports from subordinate authorities		Cases in which departmental action started but not finalised		Cases in which departmental proceedings finalised and recovery is in progress	
	No.	Amount	No.	Amount	No.	Amount
		Rs.		Rs.		Rs.
1. Revenue	13	59,628	21	73,741	3	3,777
2. Agriculture	9	21,146	13	91,058	5	25,010
3. Community Development	6	31,202	10	99,228	..	..
4. Finance	3	8,468	1	3,330	..	..
5. Education	4	8,936	2	10,962	..	..
6. Industry	2	7,921	7	6,176	2	4,904
7. Home	3	2,052	5	3,920	..	..
8. Public Health	12	28,939	3	3,807	..	..
9. Co-operation	1	400	2	3,198	1	1,360
10. Tribal and Rural Welfare	4	8,066	6	20,405	..	..
11. Planning and Co-ordination	4	12,300	..	..	..	..
12. Labour	..	..	..	..	..	..
✓ 13. Works	22	11,91,153	1	250	1	1,150
14. Irrigation and Power	19	65,893	3	2,157	..	..
15. Forest	4	4,422	..	..	1	4,030
16. Law	..	..	..	..	..	..
17. Commerce	2	10,740	3	7,306	..	..
18. Urban Development	..	..	..	..	..	..
19. Transport	1	600	2	14,083	2	6,040
20. Supply	..	..	..	..	..	..
21. Political and Services	..	..	..	..	..	..
22. Cultural Affairs	1	575
23. Mining and Geology	1	500
Total	110	14,62,366	80	3,40,196	15	47,191

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graph 49, page 51)

Government money reported upto 31st July, 1967 and pending finalisation January, 1968

Cases in which criminal proceedings finalised but execution/certificate cases for recovery of the amounts are pending		Cases awaiting Government orders regarding recovery or write off		Cases in courts of law		Total	
No.	Amount Rs.	No.	Amount Rs.	No.	Amount Rs.	No.	Amount Rs.
22	2,16,527	26	69,180	8	26,878	93	4,49,731
5	20,187	12	26,130	5	21,811	49	2,06,262
2	43,157	6	15,708	3	24,357	27	2,13,652
..	..	6	1,35,827	..	..	10	1,47,625
1	3,440	2	4,898	3	86,742	12	1,14,978
..	..	5	7,713	..	..	16	26,714
..	..	4	10,936	1	5,808	13	22,716
..	..	2	516	..	..	17	33,262
..	..	4	6,656	1	1,096	9	12,710
1	4,273	5	12,954	1	24,725	17	70,423
..	..	..	..	1	3,435	5	15,735
..	..	1	52,000	..	..	1	52,000
1	1,000	..	..	..	..	25	11,93,553
..	..	2	1,233	..	..	24	69,283
..	..	..	..	1	1,843	6	10,295
..	..	1	1,221	..	..	1	1,221
..	..	..	..	..	..	5	18,046
1	3,000	..	..	..	..	1	3,000
..	..	..	..	..	..	5	20,723
1	3,399	2	1,546	..	..	3	4,945
..	..	1	4,159	..	..	1	4,159
..	..	..	..	..	..	1	575
..	..	..	..	..	..	1	500
34	2,94,983	79	3,50,677	24	1,96,695	342	26,92,108

APPENDIX VII

(Referred to in paragraph 50, page 51)

Cases of miscellaneous irregularities, losses, etc.

Part I

REVENUE AND EXCISE DEPARTMENT

Irregularities in the cement account—An agent was appointed in 1954 by the Collector, Phulbani to clear the stocks of cement ordered by him from the rail-head at Berhampur. The agent had cleared stocks of 52,679 bags of cement up to January, 1958 received at the Beroampur Railway Station, stored them and despatched by road to various executants of works and other officers of the Collectorate on the direction of the Collector. The accounts of the storage agent were not checked by the Collector at any time. Physical verification of the stock of cement with the agent was also never done. Discrepancies to the extent of 11,966 bags of cement between the accounts of the storage agent and those received by the various executants of the works and the officers of the Collectorate were noticed by Audit in January, 1958 and were brought (March, 1958) to the notice of the department. The stock accounts were subsequently reconstructed by the Collector in January, 1966. The check of the reconstructed stock accounts by Audit in July, 1966 revealed the following points:—

- (i) Duplicate copies of acknowledgements were produced in respect of the issue of 3,220 bags of cement without adequate reasons for the non-production of the original acknowledgements.
- (ii) Accounts in respect of utilisation of 11,322 bags of cement valued at Rs. 0.68 lakh have not been produced are still awaited (December, 1967).

Part II—Other cases

In 13 cases amounts aggregating Rs. 4.34 lakhs (other than those relating to revenue) representing mainly, outstanding loans against defunct District Boards, loss of share value in a liquidated company, etc., were written-off during the year by the competent authorities as detailed below. Cases of write off and remissions to revenue, etc., have been mentioned in paragraph 71, page 67.

Department	Write off of losses, etc.	
	Number of cases	Amount Rs.
1. Community Development and Panchayati Raj.	3	3,66,270
2. Revenue ..	1	1,914
3. Industries ..	9	65,756
Total ..	13	4,33,940

APPENDIX VIII

(Referred to in paragraph 67, page 64)

Synopsis of important Stores and Stock Accounts

(A) A synopsis of important Stores and Stock Accounts for 1966-67 is given below:—

Sl. No.	Name of accounts	Opening balance	Receipts	Issues	Closing balance
(In lakhs of rupees)					
IRRIGATION AND POWER DEPARTMENT					
Irrigation Branch					
1.	Hirakud Dam Project Stage I	1,80.55	17.04	7.95	1,89.64
2.	Hirakud Dam Project Stage II, Hirakud Subsidiary Power House, Chiplima	—6.26	1.81	0.11	—4.56(a)
3.	Delta Irrigation Project	7.24	1,11.92	1,21.24	—2.00 (b)
HOME DEPARTMENT					
4.	Home (Public Relations) Department	18.65	12.23	8.66	22.22(c)
5.	Jails (Maintenance) Department	5.22(d)	24.43	24.20	5.45(e)
6.	Jails (Manufactory) Department	2.17(f)	7.81	7.90	2.08
7.	Orissa Police Motor Transport Workshop, Cuttack	1.12(g)	2.37	2.31	1.18

(a) The *minus* balance was stated to be due to non-adjustment of stock transferred from Hirakud Dam Project, Stage I.

(b) The *minus* balance was stated to be due to non-adjustment of accounts.

(c) The closing balance includes unserviceable equipment worth Rs. 1.28 lakhs.

(d) Difference of Rs. 3.35 lakhs compared with the closing balance as on 31st March, 1966 is due to exclusion from the stock account as it represents value of "Live Stock" and it does not come under "Consumable Stores".

(e) The closing balance includes Rs. 0.11 lakh under the head "Ration" which is not represented by physical stock and required to be written off (August, 1967).

(f) Difference of Rs. 0.90 lakh compared with the closing balance as on 31st March, 1966 is due to the reasons as stated in (d) above.

(g) Difference of Rs. 0.64 lakh with the closing balance as on 31st March, 1966 is due to exclusion of the cost of tools and plant.

APPENDIX VIII—concl'd.

Sl. No.	Name of accounts	Opening balance	Receipts	Issues	Closing balance
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(In lakhs of rupees)

FINANCE DEPARTMENT

8.	Non-judicial stamps ..	1,68.13	86.94	3.26	2,51.81
9.	Judicial Stamps ..	1,14.35	43.61	1.32	1,56.64

INDUSTRIES DEPARTMENT

10.	Orissa School of Engineering, Cuttack	0.62(a)	0.13	0.17	0.58
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REVENUE DEPARTMENT

11. Medicinal Opium—	Kgs.	Kgs.	Kgs.	Kgs.
(i) In Central Depot	100.615	1,202.691	1,104.600	198.706
(ii) With District Excise Officers	45.572(b)	1,104.600	1,100.089	50.083

(B) A synopsis of stores accounts of the Agricultural Department for 1963-64 and 1964-65 received after finalisation of Audit Report, 1967 is given below:—

(In lakhs of metric tonnes)

12. Chemical Fertilisers (1963-64 and 1964-65)	0.49	0.54	0.36	0.67
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Shortages of 16 tonnes included in closing balance of 1962-63, *vide* foot note (m) of paragraph 61 (B) item (18) at page 77 of the Audit Report, 1967 are yet to be regularised (December, 1967).

(a) Excludes dead stock, fixture, etc., worth of Rs. 3.85 lakhs included in the closing balance as on 31st March, 1965.

(b) Difference of 1.453 Kgs. compared with the closing balance as on 31st March, 1966 is due to incorrect exhibition of opening balance by the departmental officer. The balance according to the departmental accounts has been adopted; the discrepancies have not been reconciled by the department (December, 1967).

APPENDIX IX

(Referred to in paragraph 67, page 64)

Arrears in submission of Stores and Stock Accounts to Audit

Sl. No.	Department or Project	No. of divisions involved	Earliest year to which the wanting accounts relate
1.	Irrigation, Navigation, Embankment and Drainage Works	16	1963-64
2.	Multipurpose River Scheme ..	4	1963-64
3.	Irrigation Project ..	4	1966-67
4.	Talcher Thermal Scheme ..	2	1965-66
5.	Public Works ..	26	1963-64
6.	New Capital Project ..	7	1963-64
7.	Expressway Project ..	12	1965-66
8.	Government Headquarters Hospital including Siram Chandra Bhanj Medical College Hospital, Cuttack and Berhampur Medical College Hospital	..	1964-65
9.	Sales Stores (Medicine) ..	..	1964-65
10.	Orissa Government Press, Cuttack	..	1965-66
11.	Chemical Fertilisers ..	..	1965-66
12.	Fore-st Department ..	..	1966-67

APPENDIX X

(Referred to in paragraph 115, page 117)

Statement showing the Departmentwise analysis of the amount of objections together with the nature of objections

(Amount in lakhs of rupees)

Sl. No.	Name of Department	Non-submission of agreements to audit	Non-submission of detailed contingent bills	Non-submission of vouchers and sub-vouchers	Non-issue of sanctions	Tour advance for which T. A. bills are awaited	Other items	Total
1	2	3	4	5	6	7	8	9
1.	Industries ..	..	1,31.37	28.52	30.90	0.04	3.92	1,94.75
2.	Agriculture ..	..	6,10.77	2,06.03	36.95	0.60	68.30	9,22.63
3.	Home ..	..	25.98	31.75	1,14.55	4.72	29.44	2,06.44
4.	Education ..	..	1,17.14	31.94	4.80	2.26	8.93	1,65.07
5.	Political and Services ..	..	9.60	0.68	0.35	..	54.81	65.44
6.	Finance ..	..	3.74	11.42	0.58	1.66	3.21	20.61
7.	Revenue ..	..	7,83.13	55.33	20.24	0.28	1,40.88	9,99.86
8.	Health ..	..	86.06	1,21.03	15.84	0.16	20.24	2,43.33
9.	Community Development and Panchayati Raj ..	..	3,43.06	1,38.04	19.44	2.76	27.32	5,30.62
10.	Law ..	..	1.29	1.01	1.09	0.02	1.64	5.05
11.	Tribal and Rural Welfare ..	..	3,84.64	74.97	14.27	4.36	80.61	5,58.85
12.	Labour and Employment ..	..	4.74	0.19	0.03	0.01	..	4.97
13.	Mining and Geology ..	..	24.83	0.85	1.30	0.02	4.96	31.96
14.	Cultural Affairs ..	..	2.63	0.29	0.07	..	0.79	3.78
15.	Irrigation and Power ..	..	2.01	3.27	0.08	0.03	5.17	10.56
16.	Urban Development ..	..	..	0.33	..	..	..	0.33
17.	Supply ..	..	..	..	..	..	1.04	1.04
18.	Commerce ..	..	7.78	39.88	7.95	0.01	12.81	68.43
19.	Co-operation and Forestry ..	..	0.57	1,03.26	1.68	0.35	17.55	1,23.41
20.	Transport ..	..	55.80	2,96.38	13.21	0.04	15.43	3,80.86
21.	Planning and Co-ordination ..	1,53.01	..	13.45	..	0.02	4.43	1,70.91
22.	Works							
	(i) Secretariat establishment ..	..	..	..	..	0.04	0.02	0.06
	(ii) Roads and Buildings ..	4,05.62	..	2.63	..	..	..	4,08.25
	(iii) Public Health ..	4.70	..	2.15	..	..	0.04	6.89
	Total ..	5,63.33	25,95.14	11,63.40	2,83.33	17.38	5,01.54	51,24.12

APPENDIX I

(Referred to in paragraph 116, page 118)

Statement showing departmentwise analysis of Inspection Reports outstanding for more than one year as at the end of December, 1967.

Department	* Number of Reports and paragraphs outstanding for more than 5 years		Number of Reports and paragraphs outstanding for more than two years but less than 5 years		Number of Reports and paragraphs outstanding for more than one year but less than two years	
	Ins-pection reports	Para-graphs	Ins-pection reports	Para-graphs	Ins-pection reports	Para-graphs
	1	2	3	4	5	6	7
1. Community Development and Panchayati Raj	539	4,360	262	2,028	90	443
2. Home (including P. R. and Election)	12	16	36	97	24	50
3. Finance ..	1	1	42	113	25	112
4. Health ..	26	49	114	263	34	84
5. Planning and Co-ordination	..	..	13	58	27	221
6. Agriculture						
(a) Agriculture ..	160	630	201	820	68	238
(b) Animal Husbandry	19	44	48	157	20	55
7. Tribal and Rural Welfare	52	224	30	180	11	55
8. Revenue ..	162	827	198	1,044	73	354
9. Co-operation and Forestry	29	102	74	273	23	175
10. Works and Transport—						
(a) Roads and Buildings	9	32	68	325	51	412
(b) Public Health ..	..	..	29	147	12	151
(c) Transport ..	41	120	49	200	13	49
11. Law ..	2	2	6	9	5	11
12. Industries ..	49	84	67	210	20	96
13. Education ..	15	24	49	179	37	107
14. Mining and Geology ..	..	..	4	12	1	4
15. Commerce ..	4	20	13	91	2	19
16. Urban Development ..	17	95	7	34	4	14
17. Labour and Employment	41	114	38	109	3	10
18. Political and Services ..	2	4	1	1	2	2
19. Cultural Affairs ..	2	5	1	3	2	3
20. Supply ..	74	104	50	71	20	27
21. Irrigation and Power—						
(a) Irrigation ..	5	35	40	125	31	162
(b) Electrical ..	..	..	2	8	6	50
Total ..	1,261	6,892	1,442	6,557	604	2,904

APPENDIX XII

(Referred to in paragraph 116, page 119)

*Statement showing common types of irregularities noticed during
Local Audit and Inspection*

Nature of irregularities	Number of offices in which the irregularities noticed in the year		
	1964-65	1965-66	1966-67
Public Works Divisions—			
(i) Non-observance of rules regarding recording of measurements	32	15	13
(ii) Delay in debiting to the contractors' ledger the cost of materials supplied to them	29	23	19
(iii) Commencement or continuance of works without detailed plans and estimates or delay in according technical sanction to estimate	30	25	15
(iv) Acceptance of tenders without inviting tenders	21	21	8
(v) Projects started without technical sanction	6	9	7
(vi) Commencement of works by contractors before the execution of agreements	37	22	13
(vii) Acceptance of tenders in excess of sanctioned estimates	23	11	5
(viii) Issue of materials not provided for in the contract and in excess of requirements where provided for in the contracts	17	26	12
(ix) Irregular payment of bills	25	13	17
Forest Divisions—			
(i) Non-realisation of Security Deposits from persons handling cash and stores	9	7	9
(ii) Defective maintenance of stores, tools and plant registers, physical verification of stock not conducted	9	8	6
(iii) Non-observance of rules for maintaining muster rolls	7	3	5
(iv) Non-observance of rules in maintaining measurement books and recording measurements therein	7	6	11
(v) Delay in realisation of compensation money in Forest Offence cases	11	8	5
(vi) Irregular purchase without prior sanction of the competent authority or expenditure incurred in excess of the power delegated	..	6	4
(vii) Non-maintenance of the registers of suspense transactions	..	7	2

APPENDIX XII—concl'd.

Nature of irregularities	Number of offices in which the irregularities noticed in the year		
	1964-65	1965-66	1966-67
Treasuries and Sub-Treasuries—	3	3	6
(i) Excess over normal balances fixed for Treasuries/Sub-Treasuries	(Maximum excess Rs. 3.56 lakhs)	(Maximum excess Rs. 2.35 lakhs)	(Maximum excess Rs. 4.02 lakhs)
(ii) Strong rooms not inspected and yearly certificates of Securities of strong rooms not obtained from Public Works Offices	3	4	2
(iii) Annual certificates of balances of personal Deposit Accounts not sent	3	3	4
(iv) Non-realisation of securities from Treasuries/Sub-treasuries	6	4	2
Other Offices—			
(i) Non-maintenance or defective maintenance of important books of account and intial records of stores and stock and cash	260	64	28
(ii) Withdrawal of funds and rush of expenditure at the close of financial year with a view to avoiding lapse of budget provision; spending of the amount withdrawn in the next financial year and their utilisation for purpose other than those for which these were withdrawn	81	80	44
(iii) Utilisation of departmental receipts towards expenditure	17	6	12
(iv) Delay in realising Government dues	105	53	57
(v) In inviting tenders, wide publicity was not given; sufficient and prescribed time was not allowed	12	13	7

