

AUDIT REPORT
1970

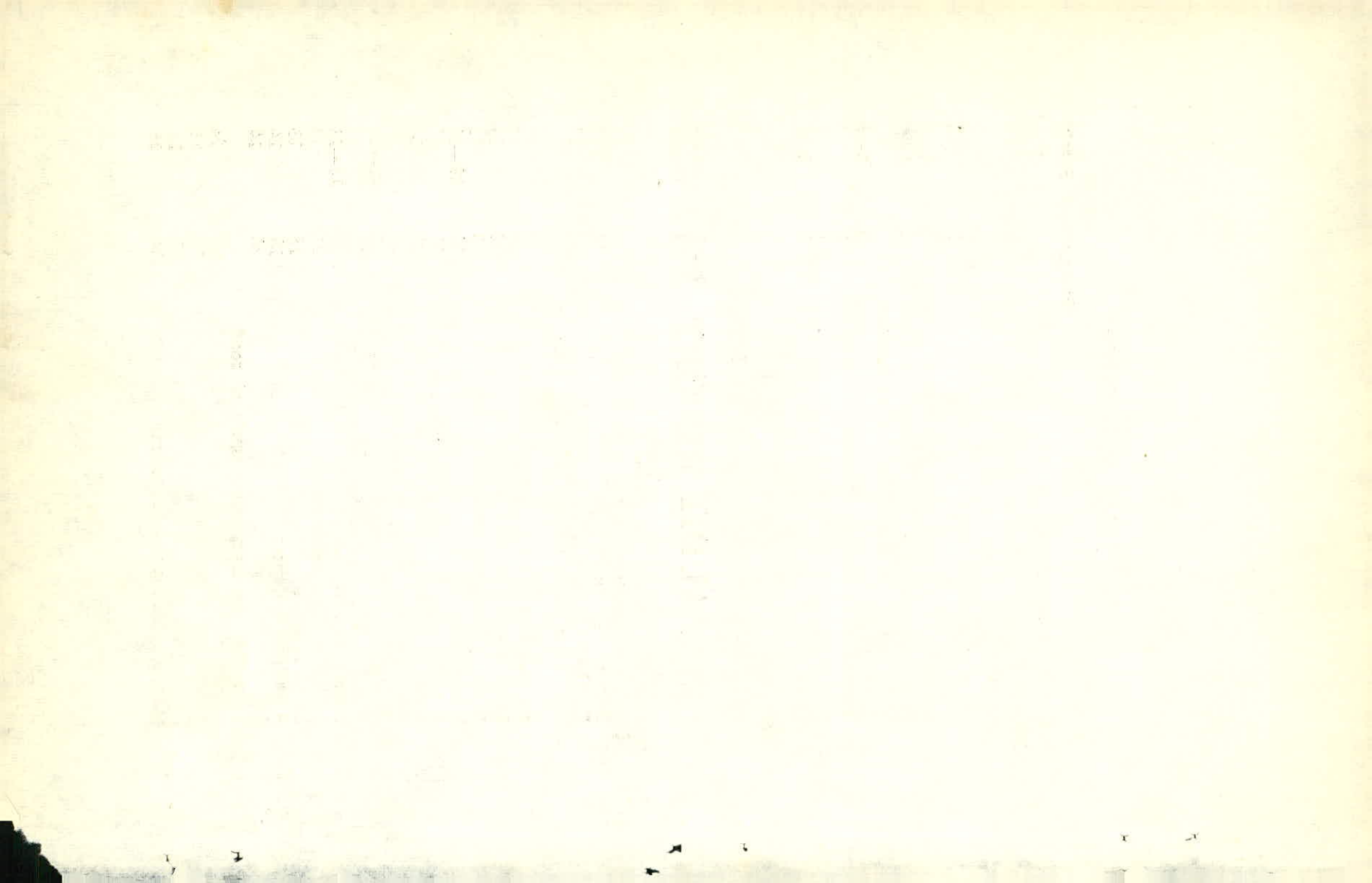


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PREFATORY REMARKS

This volume mainly relates to matters arising from the Appropriation Accounts for 1968-69 together with other points arising from audit of financial transactions of the Union Territory Government of Himachal Pradesh. It also includes:—

- (i) certain points of interest arising from the Finance Accounts for 1968-69; and
- (ii) matters relating to certain statutory corporations and Government companies, 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 1968-69 as well as those which had come to notice earlier but could not be included in the earlier Audit Reports; matters relating to the period subsequent to 1968-69 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.

THE HISTORY OF THE UNITED STATES

The history of the United States is a story of a people who have grown from a small colony of settlers to a great nation. It is a story of struggle and triumph, of freedom and justice.

The early years of the United States were marked by a period of exploration and discovery. The first settlers came to the New World in search of a better life, and they found it in the fertile lands of the Americas.

The American Revolution was a turning point in the history of the United States. It was a struggle for independence from British rule, and it resulted in the birth of a new nation. The Constitution was written, and the United States became a free and democratic country.

The American Civil War was a period of great conflict and suffering. It was a struggle between the North and the South over the issue of slavery. The war ended in 1865, and the United States emerged as a united and stronger nation.

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CHAPTER I

General

Budget and actuals—The budget estimates and actuals of revenue receipts and expenditure met from revenue in 1968-69 are given below along with the corresponding figures for 1966-67 and 1967-68:—

Year	Budget	Actuals (In lakhs of rupees)	Variations	
			Amount	Percentage
<i>Receipts</i>				
	17,57.06	25,62.04	+8,04.98	46
	33,42.77	34,27.16	+84.39	3
	38,93.86	39,57.59*	+63.73	2
<i>Expenditure met from revenue</i>				
	17,57.06	23,88.75	+6,31.69	36
	33,42.77	35,18.92	+1,76.15	5
	38,93.86	40,44.38	+1,50.52	4
<i>Revenue surplus (+)/deficit (—)</i>				
Year	Budget	Actuals	(In lakhs of rupees)	
1966-67	..	+1,73.29		
1967-68	..	—91.76		
1968-69	..	—86.79		

The gap between the revenue and expenditure of the Union Territory is covered by grant-in-aid from Government of India. The budget did not, therefore, anticipate any surplus or deficit on revenue account; the year, however, ended with a revenue deficit of Rs. 86.79 lakhs. Against the grant-in-aid of Rs. 24,50.48 lakhs envisaged in the budget, Rs. 23,69.53 lakhs were actually received during the year.

The budget figures in the above table are the original budget estimates and do not include the supplementary grants obtained during these years. If these are also included the position will be as follows. (No additional taxation was introduced in any of these years)—

Expenditure met from Revenue

Year	Budget estimates (In lakhs of rupees)	Actuals
1966-67	24,41.64	23,88.75
1967-68	37,76.03	35,18.92
1968-69	40,80.17	40,44.38

2. *Revenue receipts*—(a) In 1968-69 the revenue receipts increased by 13 per cent over that in 1967-68 and by 54 per cent over that in 1966-67.

The budget took credit for an estimated receipt of Rs. 0.93 lakh under Central Sales Tax Act; but the actual realisation (Rs. 3.17 lakhs) was credited to the Consolidated Fund of India.

1587.75

The increase is analysed below:—

	1966-67	1967-68	1968-69	Increase+ Decrease— since 1966-67
	(In lakhs of rupees)			
<i>(i) Revenue raised by the Union Territory Government—</i>				
(a) Taxes, duties and other principal heads of revenue	2,39.89	3,97.89	4,41.19	+2,01.30
(b) Other receipts, such as fares and freight of passenger and goods traffic, sale proceeds of forest timber and other produce, etc.	8,26.28	10,21.83	11,46.56	+3,20.28
<i>(ii) Receipts from Central Government—</i>				
Estate duty on agricultural land	..	0.45	0.31	+0.31
Grants-in-aid	14,95.87	20,06.99	23,69.53	+8,73.66
Total	25,62.04	34,27.16	39,57.59	+13,95.55

The tax revenue raised by the Union Territory Government in 1968-69 accounted for 11 per cent of the total revenue receipts. The corresponding percentage for 1967-68 was 12.

The increase in the revenue raised by the Union Territory Government since 1966-67 occurred mainly under the following and was attributed generally to realisation of more revenue due to transfer of hilly areas of composite Punjab State to Himachal Pradesh consequent on re-organisation of Punjab State from 1st November 1966 and other reasons given below:—

Head	Receipts during		Increase since 1966-67		Remarks
	1966-67	1968-69	Amount	Percentage	
	(In lakhs of rupees)				
State excise duties	1,15.49	2,36.88	1,21.39	105	Mainly due to higher bids by contractors.
Sales tax	25.70	64.96	39.26	153	More receipts from general sales tax due to general growth.
Interest	26.79	64.22	37.43	140	Mainly due to increase in capital expenditure of commercial departments and increase in the rate of interest on advances to co-operative societies.
Education	20.35	34.00	13.65	67	Due to increase in tuition fees on account of enrolment of more students in the educational institutions and realisation of contributions from the University Grants Commission for the past years.
Electricity schemes	30.31	99.74	69.43	229	Due to supply of more power in rural and urban areas.
Road and water transport schemes	1,89.06	2,45.46	56.40	30	Due to coverage of more mileage and also more vehicles.
Forest	4,60.17	5,80.18	1,20.01	26	Due to sale of more timber.

(b) *Arrears in collection of revenue*—According to information furnished by some of the departments, the arrears in collection of revenue at the end of March 1969 were Rs. 4,02.24 lakhs as shown below:—

Department	Amount	Earliest year to which the arrears relate	Remarks
	(In lakhs of rupees)		
Forest	3,27.16	1947-48	Represents outstanding recoveries from departments of Himachal Pradesh Government, Central Government and other State Governments and private parties.
Transport	57.74	1949-50	
Excise and Taxation	17.34	1951-52	

3. *Expenditure on revenue account*—Expenditure on revenue account in 1968-69 (Rs. 40.44 crores) showed an increase of 15 per cent as compared with 1967-68 (Rs. 35.19 crores) and 70 per cent as compared with 1966-67 (Rs. 23.89 crores). The increase is analysed below. The increase is generally attributed to transfer of hilly areas of composite Punjab State to Himachal Pradesh consequent on re-organisation of Punjab and other reasons given below:—

	1966-67	1967-68	1968-69	Increase since 1966-67	
				Amount	Percentage
	(In lakhs of rupees)				
<i>Collection of taxes, duties and other principal heads of revenue—</i>					
Land revenue	41.53	64.37	68.94	27.41	66
Other heads	6.11	10.67	11.42	5.31	87
<i>Total—Collection of taxes, duties and other principal heads of revenue—</i>	47.64	75.04	80.36	32.72	69

Mainly due to payment of dearness allowance at enhanced rates and to increased expenditure on survey, settlement and record operations by Land Revenue Department.

Debt services	93.68	1,53.08	2,15.26	1,21.58	130
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Increase is mainly due to larger payment of interest consequent on progressive increase in the balance of loans received from Government of India and for disbursement to third parties as loans and advances.

<i>Administrative services—</i>					
General Administration	96.64	1,33.36	1,42.31	45.67	47
Police	1,38.54	2,05.62	2,27.72	89.18	64
Other heads	27.85	39.89	48.24	20.39	73
<i>Total—Administrative services</i>	2,63.03	3,78.87	4,18.27	1,55.24	59

Mainly due to merger of hilly areas of erstwhile Punjab State and grant of dearness allowance at enhanced rates.

(The expenditure on administrative services constituted 10 per cent of the total expenditure on revenue account).

<i>Social and developmental services—</i>					
Education	4,01.38	7,16.96	7,72.69	3,71.31	93

Mainly due to increased expenditure on dearness allowance and execution of certain Centrally sponsored schemes.

Medical	1,11.56	1,68.34	1,81.70	70.14	63
Mainly due to increased expenditure on Medical College and medicines.					
Public Health	52.84	81.31	92.25	39.41	75
Mainly due to inclusion of certain new schemes and implementation of crash programme of family planning.					
Agriculture	1,38.10	1,95.12	2,21.02	82.92	60
Due to enhanced rates of dearness allowance, grants to various boards, associations and Agricultural University, Ludhiana, increased expenditure on intensive agricultural district programme (package programme), fruit development, soil conservation, etc.					
Animal Husbandry	61.01	70.75	79.55	18.54	30
Mainly due to additional expenditure on feeding articles due to increase in the number of livestock, birds, etc.					
Co-operation	19.18	30.20	32.64	13.46	70
Mainly due to payment of more grant-in-aid to co-operative societies and purchase of jeeps.					
Industries	40.82	59.22	65.19	24.37	60
Mainly due to running of more industrial centres and institutions transferred from former Punjab State on re-organisation and increase in the rates of dearness allowance.					
Other heads	1,37.31	1,63.90	1,74.08	36.77	27
<i>Total—Social and developmental services</i>	9,62.20	14,85.80	16,19.12	6,56.92	68
(The expenditure on social and developmental services constituted 40 per cent of the total expenditure on revenue account during 1968-69).					
Multi-purpose river schemes, irrigation and electricity schemes	1,11.52	1,73.34	2,35.63	1,24.11	111
Mainly due to payment of dearness allowance at enhanced rates, purchase of more energy, maintenance of more lines and installations, increased expenditure on interest charges and investigation.					
Public works (including roads) and schemes of miscellaneous public improvements	2,60.74	3,60.25	5,33.37	2,72.63	105
Mainly due to payment of dearness allowance at enhanced rates, execution of more border road works and increased expenditure on repairs.					

Transport and communications	1,84.51	2,22.03	2,77.37	92.86	50
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Mainly due to increase in routes due to transfer of areas from Punjab, purchase of more vehicles, petrol, lubricants, more contribution to depreciation reserve fund, payment of more pension contributions and enhancement in the rates of dearness allowance.

Miscellaneous—

Pensions and other retirement benefits	17.18	27.65	34.17	16.99	99
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Due to finalisation of more pension cases.

Forest	3,46.74	4,70.90	4,75.07	1,28.33	37
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Mainly due to increased expenditure on dearness allowance and conservancy and works.

Other heads	1,00.74	1,34.35	1,16.28	15.54	15
<i>Total—Miscellaneous</i>	4,64.66	6,32.90	6,25.52	1,60.86	35

4. *Expenditure outside the revenue account*—Expenditure outside the revenue account includes, besides capital expenditure, amounts disbursed by Government as loans and advances.

The expenditure outside the revenue account during 1966-67, 1967-68 and 1968-69 as compared with the budget estimates for these years is shown below (loans and advances are dealt with in paragraph 5).

Year	Budget	Actuals	Variations	
			Increase+	Decrease—
			Amount	Percentage
(In lakhs of rupees)				
1966-67	4,58.50	4,68.12	+9.62	2
1967-68	7,81.25	13,01.07	+5,19.82	66
1968-69	12,14.58	11,49.38	—65.20	5

The budget estimates shown above are the original budget estimates. Supplementary grants of Rs. 1,29.00 lakhs, Rs. 3,78.59 lakhs and (—)Rs. 7.08 lakhs (gross Rs. 69.39 lakhs: recoveries Rs. 76.47 lakhs) respectively were subsequently obtained during these years.

An analysis of the expenditure outside the revenue account is given below:—

Head of Account	During 1968-69	Progressive total upto the end of 1968-69
(In lakhs of rupees)		
<i>I—Capital expenditure on—</i>		
(i) Social and developmental services—		
(a) Improvement of public health	26.07	2,09.62
(b) Industrial and economic development	32.10	1,62.91
(c) Agricultural improvement and research	17.21	1,56.44
(d) Miscellaneous	..	71.80
(ii) Electricity schemes	4,36.35	10,73.50
(iii) Public Works (including roads and schemes of miscellaneous public improvement)—		
(a) Public works	6,30.58	42,22.03
(b) Schemes of Government trading	—41.88*	3,59.07
(iv) Transport and communications—		
Road and water transport schemes	25.74	3,13.07
(v) Miscellaneous	23.21	1,51.09
<i>II—Net disbursement under loans and advances, i.e., after taking into account recoveries of loans and advances</i>	24.63	5,64.11
Total	11,74.01	72,83.64

Out of the total expenditure of Rs. 11.74 crores outside the revenue account, Rs. 10.26 crores were met from loans granted by Government of India. The balance of Rs. 1.48 crores was left as an uncovered deficit.

5. *Loans and Advances by the Union Territory Government—*(a) The disbursements under loans and advances and the recoveries thereof during 1966-67, 1967-68 and 1968-69 together with the corresponding budget estimates are given below:—

	Year	Budget	Actuals	Variations	
				Increase+	Decrease—
				Amount	Percentage
(In lakhs of rupees)					
Disbursements	1966-67	33.75	72.79	+39.04	116
	1967-68	77.02	75.18	—1.84	2
	1968-69	84.72	75.94	—8.78	1
Recoveries	1966-67	7.90	29.64	+21.74	275
	1967-68	29.63	38.12	+8.49	29
	1968-69	20.22	51.31	+31.09	154
Net	1966-67	25.85	43.15	+17.30	67
	1967-68	47.39	37.06	—10.33	22
	1968-69	64.50	24.63	—39.87	62

*Due to more recoveries.

(b) Loans and advances given by the Union Territory Government and outstanding at the end of March 1969 were Rs. 5.64 crores. Details are given below:—

Loans and advances	Balance on 31st March 1969 (In lakhs of rupees)
(i) Loans to municipalities	21.49
(ii) Loans to land holders and other notabilities	0.02
(iii) Advances to cultivators	1,36.39
(iv) Loans and advances to displaced persons	5.68
(v) Loans and advances under community development programme	5.61
(vi) Miscellaneous loans and advances:—	
(a) Loans to Nahan Foundry	36.20
(b) Loans under low income group housing scheme	1,47.52
(c) Loans to cottage and small scale industries	50.72
(d) Loans to co-operative societies	21.95
(e) Loans under village housing project schemes	6.61
(f) Loans under Punjab State aid to industries act	92.19
(g) Other loans	29.49
(vii) Loans to Government servants, etc.	10.19
Total	5,64.11

Rs. 8.37 lakhs were received by Government in 1968-69 as interest on loans and advances.

(i) *Loans the detailed accounts of which are maintained by departmental officers*—Complete information about recoveries in arrears at the end of 1968-69 of loans, the detailed accounts of which are maintained by the departmental officers, has not been supplied by Government. According to information made available (October 1969), recovery of Rs. 36.30 lakhs (principal Rs. 21.65 lakhs and interest Rs. 14.65 lakhs) was in arrears.

Details are given below:—

Head of Account	Principal Interest (In lakhs of rupees)	
(i) Miscellaneous loans and advances—		
(a) Loans under low income group housing scheme	9.81	10.74
(b) Loans under middle income group housing scheme	0.47	0.55
(c) Loans to co-operative societies	4.19	1.78
(d) Loans under village housing project scheme	0.88	0.71
(e) Loans to private individuals and bodies (Pre-merger)	4.76	..*
(f) Loans to goldsmiths	0.43	0.10
(ii) Loans and advances under the community development programme	1.11	0.77
Total	21.65	14.65

(ii) *Loans the detailed accounts of which are maintained in the Audit Office*—Out of loans to municipalities the detailed accounts of which are

*Information awaited.

kept in the Audit Office, recovery of Rs. 0.88 lakh (principal Rs. 0.28 lakh and interest Rs. 0.60 lakh) was due at the end of March 1969. Of that, Rs. 0.53 lakh (principal Rs. 0.16 lakh and interest Rs. 0.37 lakh) were in arrears for more than one year.

6. *Debt position*—(a) The total debt outstanding at the end of March 1969 was Rs. 51.18 crores; the entire amount represented loans from Central Government. (The Union Territory Governments are not empowered to raise loans from any source other than the Government of India). Rs. 11.09 crores were received during 1968-69 as loans.

(b) *Service of debt*—The table below shows the burden on revenue of interest charges on debt:—

	1968-69 (Rs. lakhs)
(i) Interest paid on loans from the Central Government	2,15.26
(ii) <i>Deduct</i> —Interest realised on loans and advances by the Union Territory Government	8.37
(iii) Net interest charges	2,06.89
(iv) Percentage of gross interest to total revenue receipts	5.44
(v) Percentage of net interest to total revenue receipts	5.23

There were in addition certain other receipts and adjustments (Rs. 55.85 lakhs), such as interest received from commercial departments. If these are also taken into account, the net burden of interest on revenue would be Rs. 1,51.04 lakhs which was 4 per cent of the revenue receipts.

7. *Financial results of electricity schemes*—The table below shows the return (revenue receipts less revenue charges) during 1966-67, 1967-68 and 1968-69 on the outlay on electricity schemes:—

	1966-67	1967-68	1968-69
	(In lakhs of rupees)		
Progressive capital outlay	3,58.38	6,31.62	10,68.56
Total revenue receipts	30.31	85.82	99.74
Direct working expenses	69.28	1,27.87	1,73.09
Net revenue before charging interest on capital	-38.97	-42.05	-73.35
		Percentage	
Return as percentage of outlay	-11	-7	-7
		(In lakhs of rupees)	
Interest on capital	12.40	19.55	34.62
Net profit + /deficit— after meeting interest	-51.37	-61.60	-1,07.97
		Percentage	
Net return + /deficit— after meeting interest as percentage of capital outlay	-14	-10	-10

The working expenses increased from Rs. 69.28 lakhs ^{in 1966-67} to Rs. 1,73.09 lakhs in 1968-69 while the corresponding increase in receipts was from Rs. 30.31 lakhs in 1966-67 to Rs. 99.74 lakhs in 1968-69.

8. *Non-receipt of utilisation certificates*—In 1968-69 Government paid Rs. 67.98 lakhs as grants-in-aid to panchayats, municipalities, co-operative societies, educational institutions, etc.

Under the rules certificates of proper utilisation of grants are required to be furnished by departmental officers administering the grants to Audit within a reasonable time. Utilisation certificates for Rs. 1,29.41 lakhs paid as grants were not received till November 1969 as shown below:—

Year	Number	Amount (In lakhs of rupees)
1963-64 and earlier years	84	17.00
1964-65	32	2.55
1965-66	25	3.05
1966-67	229	22.62
1967-68	94	22.65
1968-69	222	61.54
Total	686	1,29.41

The outstandings related mainly to Agriculture (Rs. 50.20 lakhs), Panchayats (Rs. 23.65 lakhs), Local Self Government (Rs. 18.48 lakhs), Welfare (Rs. 18.39 lakhs), Animal Husbandry (Rs. 4.50 lakhs), Education (Rs. 4.23 lakhs), Co-operative (Rs. 3.55 lakhs), Public Relation (Rs. 2.90 lakhs), Industries (Rs. 1.27 lakhs) and Public Health (Rs. 1.15 lakhs) Departments.

CHAPTER II

Appropriation Audit and Control over Expenditure

9. *Summary*—The following table compares the total expenditure in 1968-69 with the total voted grants and charged appropriations:—

		Total grants/ appropriations	Actual expenditure	Saving— Excess +	Percent- age of the saving/ excess
(Rs. lakhs)					
Voted—					
Original	73,32.12	77,15.98	70,71.01	-6,44.97	8
Supplementary	3,83.86				
Charged—					
Original	2,63.40	3,12.50	3,24.48	+11.98	4
Supplementary	49.10				
Total—					
Original	75,95.52	80,28.48	73,95.49	-6,32.99	8
Supplementary	4,32.96				

The saving of Rs. 6,32.99 lakhs was the net result of savings of Rs. 11,17.03 lakhs in thirty-five grants and eleven appropriations and excess of Rs. 4,84.04 lakhs in seventeen grants and five appropriations.

10. *Supplementary grants/appropriations*—Supplementary provision of Rs. 4,32.96 lakhs was obtained under thirty-four grants and eleven appropriations. It would be seen from appendix-I that:—

- (i) in three grants supplementary provision of Rs. 8.14 lakhs obtained in February 1969 proved unnecessary as the expenditure did not come even upto the original grant,
- (ii) in one grant and one appropriation supplementary provision proved largely excessive, against supplementary provision of Rs. 15.61 lakhs, Rs. 15.23 lakhs remained unutilised, and
- (iii) supplementary provision proved substantially inadequate in seven grants and one appropriation. In these cases while the additional provision was Rs. 1,55.22 lakhs, the actual expenditure exceeded the total grant (including supplementary provision) by Rs. 4,64.88 lakhs.

11. (a) *Excess over voted grants*—Excess over the following seventeen voted grants require to be regularised under section 30 of the Government of Union Territories Act 1963:—

(In this table 'O' stands for original grant and 'S' for supplementary grant).

Serial no.	Grant		Total grant Rs.	Expenditure Rs.	Excess Rs.
1.	3-Taxes on Vehicles—				
	O	20,000	25,000	25,786	786
	S	5,000			
2.	6-Stamps—				
	O	45,000	58,000	73,559	15,559
	S	13,000			
Excess occurred under 'Cost of stamps supplied from Central Stamp Stores' (provision Rs. 0.12 lakh; expenditure Rs. 0.40 lakh); reasons are awaited.					
3.	9-General Administration—				
	O	1,25,13,000	1,35,61,000	1,39,87,903	4,26,903
	S	10,48,000			
Excess occurred mainly under 'Civil Secretariat' (provision Rs. 49.25 lakhs; expenditure Rs. 50.30 lakhs) and 'General Establishments' (provision Rs. 52.65 lakhs; expenditure Rs. 55.06 lakhs); and was mainly due to payment of dearness allowance at enhanced rates from 1st May 1967.					
4.	10-Administration of Justice—				
	O	18,18,000	18,18,000	19,02,509	84,509
	S	..			
Excess occurred mainly under 'Expenditure in connection with maintenance of Himachal Bench of Delhi High Court' (provision Nil; expenditure Rs. 1.05 lakhs); reasons are awaited.					
5.	15-Education—				
	O	7,28,26,000	7,62,18,000	7,73,84,125	11,66,125
	S	33,92,000			
Excess occurred mainly under 'Primary' (provision Rs. 3,07.16 lakhs; expenditure Rs. 3,22.60 lakhs); reasons are awaited.					
6.	17-Public Health—				
	O	78,56,000	83,06,000	92,24,811	9,18,811
	S	4,50,000			
Excess occurred mainly under 'Expenses in connection with Epidemic Diseases' (provision Rs. 29.50 lakhs; expenditure Rs. 33.65 lakhs), 'Leprosy' (provision Rs. 5.03 lakhs; expenditure Rs. 6.38 lakhs) and 'Miscellaneous' (provision Rs. 36.22 lakhs; expenditure Rs. 40.45 lakhs); reasons are awaited.					

7. 22-Community Development Projects,
National Extension Service and Local
Development Works—

O	1,00,98,000	}	1,24,06,000	1,24,50,941	44,941
S	23,08,000				

Excess occurred under 'Recurring expenditure on personnel retained on N.E.S. Pattern' (provision Rs. 54.20 lakhs: Expenditure Rs. 54.60 lakhs) and was mainly due to payment of dearness allowance at enhanced rates.

8. 26-Electricity Schemes—

O	1,94,55,000	}	2,25,40,000	2,51,61,148	26,21,148
S	30,85,000				

Excess occurred mainly under:—

- (i) 'Hydro-electric Schemes—Working expenses—Works expenditure financed from ordinary revenue' (provision Rs. 1.80 lakhs: expenditure Rs. 3.75 lakhs) due to restoration of electric supplies disrupted by heavy snowfall at various places.
- (ii) 'Maintenance proper' (provision Rs. 67.50 lakhs: expenditure Rs. 74.56 lakhs); mainly due to more expenditure on repairs and maintenance of electric lines, sub-stations, generating stations, etc., particularly in the merged hilly areas.
- (iii) 'Provision for depreciation as calculated for transfer to Depreciation Reserve Fund' (provision Rs. 19.50 lakhs: expenditure Rs. 21.23 lakhs), and was due to more capital investment on schemes during the year.
- (iv) 'Interest' (provision Rs. 20.00 lakhs: expenditure Rs. 34.62 lakhs) due to more interest charges on the capital outlay on account of more receipts of material/ machinery.
- (v) 'Establishment' (provision Rs. 90.98 lakhs: expenditure Rs. 91.70 lakhs); reasons for the excess are awaited.

9. 27-A-Capital Outlay on Electricity
Schemes—

O	..	}	58,000	58,028	28
S	58,000				

10. 28-Public Works—(Communications)—

O	4,22,33,000	}	4,25,33,000	4,66,71,247	41,38,247
S	3,00,000				

Excess occurred under 'Repairs' (provision Rs. 1,00.50 lakhs: expenditure Rs. 1,59.10 lakhs); reasons are awaited. The excess was partly off-set by savings under other group heads.

11. 29-Other Public Works—				
	O	6,67,53,000	}	7,29,64,000 8,56,03,300 1,26,39,300
	S	62,11,000		

Excess occurred under 'Repairs' (provision Rs. 41.60 lakhs: expenditure Rs. 51.10 lakhs), 'Establishment' (provision Rs. 1,21.20 lakhs: expenditure Rs. 1,25.49 lakhs), 'Tools and Plant' (provision Rs. 30.77 lakhs: expenditure Rs. 41.30 lakhs) and 'Suspense' (provision Rs. 5,03.81 lakhs: expenditure Rs. 6,09.83 lakhs); reasons are awaited.

12. 33-Pensions and Other Retirement Benefits—				
	O	24,81,000	}	27,65,000 34,17,186 6,52,186
	S	2,84,000		

Excess occurred under 'Superannuation and Retired Allowances' (provision Rs. 17.85 lakhs: expenditure Rs. 23.23 lakhs), 'Gratuities' (provision Rs. 6.50 lakhs: expenditure Rs. 7.27 lakhs) and 'Family Pensions' (provision Rs. 2.40 lakhs: expenditure Rs. 3.17 lakhs) due to finalisation of more pension cases than anticipated.

13. 34-Privy Purses and Allowances of Indian Rulers—				
	O	1,83,000	}	2,60,000 2,91,058 31,058
	S	77,000		

Excess occurred under 'Centrally Administered States' (provision Rs. 2.60 lakhs: expenditure Rs. 2.91 lakhs) and was due to payment of some arrears.

14. 40-Payment of Compensation to Land Holders --				
	O	1,04,000	}	1,60,000 1,60,108 108
	S	56,000		

15. 44-Capital Outlay on Electricity Schemes—				
	O	11,45,58,000	}	11,88,13,000 12,82,26,240 94,13,240
	S	42,55,000		

Excess occurred mainly under 'Tools and Plant' (provision nil: expenditure Rs. 3.84 lakhs) and 'Suspense' (provision Rs. 7,74.58 lakhs: expenditure Rs. 8,72.29 lakhs) and was mainly due to purchase of more stores.

16. 45-Capital Outlay on Public Works (Communications)—				
	O	3,74,10,000	}	3,81,97,000 5,28,70,477 1,46,73,477
	S	7,87,000		

Excess occurred under 'Major Works' (provision Rs. 3,81.87 lakhs: expenditure Rs. 5,28.70 lakhs); reasons are awaited.

17. 48-Capital Outlay on Forests—

O	18,00,000	} 20,40,000	21,41,460	1,01,460
S	2,40,000			

Excess occurred mainly under 'Construction of Forest Roads' (provision Rs. 8.38 lakhs; expenditure Rs. 9.38 lakhs); reasons for the excess are awaited.

(b) *Excess over charged appropriations*—Excess over the following five charged appropriations also require regularisation:—

1. 15-Education—

O	..	} ..	1,500	1,500
S	..			

2. 28-Public Works (Communications)—

O	..	} ..	2,500	2,500
S	..			

The expenditure under the charged appropriation represents payment of decretal amounts made in March 1969 against decrees received in August 1968. Reasons for not covering it by an advance from the Contingency Fund are awaited.

3. 29-Other Public Works—

O	..	} 1,000	38,505	37,505
S	1,000			

The expenditure under charged appropriation represents decretal payments made in July 1968 and March 1969 against decrees received in June 1968 and February 1969. Reasons for not covering it by an advance from the Contingency Fund are awaited.

4. 46-Capital Outlay on Public Works—
Buildings—

O	..	} 56,700	57,906	1,206
S	56,700			

5. Inter-State Settlement—

O	2,47,000	} 3,97,000	18,30,385	14,33,385
S	1,50,000			

Excess was due to payment of Himachal Pradesh share of repayment of 4 per cent Punjab Loan 1968 (in terms of Punjab Re-organisation Act 1966).

12. *Saving in grants/appropriations*—(a) It would be seen from appendix II that in sixteen voted grants and one charged appropriation the savings exceeded 10 per cent; in nine of those cases the savings ranged between 20 and 80 per cent.

(b) Some of the major schemes/items the provision for which remained wholly or substantially unutilised and the reasons therefor are given below:—

Serial No.	Number and name of grant and scheme	Provision	Saving	Percentage
(In lakhs of rupees)				
1.	18-Agriculture— Agricultural Experiments and Research	1,28.77	30.56	24
		Saving was partly due to vacancies, non-implementation of soil conservation scheme in merged areas, non-implementation of intensive agricultural area programme and less expenditure on works under intensive agricultural district programme, etc.		
2.	35-Stationery and Printing— Government Presses	20.77	13.29	64
		Mainly due to non-release of foreign exchange for purchase of machinery and non-receipt of debits for paper purchased through the Director General, Supplies and Disposals and non-supply of full quantity of printing paper by the Stationery Office, Calcutta.		
3.	41-Capital Outlay on Improvement of Public Health	32.00	8.84	28
		Part of the saving was mainly due to less expenditure on water supply works on account of dispute in certain villages, non-finalisation of discharge data for construction of water supply scheme in one village, non-receipt of pipes and non-receipt of administrative approval/expenditure sanction for construction of water supply schemes for various villages etc.		
4.	42-Capital Outlay on Schemes of Agricultural Improvement and Research—			
	(a) Purchase of Land for Agricultural Farms	6.20	6.20	100
		Mainly due to non-establishment of new agricultural farms and non-finalisation of land acquisition.		
	(b) Propagation of mirror carp	5.00	5.00	100
		Due to non-receipt of sanction.		
5.	43-Capital Outlay on Industrial and Economic Development— Contribution in the share capital of Co-operative Societies	6.50	3.58	55
		Mainly due to less investment in the share capital of co-operative societies.		
6.	50-Capital Outlay on Schemes of Government Trading— Purchase of improved seeds	30.00	14.22	47
		Mainly due to non-purchase of seeds due to lesser demand.		

13. *Control over expenditure*—(a) 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 each sub-head of grant/appropriation; this is secured by:—

(i) sanctioning re-appropriations from sub-heads of grants/appropriations where saving is anticipated to other sub-heads in the same grant/appropriation where there is need for additional funds,

- (ii) obtaining supplementary grants or appropriations, where necessary, and
- (iii) surrender of surplus funds under any sub-head as soon as saving can be foreseen.

(b) It would be seen from paragraph 11 above that excesses of Rs. 4,84.04 lakhs remained uncovered in seventeen grants and five appropriations.

(c) Cases where additional funds provided in the course of the year by supplementary provision proved unnecessary, excessive or inadequate have been mentioned in paragraph 10 above.

(d) *Surrender of savings*—Although the rules require that unutilised amounts should be surrendered as soon as the possibility of savings is anticipated, all the surrenders (Rs. 11,15.00 lakhs) were made in only the last month of the year.

In Seven grants (grant nos. 29, 31, 37, 42, 46, 47 and 50), Rs. 9,82.77 lakhs were surrendered; in one (grant no. 29) of those grants, no amount eventually became available for surrender and in six others the savings ultimately found to be available were less than the amounts surrendered.

(e) Important instances of defective control over expenditure under individual group heads within the grants/appropriations have been mentioned in the Appropriation Accounts.

CHAPTER III

Civil Departments

AGRICULTURE

14. *Procurement of wheat seed*—Seven thousand quintals of wheat seed were procured from Punjab (cost including transportation Rs. 6.95 lakhs) for distributing to cultivators in Kangra district for *Rabi* crop 1967 on no-profit no-loss basis. After taking into account the incidental charges and loss due to shortage, etc., its sale price was fixed at Rs. 125 per quintal. According to departmental instructions, the seed was to be treated chemically just before issue to cultivators for sowing. Most of the stock of seed was, however, treated soon after procurement.

Between April and December 1967, 3,312 quintals of seed were sold at Rs. 125 per quintal; another 3,119 quintals were sold in the open market through auction at Rs. 100 to 110 per quintal. Shortage of seed due to handling and cleaning was 118 quintals (Rs. 10,287) and 51 quintals (Rs. 5,066) respectively. 400 quintals of seed (value Rs. 41,000) are held in stock. Non-disposal of the entire stock of seed during *Rabi* crop 1967 was attributed by the Department to procurement of inferior quality seed. The District Agricultural Officer, Kangra, reported in April/September 1968 that because it had been chemically treated the unsold stock was unfit for human/animal/poultry consumption and that it could not even be sold to a starch factory.

15. *Fertilisers*—Imported phosphatic fertilisers worth Rs. 72.85 lakhs and Rs. 2.73 lakhs were received (through Government of India) during 1967-68 and 1968-69 respectively. Consumption and sales thereof were Rs. 1.89 lakhs and Rs. 1.83 lakhs only during 1967-68 and 1968-69. Fertilisers worth Rs. 72.36 lakhs were held in stock at the end of September 1968.

Non-utilisation of the fertilisers by cultivators was attributed to high cost.

16. *Soil conservation in the catchment areas of Sutlej and Beas*—The scheme started in 1961-62 envisaged stabilisation of stream banks by tree plantation, terracing, contour cultivation, etc., in the catchment areas of Sutlej and Beas rivers. Fifty per cent of the expenditure incurred by the beneficiaries on soil conservation was reimbursed as subsidy and the remaining 50 per cent paid as 4-3/4 per cent loan recoverable in ten annual equated instalments beginning from the sixth year of the advance of loan.

During 1961-62 to 1967-68 Rs. 38.33 lakhs (loans—Rs. 7.39 lakhs, subsidies—Rs. 7.89 lakhs, and establishment and contingencies including equipment and tools and plant for the soil conservation laboratories—Rs. 23.25 lakhs) were spent. Except in 1961-62 the area covered fell short of the expectations during 1962-63 to 1967-68 as shown below:—

Year	1961-62	1962-63	1963-64	1964-65	1965-66	1966-67	1967-68
Targets (in acres)	135	1,000	1,125	1,120	1,120	1,323	550
Achievements (in acres)	216	796	847	288	235	740	185
Excess(+)/Short-fall (—)	(+)81	(—)204	(—)278	(—)832	(—)885	(—)583	(—)385
Percentages of excess (+)/shortfall (—)	(+)60	(—)20	(—)25	(—)74	(—)79	(—)44	(—)66

The following points were also noticed:—

- (i) During 1961-62 to 1963-64 Rs. 10.81 lakhs were paid as loans (including loans under the land development scheme); of those details of Rs. 4.63 lakhs had not been reported to the revenue officers for raising demands.
- (ii) To safeguard the interest of Government against loss the borrowers are to mortgage their lands to Government. That was not got done.
- (iii) Rs. 0.29 lakh paid as subsidies were for purposes other than those for which the subsidy was payable.
- (iv) To ensure correctness of payments to beneficiaries measurements of work done for each work were to be test checked to the extent of 50 per cent and 10 per cent by Assistant Soil Conservation Officers (50 per cent) and Soil Conservation Officers/Deputy Director (10 per cent). During 1961-62 to 1967-68 only Assistant Soil Conservation Officers had test checked the measurements of works upto 10 per cent instead of 50 per cent as prescribed.

The matter was reported to Government in September 1969; reply is awaited (December 1969).

17. *Integrated oilseed development*—With a view to attaining self sufficiency in production of oilseeds a scheme was started in February 1959 in collaboration with the Indian Central Oilseeds Committee and Indian Council of Agricultural Research. At the end of seven years the scheme had envisaged increase in the production of oilseeds from 994 tons to 1,993 tons. Increase of 621 tons was to be achieved by bringing under cultivation additional area of 6,965 acres and the balance 378 tons by adoption of intensive cultivation measures. A review conducted by Audit during November 1968 showed shortfall in the additional area brought under cultivation and oilseeds produced as shown below:—

	Acreage	Production (Tons)
At the commencement of the scheme (1959)	11,715	994
Target	18,680	1,993
Anticipated increase	6,965	999
Actual increase (upto February 1966)	370	214
Shortfall	6,595	785

While reviewing the progress of the scheme from time to time, the Indian Central Oilseeds Committee had also observed that Government should take effective steps to increase the area under cultivation and production. Although the department had promised to make up the shortfalls, the targets were not achieved to any significant degree.

The shortfall in production was attributed to:—

- (i) fragmented holdings,
- (ii) preference of cultivators for growing other food crops;
- (iii) drought conditions prevalent in 1965-66 and non-utilisation of fertilisers due to the areas under oilseed cultivation being small.

Due to poor results the scheme was closed in February 1966. Rs. 1.27 lakhs were spent on it (pay and allowances of staff and contingencies) during March 1959 to February 1966.

18. *Local manurial resources scheme*—With the introduction of the local manurial resources scheme from September 1957 the compost scheme in operation since 1951 was intensified. Due to overlapping of functions/jurisdiction of the two schemes ten posts of Mukaddams sanctioned for the compost scheme became surplus. Instead of surrendering the surplus posts, the department utilised them for horticulture operations and the expenditure on their pay and allowances (Rs. 1.42 lakhs from 1960-61 to 1967-68) was debited to the local manurial resources scheme.

The matter was reported to Government in February 1969; reply is awaited (December 1969).

ANIMAL HUSBANDRY

19. *Composite milk supply scheme, Mandi*—Under the Indo-German Agricultural project a composite milk supply scheme (estimated outlay Rs. 30 lakhs) was formulated in December 1963 for operation in Mandi district. It envisaged purchase of wholesome milk from co-operative societies in rural areas, setting up of a dairy (for processing) and distribution of milk to consumers. When fully implemented it was expected that the scheme would run as a self-sufficient unit. The dairy has not been set up; five chilling plants received from West Germany were under installation (July 1969). Rs. 94,120 were spent on establishment and recurring contingencies during 1964-65 and 1965-66 and Rs. 50,473 were received from sale of milk. The loss of Rs. 43,647 was attributed mainly to non-availability of sufficient funds for purchase of milk.

Finding no market for the entire milk purchased during 1966-67 to 1968-69, 54,709 litres of milk (sale value Rs. 53,125) were converted into cream/ghee; Rs. 32,637 were realised by their sale thereby resulting in loss of Rs. 20,488. The department stated in June 1969 that the surplus milk had to be purchased in flush season to avoid annoyance to the producers and also in the larger interests of the milk scheme.

The matter was reported to Government in September 1969; reply is awaited (December 1969).

20. *Central poultry farm, Nahan*—For meeting the demand of poultry breeders for birds and eggs of improved breed and poultry feed, a poultry farm was set up at Nahan in 1959-60. The following points were noticed:—

- (i) During 1960-61 to 1968-69 Rs. 6.50 lakhs (establishment Rs. 1.03 lakhs, recurring contingencies Rs. 5.47 lakhs) were spent and Rs. 3.86 lakhs only were realised by the sale of farm produce. Closing stock (birds, eggs and feed) at the end of March 1969 was worth Rs. 0.55 lakh.
- (ii) Although the farm was equipped with technical staff, scientific instruments, medicines, etc., the mortality of birds was between 25 per cent and 54 per cent (except during 1960-61, 1965-66, and 1968-69) against the normal 10 per cent (adult) and 20 per cent (chickens). Reasons for the high rate of mortality were not investigated (July 1969).
- (iii) The annual production of eggs per layer during 1961-62 to 1963-64 was between 114 and 147, while it was 205 in 1965-66 and in other years between 161 and 189. The percentage

of hatchability was between 35 and 51 in 1961-62, 1962-63 and 1966-67 while in other years it was between 61 and 67. Reasons for variations in the productivity of eggs and hatchability had not been investigated (September 1969).

21. *Poultry development block, Paonta Sahib*—The block was established in 1961-62 for popularising poultry farming amongst private poultry breeders by grouping them into co-operative societies, providing facility for setting up a commercial hatchery, procuring and distributing poultry feed amongst members of the co-operative societies on no profit no loss basis and organising collection and sale of eggs. The villages constituting the block were to have 10,000 laying hens. It was expected that each co-operative society comprising 100 to 300 families would produce about 12 lakh eggs per annum and about 12,000 to 15,000 table birds and would provide a monthly income of Rs. 10,000 to the members.

The following points were noticed:—

- (i) Rs. 2.24 lakhs (establishment and recurring contingencies Rs. 1.73 lakhs and non-recurring contingencies Rs. 0.51 lakh) were spent during 1961-62 to July 1969, but no co-operative society was formed till then. Poultry feed and medicines worth Rs. 77,245 had been purchased during 1963-64 to 1968-69. Poultry feed valued at Rs. 1,661 only were sold to private poultry breeders. The unsold stock was utilised for a poultry extension centre.
- (ii) The block had 3,314 birds in 1960. Although 7,461 birds of improved breed were sold to the breeders during 1960-61 to 1966-67 the number of birds in the block was only 6,027 till 1967.
- (iii) An association formed of eleven private poultry breeders in 1966-67 was helped in the disposal of 13,294 eggs and 110 birds till March 1969.

The block was closed in August 1969.

The matter was reported to Government in October 1969; reply is awaited (December 1969).

22. *Duck breeding centre, Ranital (Nahan)*—The centre was started in December 1960 for breeding ducks and supplying table eggs and meat at reasonable prices.

The following points were noticed:—

- (i) During 1961-62 to 1968-69 Rs. 1.82 lakhs were spent (establishment— Rs. 0.59 lakh, contingencies recurring Rs. 0.92 lakh and non-recurring Rs. 0.31 lakh). Only Rs. 0.14 lakh were realised by sale of birds/eggs.
- (ii) A layer is expected to lay 80 eggs in a year; it was expected that about 40 per cent of eggs would hatch. During 1960-61 to 1967-68 928 layers had laid 35,059 eggs against which 74,240 eggs should have been laid; the centre obtained only 2,102 ducklings from 10,996 eggs set for hatching against 4,398 ducklings expected.
- (iii) In November 1967 the economics of the centre which was running in loss since inception were assessed for the first time; the Poultry Development Officer reported that it could not be run economi-

cally due to high cost of feeding and low productivity of eggs. In February 1968 Government ordered closure of the centre but expenditure continued to be incurred during 1968-69 also.

23. *Feed and fodder development scheme*—With a view to developing suitable nutritious pastures at different altitudes and climatic conditions the scheme estimated to cost Rs. 0.68 lakh was taken up in September 1959 under technical direction of the Indian Council of Agricultural Research which was to bear 50 percent of the estimated cost. The main object was collection and preliminary study of grasses, etc., in the first year, multiplication and distribution of promising material as also its chemical analysis and performance studies in the second and third years.

The department could develop one nursery in temperate zone in two years but none in alpine zone. Of 117 species of grasses, etc., collected for preliminary studies only two were chemically analysed (by 1962) in a laboratory outside the State. It was reported that the laboratory provisionally established had untested instruments and owing to lack of essential glassware technical work could not be undertaken. The stage of manurial and cultural studies was not reached in the first three years due to inadequacy of resources. About Rs. 0.10 lakh were spent on planting of trees and orchard at the farm. The Indian Council of Agricultural Research did not extend its collaboration after September 1962 as it was not satisfied with the implementation of the scheme.

The scheme, however, was continued. Its activities were confined to multiplication of certain seeds and their distribution before the potential value of the varieties selected had been technically established.

Rs. 1.93 lakhs were spent on establishment of laboratory, equipment, etc., from 1959 to 1968 (information about expenditure incurred thereafter not known). The department stated in June 1969 that no time limit could be fixed for achievement of results nor could the scheme be discontinued though the results were discouraging but had to be continued due to its vital importance to the State.

INDUSTRIES

24. *Industrial extension centre (textiles), Mandi*—The centre was started in October 1962 initially as a common facility-cum-production centre for manufacture of blankets and tweeds. In February 1965 four other centres were merged with it. Subsequently in 1966 it was converted into an extension centre (textiles) with the following aims and objects:—

- (i) enumeration and registration of artisans;
- (ii) provision of common facility in the use of machinery;
- (iii) provision of specifications and designs;
- (iv) quality control enforcement; and
- (v) supply of raw material to artisans at reasonable rates (or for manufacture on piece rate wages) and provision of marketing facilities.

The centre, however, functioned mainly as a production centre. During 1963-64 to 1968-69 it sustained a working loss of Rs. 0.78 lakh mainly due

to non-availability of raw materials and over-staffing. The other aims and objects were also not achieved largely. Till March 1969 service facilities were provided to only 83 artisans and only 37 weavers were registered.

Finished goods worth Rs. 0.13 lakh were lying unsold in the centre (March 1969). Action to dispose them of had not been initiated.

The matter was reported to Government in August 1969; reply is awaited (December 1969).

25. *Wood-working centre, Paonta Sahib*—The centre to give training to twenty persons annually was established at Paonta Sahib in July 1955. Seventy seven persons were trained during July 1955 to March 1963, the shortfall in training was attributed to non-availability of trainees. In July 1963 the centre was converted into a common facility-cum-production centre. In December 1966 it was made an industrial extension centre. On an average, service facility was provided to only three parties in a month.

Rs. 2.42 lakhs (establishment—Rs. 0.79 lakh, recurring contingencies and raw material—Rs. 1.63 lakhs) were spent during April 1963 to March 1969). Rs. 1.44 lakhs were realised by sale of finished goods. Upto March 1969 the centre sustained working loss of Rs. 0.67 lakh.

Finished goods worth Rs. 0.06 lakh produced at the centre during December 1959 to February 1969 stated to be mostly unsaleable were lying unsold; action to dispose them of had not been initiated (August 1969).

26. *Pottery craft training centre*—A centre to give training in production of artistic pottery to twenty local potters (annually) was started at Jawali in February 1962. The trained persons were to form co-operative societies. During the training period, the trainees were to be paid Rs. 20 per month as stipend which was enhanced to Rs. 30 per month from June 1963. Despite the recommendations of the department in October 1962 that there was absolutely no scope for development of the centre at Jawali, which was not technically suitable for the trade, the centre continued to function there upto October 1966 when it was shifted to Kangra.

The following points were noticed:—

(i) Against the training potential of 80 persons during 1962-63 to 1965-66 only 50 persons were trained. Rs. 1.11 lakhs (establishment—Rs. 0.56 lakh and contingencies—Rs. 0.55 lakh) were spent during 1961-62 to 1967-68.

Government informed Audit in October 1969 that the "initial expectation with regard to the imparting of training did not come out to be true due to caste stigma etc., which had prevented certain trainees to come forward to join the centre".

(ii) The centre was converted into a training-cum-production centre in March 1964. Expenditure of Rs. 35,430 was sanctioned during 1965-66 subject to the condition that the centre did not run at loss and that the sale proceeds of finished goods (during 1965-66) were not less than Rs. 10,000. Articles worth Rs. 4,947 were produced in 1965-66 to 1967-68 while contingent expenditure was Rs. 32,303.

(iii) No separate co-operative society was formed by the trained craftsmen themselves (envisaged in the scheme). Government stated (October 1969) that "some of the trainees enrolled themselves as members of a co-operative society which had come into being at the time of the setting up of the centre. The organisation of a second co-operative society of the trade was not possible in accordance with the provisions of the Punjab Co-operative Societies Act in the same area of operation".

27. *Industrial estate, Barotiwala*—(a) Under a scheme formulated in 1964 for setting up an industrial estate, ninety-three acres of land were acquired in 1964-65 at a cost of Rs. 2.21 lakhs at Barotiwala. Rs. 2.13 lakhs were further spent (upto October 1967) on approach roads, electrification, etc.

Twenty-two plots of one acre each were demarcated and allotted to various parties in May 1966. Nine of the allottees constructed buildings, of them five had set up industries. However, three of those five allottees later suspended production due to industrial recession.

Lease deeds for land allotted had neither been executed nor rent/premium fixed and recovered (April 1969). The slow progress of the scheme was attributed by the department to non-availability of water, lack of regular and permanent means of transport and remoteness of the site.

(b) A common-facility centre was established in 1964-65 at the industrial estate as an incentive to set up industries. The following points were noticed:—

- (i) Machines worth Rs. 0.48 lakh were purchased upto March 1966; of that machines worth Rs. 0.13 lakh had not been installed till August 1969 due to non-availability of accommodation and staff.
- (ii) During May 1968 to April 1969 service facility was provided to one industry (in all 190 hours); the servicing charges had not been determined and recovered (April 1969).
- (iii) During January 1968 to April 1969 sundry production jobs were undertaken by the centre for private parties/industries department. Articles worth Rs. 9,500 produced at the centre were lying unsold (April 1969).

The matter was reported to Government in September 1969; reply is awaited (December 1969).

28. *Stable at Mandi*—For the convenience of officers who had to go on tour to remote localities not connected by road a stable was being maintained in Mandi district since the time of the erstwhile Mandi State. With the improvement of road communications in Himachal Pradesh, the stable ceased to have its utility. The animals were used only on 16 occasions during May 1963 to November 1968 when Rs. 26,052 were spent on their maintenance.

At the instance of audit in December 1963 the Deputy Commissioner, Mandi, had suggested to Government in March 1964 disbandment of the stable. Government decided in February 1969 to dispose of the animals (one mule and one pony) in the stable. Accordingly, the animals were auctioned for Rs. 1,035 in March 1969.

PLANNING AND DEVELOPMENT

29. *Alleged embezzlement*—In March 1969 the District Development and Panchayat Officer, Kulu, drew Rs. 26,800 from the Treasury for disbursement as loans under the low income group housing scheme. The money was left in the custody of a clerk who on March 7, 1969 decamped with Rs. 10,850 (Rs. 15,950 were disbursed by him). The alleged embezzlement was possible because—

- (i) Drawal of funds and disbursement of loans were entrusted to a clerk (instead of cashier) without having obtained any security from him.
- (ii) Moneys drawn from the treasury were kept in an almirah (along with other office records) instead of in cash chest with double lock. The key of the almirah was also held by the clerk.
- (iii) A proper cash book was not maintained. (The register of loans was also intended to serve the purpose of a cash book).
- (iv) The entries of receipts and payments in the register of loans were not recorded, scrutinised and attested as soon as the transactions took place. That register was not closed regularly and no physical verification of cash was ever conducted by the drawing and disbursing officer.

In March 1969 the matter was reported to the police for investigation; no departmental action has been initiated (July 1969).

30. *Lift water schemes*—In March 1968 Rs. 1.21 lakhs were drawn from the treasury by the Block Development Officer, Sadar, district Bilaspur, for execution (through panchayat samities) of five lift water schemes. The amount had been arrived at on the basis of rough estimates of those works. Instead of being paid to the panchayat(s)/panchayat samities the amount was deposited in a bank in March 1968. Execution of the works has not yet (May 1969) commenced due to non-availability of sufficient water discharge and additional funds to meet the high cost of construction assessed on the basis of detailed estimates approved in July 1968. The amount has also not been refunded into the treasury (June 1969).

The matter was reported to Government in September 1969; reply is awaited (December 1969).

CIVIL SUPPLIES

31. *Recoveries due from selling agents of foodgrains, etc.*—(i) On 30th June 1969 Rs. 27.85 lakhs were due for recovery from the selling agencies on account of sale proceeds of food grains in eight districts. The amounts have not been recovered for periods ranging from one year to ten years. The agreement with the selling agencies empowers the department to charge 6 per cent interest on amounts not deposited in the treasury within one week, and to take such other action against the agents, as deemed necessary. Neither demand for interest had been raised against the defaulters, nor was any other action taken against them.

(ii) There was loss in transit of 188 quintals of country wheat (value Rs. 18,568) in Chamba District in excess of the permissible limit of 2 per cent.

TRANSPORT

32. *Mayfair Estate, Simla*—For construction of a bus stand at Mayfair Estate, Simla, Government of the composite State of Punjab acquired 8,100 square yards of land for Rs. 0.78 lakh in March 1964. Rs. 0.07 lakh were spent on levelling of land. In September 1966 the proposed construction of the bus stand was abandoned due to the impending re-organisation of the State and non-approval of the proposal by Government of India and Government of Himachal Pradesh. Rs. 0.85 lakh have, thus, remained locked up for over five years. Additional compensation of Rs. 0.42 lakh was awarded by court in June 1969. The ownership of this land passed on to Government of Himachal Pradesh on re-organisation of the Punjab State from 1st November 1966. A formal deed of transfer of land in favour of Transport Department, Himachal Pradesh Government, has not been executed so far (September 1969) by the municipal committee. Except part of the land being utilised by a club on payment of annual rent of Rs. 1,500, the land has remained under unauthorised occupation of private transport companies. The eviction proceedings initiated in April 1967 were not pursued due to the relevant section of the Punjab Public Premises Eviction Act having been declared null and void by the Supreme Court in August 1967. It was advised by the Law Department in January 1969 that fresh proceedings under the Central Act be initiated; no action has yet been taken (August 1969).

FOREST

33. *Floating and rafting of logs*—In August 1966 a contract for floating and rafting of logs was awarded to a contractor by Timber Extraction Division, Sawra. It provided signing of agreement within a fortnight of acceptance of tender and depositing of additional security of Rs. 2,000 and surety bond for Rs. 60,350. Payment to the contractor was to be made for logs received in the Government depot at Yamunanagar and the work was to be completed by the end of October 1967.

The following points were noticed:—

- (i) The contractor was allowed to commence work though he had neither signed the agreement deed nor deposited security and surety bond.
- (ii) He was paid advance of Rs. 5.60 lakhs (Rs. 2.25 lakhs in 1966-67 and Rs. 3.35 lakhs in 1967-68) in contravention of the contractual agreement. Rs. 5.53 lakhs were due to him for work done till March 1968; Rs. 0.07 lakh remain unadjusted (December 1968).
- (iii) The transit loss of 943 cubic metres timber valued at Rs. 2 lakhs in excess of the permissible limit (5.5 per cent) has not been made good so far (September 1969) from him.

The matter was reported to Government in February 1969; reply is awaited (December 1969).

GENERAL

34. *Misappropriations and defalcations, etc.*—174 cases (amount: Rs. 14.31 lakhs) of misappropriations, defalcations, etc., were pending finalisation at the end of March 1969 as shown in appendices III and IV. Of them, 75 (amount Rs. 6.95 lakhs) were pending for more than five years.

The Department of Public Works accounted for 57 per cent of the total number of pending cases.

CHAPTER IV

Works Expenditure

35. *Powari kuhl*—Construction of *Powari kuhl* (length 10,000 feet and estimated cost Rs. 0.84 lakh), designed to irrigate 300 acres of land in Kinnaur district, was started in 1963-64. It was to be completed in six months. The work was abandoned in January 1967 by when Rs. 1.28 lakhs had been spent on it (for preliminary expenses, acquisition of land, head-works, laying of *patra*, etc.). The *kuhl* was not commissioned. The expenditure of Rs. 1.28 lakhs has thus been unfruitful.

36. *Kharad Khud Masroond kuhl*—Construction of *Kharad khud Masroond kuhl* in Chamba district designed to irrigate 800 acres of land (length six miles and estimated cost Rs. 2.54 lakhs) started in September 1961 was done upto a length of 3-1/2 miles at a cost of Rs. 3.05 lakhs. The *kuhl* irrigates only 10 acres of land in a year. Construction of the *kuhl* further was suspended in September 1967 due to non-availability of sufficient water supply at the source. Rs. 0.25 lakh were spent during 1963-64 to 1968-69 on its maintenance (including special repairs).

Since hardly any benefit was derived from the *kuhl* Rs. 3.30 lakhs spent on it to the end of June 1969 have been largely unfruitful.

The matter was reported to Government in September 1969; reply is awaited (December 1969).

37. *Kasol kuhl*—Construction of *Kasol kuhl* in Bilaspur division designed to irrigate 600 acres of land (estimated length 45,700 feet and cost Rs. 1.36 lakhs) taken up in 1955-56 was done upto a length of 23,900 feet in 1960-61. The expenditure was Rs. 1.41 lakhs. A revised estimate for Rs. 2.45 lakhs framed during 1962-63 to rectify the defects in the original estimate was not sanctioned. The discharge of the *kuhl* was reported to be 3.50 cusecs against the estimated discharge of 9 cusecs. Another estimate for Rs. 1.88 lakhs framed in 1965 for remodelling the *kuhl* completely was also not sanctioned (June 1969). In April 1969 the Executive Engineer reported that the *kuhl* was totally destroyed because of loose soil. The expenditure of Rs. 1.41 lakhs has thus become largely infructuous.

In May 1964 the Superintending Engineer had ordered that responsibility for the defective planning and lapses in execution of the work should be fixed; that has not so far been done (June 1969).

38. *Tandi kuhl*—Construction of *Tandi kuhl* designed to irrigate 800 acres of land in Keylong district was completed in 1963-64 at a cost of Rs. 5.11 lakhs. The Executive Engineer, Keylong, reported in July 1967 that almost no benefit was being derived from the *kuhl*. In his report sent to

Government (December 1967) the Deputy Commissioner, Keylong, attributed this to the following:—

- (i) heavy seepage loss;
- (ii) bad terrain near the source; and
- (iii) recurring damage caused by avalanche and snow.

The expenditure of Rs. 5.11 lakhs on the *kuhl* has thus been largely unfruitful.

The matter was reported to Government in October 1968; reply is awaited (December 1969).

39. *Gymthing bridge*—Construction of Gymthing bridge (estimated cost Rs. 2.51 lakhs) was started in 1966-67 by Kinnaur division No. I. Since hard rock base for construction of the bridge at the selected site was not struck even at a depth of ten feet another site having rocks on both sides was selected in November 1968. The expenditure of Rs. 26,310 upto March 1968 on the site originally selected was thus infructuous.

40. *Construction of a bridge*—The contract for construction of a bridge over Beha Khad (cost Rs. 99,340) given to a contractor in January 1959 was rescinded in August 1961 on the ground that the contractor had failed to complete the work within the stipulated time (October 1959). The work was thereafter executed departmentally.

The department went in for arbitration in October 1963 and claimed Rs. 22,864 (including compensation of Rs. 6,646) from the contractor. The contractor gave a counter-claim for Rs. 1.32 lakhs as value of work done but not paid for and the material left at site which was not allowed to be removed when the contract was rescinded. It was also contended by the contractor that the last drawing for the work was finalised as late as May 1961. The arbitrator gave an award (August 1966) of Rs. 32,836 in favour of the contractor (besides the payments already made to him for the work). The work done departmentally at a cost of Rs. 62,000 was assessed, according to the rates of the contractor, to be Rs. 47,540 only.

41. *Water supply scheme, Karsog*—Construction of water supply scheme for Karsog, consisting of filtration beds, sedimentation tank and chlorination tank (estimated cost Rs. 16,325) was awarded in February 1958 to a contractor at 39.75 per cent above the estimated cost. The work which was to be completed within three months from 5th March 1958 was left incomplete by the contractor in October 1959. It was completed departmentally at a cost of Rs. 2,888. The expenditure on the work upto May 1963 was Rs. 23,564.

In August 1966 the Executive Engineer reported that due to heavy leakages the sedimentation tank and filtration beds had not been functioning properly since their construction. The defects were attributed to poor specifications and defective workmanship. The contractor who was asked to remove the defects disowned his liability on the grounds that the work had been completed in 1964 and that the defects were due to technical lacunae.

The filtration beds were renovated departmentally (during August 1966 to March 1967) at a cost of Rs. 7,422 but even then they did not function

properly. It was subsequently decided to construct new tanks according to modified specifications and layout; construction of new tanks was started in May 1968.

Rs. 29,513 spent originally on construction of sedimentation tank and filtration bed were thus infructuous.

Rs. 4,094, the cost of material supplied to the contractor, have not been recovered (July 1969).

The matter was reported to Government in February 1969; reply is awaited (December 1969).

42. *Rest house at Leo*—Administrative approval for construction of a rest house at Namgia (Rs. 1.03 lakhs) was accorded in September 1962. The site was subsequently shifted to Leo and construction started in July 1965 in anticipation of technical sanction thereto. Due to paucity of funds it was decided by the Chief Engineer in June 1967 to stop the work. Rs. 16,249 spent upto June 1967 on development of the site and construction have remained unfruitful.

43. *Delay in settlement of inter-divisional claims*—With a view to ensuring prompt adjustment, a system of inter-divisional transactions by cheques/bank drafts was introduced from April 1965. Under the system one division rendering services or making supplies to another division is to forward its claim monthly to the division receiving services/supplies; the latter is to settle the claim within ten days.

Claims for Rs. 2,95.95 lakhs made till March 1969 by fifty-two divisions of the Buildings and Roads/Irrigation and Electricity branches of the Public Works Department remained unsettled at the end of September 1969 by when the outstanding amount further rose to Rs. 3,75.80 lakhs.

CHAPTER V

Stores and Stock Accounts

44. *Synopsis of important accounts*—A synopsis of important stores and stock accounts for 1968-69 (other than those relating to Government commercial and quasi-commercial departmental undertakings) which were received upto November 1969 is given below:—

Serial No.	Stores	Opening balance	Receipts	Issues	Closing balance
(In lakhs of rupees)					
1.	Printing and Stationery—				
	(i) Paper and binding material	2.74	2.46	3.62	1.58
	(ii) Miscellaneous stores and spare parts	4.39	0.32	0.49*	4.22
	The closing stock was more than one year's requirements; the position was similar in 1966-67 and 1967-68 also.				
	(iii) Stationery	3.25	5.34	4.76	3.83
	(iv) Publication and Gazettes	0.46	0.56	0.13	0.89
	(v) Text Books	..	2.42	0.33	2.09
2.	Public Works Department—				
	(i) Electricity branch— Iron, steel, electrical equipment, poles, etc.	2,19.99	5,77.58	4,19.90	3,77.67
	(ii) Buildings and Roads branch— Iron, cement, pipes, bricks, timber, etc.	1,11.56	4,08.47	3,57.07	1,62.96
	(iii) Irrigation branch— Cement, iron, etc.	0.17	6.36	12.43	(—)5.90 [@]

The reserve limit of stock was exceeded in six divisions (Buildings and Roads-4 and Electricity-2), the percentage of excess varied from 2 to 82.

45. *Non-completion of stock registers*—Rules require that the stock registers in Public Works divisions should be closed at the end of each year and reviewed by Divisional Officers to see that the stocks consist only of serviceable and necessary articles and that the stores are priced within the prevailing market rates. The registers were, however, not closed (October 1969) in twenty-six Buildings and Roads divisions and three Electricity divisions although Government had granted relaxation in June 1961 (about valuation of stores in those registers) in order to expedite clearance of arrears. Closing of 220 stock registers was in arrear from September 1957 to March 1969 in 29 divisions.

*Includes depreciation of Rs. 0.33 lakh.

A—Includes articles worth Rs. 0.08 lakh found surplus.

B—Includes articles worth Rs. 0.09 lakh written-off.

@—The minus balance of Rs. 5.90 lakhs is due to the booking of certain issues of the stores pertaining to the Buildings and Roads branch as the issues of the Irrigation branch. The discrepancy is under reconciliation.

The arrears have continued despite recommendations of the Public Accounts Committee in paragraph 42 of its First Report of 1967-68 that the stock registers should be brought upto date by the end of October 1967.

46. *Physical verification of stores*—Of the thirty divisions of Buildings and Roads branch, physical verification of stores during 1968-69 had been completed in seven divisions and partially in five divisions. Information for the remaining eighteen divisions is awaited (November 1969).

Results of physical verification of stores held in all the eighteen divisions of the Electricity branch were not reported to Audit (December 1969).

47. *Minus balances in stock registers*—A minus balance in the stock register is indicative of erroneous maintenance of stock account. Unless minus balances are reconciled and adjusted, the correctness of the stock accounts cannot be ensured. Minus balances exist in ten divisions of the Public Works Department as shown below:—

Serial no.	Branch	Number of divisions	Total minus balance
			(Rs. in lakhs)
1.	Public Works Department—Buildings and Roads	Eight	25.56
2.	Public Works Department—Irrigation	Two	6.96

PUBLIC WORKS DEPARTMENT

48. *Slack coal*—For use on works 1,839 tonnes of slack coal were purchased by Bilaspur Division No. II in January 1963. The coal consumed till September 1967 was only 688 tonnes. To avoid deterioration 900 tonnes (costing Rs. 87,750) out of the balance stock of 1,151 tonnes were declared surplus and reported to the Chief Engineer in October 1967 for sanctioning disposal by auction. As the value of the surplus stock exceeded Rs. 10,000 (disposal of which had to be made through the Director General, Supplies and Disposals of Government of India) it was decided by the Superintending Engineer in April 1968 to dispose it of in lots of 100 tonnes. 100 tonnes were auctioned in March 1969 at a loss of Rs. 4,750. During November 1967 to June 1969, 248 and 136 tonnes of coal were issued for departmental use and sold respectively. The balance of 667 tonnes (cost Rs. 65,032) are still in stock (December 1969).

49. *Shortage of stores*—The stock of cement at the close of the accounts for October 1967 was not worked out correctly in the stock register of Mohal section in Kulu Division No. I and the balance of cement was incorrectly shown as 1,849 bags instead of 2,745 bags. Again, the balance stock of cement was incorrectly shown as 1,086 bags instead of 1,089 bags in March 1968. There was thus short accountal of 899 bags of cement valued at Rs. 11,204. In another case, the Works Inspector sent to take delivery of cement at Jogindernagar rail-head in October-November 1968 failed to render account of 477 bags of cement valued at Rs. 5,945. This loss of 477 bags of cement was reported to the police in June 1969.

The matter was reported to Government in September 1969; reply is awaited (December 1969).

50. *Non-accountal of surpluses/shortages of stores*—Physical verification of sectional stores at Manali conducted by the Sub-Divisional Officer in May 1966 showed that stores worth Rs. 31,766 were in excess and that certain other stores worth Rs. 26,629 were short. The value of the stores found short (not reported to higher authorities) was not placed under 'Miscellaneous Public Works Advances' (for watching recovery), nor was the value of the stores found in excess credited to revenue (required under the rules).

On transfer of the charge in February 1967, the relieved sectional officer handed over the stores as per book balances and the shortages/excess noticed in May 1966 were ignored.

Responsibility for the loss of the stores had not been fixed, nor had the reasons for the surpluses been investigated (June 1969).

The matter was reported to Government in September 1969; reply is awaited (December 1969).

MULTIPURPOSE PROJECTS AND POWER DEPARTMENT

51. *A mobile crane*—A mobile crane was purchased by Hydel Uhl Mechanical division, Jogindernagar, from a firm in September 1963 at a cost of Rs. 0.98 lakh (of which Rs. 0.88 lakh representing 90 per cent were paid on production of proof of despatch). Rs. 0.06 lakh were further spent as incidental charges. The crane after being assembled at site by the supplier in November 1963 could not perform the trial test successfully. The firm was also liable to pay liquidated damages of Rs. 25,500 for the delay of nearly 1-1/4 years in the delivery of the crane. The department, therefore, withheld the performance certificate.

In January 1965 the firm sent its mechanic for setting right the defects in the crane and to impart training to a crane operator of the department, but he left without handing over charge of the crane and putting the crane to a traction test. The crane was deployed on excavation work during May 1965 to February 1966 (total 156 hours); further operation was not possible due to broken/damaged parts. The crane has been lying idle since February 1966.

The matter was reported to Government in August 1969; reply is awaited (December 1969).

INDUSTRIES DEPARTMENT

52. *Niwar tape and lace making centre, Kangra*—The centre was started in April 1960. Machinery and equipment worth Rs. 44,600 were installed between August 1960 and June 1965. Four machines costing Rs. 13,170 could not be used since their purchase owing to some defects. Production in the centre was stopped in November 1965 due to its uneconomical working. A departmental committee was constituted in June 1965 to examine the question of closure/restarting of the centre. The committee recommended (in September 1967) its closure and disposal of the machinery and equipment. A private party approached the department in March 1968 for sale/lease of the machinery and equipment to it. Government's decision is awaited (December 1969).

AGRICULTURE DEPARTMENT

53. *Local manurial resources development scheme*—To prevent misuse of cow dung as fuel, gas plants were provided free to villagers by the department. Forty-four gas plants costing Rs. 19,418 were installed during 1961-62 to 1963-64, of those thirty-nine plants valued Rs. 17,268 were lying idle (October 1968) as they were not capable of serving big families and also because of electrification of villages and non-availability of technical guidance. No action to retrieve the idle plants has been taken so far (October 1969).

The matter was reported to Government in February 1969; reply is awaited (December 1969).

CHAPTER VI

Revenue Receipts

FOREST DEPARTMENT

54. *Loss of revenue*—In Simla Forest Division, one lot of resin blazes estimated to comprise of 52,312 blazes was auctioned on February 11, 1965 and leased out to a firm for three years starting from 1965 season for Rs. 1.65 lakhs at Rs. 105 per hundred blazes per year. The firm executed the agreement on 9th April 1965 without depositing the full security and commenced the work. According to clause 3 of the agreement deed, the enumeration of blazes as stipulated in the agreement was to be deemed as final and the purchaser could have no claim on account of lesser number of blazes actually available for tapping subject, however, to certain exceptional circumstances, such as winds/storms, etc., as mentioned in clause 12 and 13 of the agreement, in which case a proportionate rebate was admissible. The recounting was to be conducted in case the contractor applied for it before 15th March 1965, after paying a re-counting fee of one per cent of the sale price. Notwithstanding the provisions of the agreement, the contractor alleged that the blazes available for tapping were short by 25,000 and a considerable number of blazes was sub-standard and accordingly, the party asked the department in April 1965 to remove these defects within 7 days. The request was, however, not accompanied by the prescribed fee. The contractor ultimately abandoned the work on the plea that the department had failed to comply with his request. The above lot was re-auctioned to another firm on 11th February 1966 and thus full one year's crop was lost, resulting in loss to the tune of Rs. 54,928. A sum of Rs. 10,986 being the earnest money and security of the contractor for some other work was adjusted against this loss.

The total amount payable by the other firm on the basis of the lease for three years auctioned in 1966 worked out to Rs. 80,037 at Rs. 51 per hundred blazes per annum. This firm could tap 46,123 blazes during the first year and it also complained about the shortfall in the number of blazes sold. On re-enumeration of the blazes by the department, it was found that the number of blazes of standard specification was 33,648. Royalty for 33,648 blazes was accordingly paid by the contractor for the subsequent seasons viz., 1967 and 1968. The total amount of royalty recovered from the second party thus fell short of Rs. 22,193 of the contractual amount of Rs. 80,037.

Besides the loss of Rs. 54,928 relating to the crop for the season 1965, when the first contractor abandoned the work, there was short realisation of revenue to the extent of Rs. 69,173 during the seasons 1966 and 1967 because the lease was re-auctioned at the lower rate of Rs. 51 per hundred blazes in 1966.

In February 1968, the previous contractor served the department with a notice demanding payment of Rs. 35,000 comprising of cost of establishing

the works (Rs. 15,000) and damages for breach of contract (Rs. 20,000). The Government Advocate advised the department that as the contract was based on a mistake of fact, it need not be referred for arbitration. The department had asked the contractor (February 1969) to make good the loss due to the re-auction of the lot.

The matter was reported to Government in August 1969; reply is awaited (December 1969).

55. *Loss due to illicit felling of trees*—Some illicit felling of trees in a Forest division was reported in 1961. The illicit felling of trees was stated to be by the labourers, who had been employed by the Public Works Division for the construction of a road. The loss due to the illicit felling of trees upto February 1966 was estimated to be Rs. 54,830.

The matter was reported to the Police Department in March 1966, but a report about the final action taken in the matter is awaited (October 1969).

56. *Non-recovery of outstanding dues*—Rs. 19,880—In January 1961 standing trees in a particular lot were leased on auction by the Forest Department to a forest contractor. Under the terms of lease the extraction of timber had to be completed by 31st March 1963.

As the lessee failed to extract the timber within the time stipulated and as there was also a delay in payment of royalty, total sum of Rs. 39,741 was levied by way of penalty and extension fees. In addition, a sum of Rs. 2,439 was demanded for damage caused to the growing trees while felling the trees which had been auctioned. Against all these demands a sum of Rs. 22,300 was recovered upto May 1967, leaving an outstanding balance of Rs. 19,880. To recover the outstanding dues of Rs. 19,880 no action was initiated till June 1969.

57. *Loss of revenue*—In Churah Division, Chamba, one lot of trees was auctioned in January 1964 to a contractor for Rs. 9.60 lakhs. According to the agreement, the working of the lot was to be completed in two years and the royalty was to be paid by the contractor on or before the dates given below:—

(i) First instalment	(Rs. 1.07 lakhs) February 28, 1965.
(ii) Second instalment	(Rs. 2.13 lakhs) May 15, 1965 or the date of rafting whichever was earlier.
(iii) Third instalment	(Rs. 2.13 lakhs) February 28, 1966.
(iv) Fourth instalment	(Rs. 4.27 lakhs) May 15, 1966 or the date of rafting whichever was earlier.

The firm failed to adhere to the time limits stipulated in the agreement for the liquidation of the dues and paid Rs. 1.23 lakhs only upto end of November 1965. No action was taken by the department to cancel the

contract. On the other hand, the department allowed the firm to launch the entire lot of timber from time to time in contravention of the provisions of clause 7 (a) of the agreement according to which timber of the value proportionate to the amount of royalty paid by the contractor could be permitted to be removed.

The contractor was also liable to pay Rs. 1.35 lakhs on account of penal interest (Rs. 1.24 lakhs) for belated payments of instalments of royalty and for damages caused (Rs. 0.11 lakh) to the other trees during felling operations.

As a result of the adjustment of the cost of timber supplied by the firm to the various departments and the sale proceeds of the confiscated timber, the department could realise Rs. 5.14 lakhs, leaving a balance of Rs. 4.46 lakhs against the contractual amount, besides Rs. 1.35 lakhs on account of interest and damages, etc. The Divisional Forest Officer had asked the Collector Chamba in December 1968 to effect the recovery of Rs. 4.46 lakhs from the party as arrears of land revenue. Regarding recovery of Rs. 1.35 lakhs, the matter was proposed to be referred for arbitration.

58. *Irregularities in the working of a long-term lease and delay in realisation of compensation*—The sale of resin blazes for a period of 15 years was leased to a firm in October 1956, by negotiation, without inviting tenders or holding any auction. One of the considerations for sanctioning a long term lease was that the lessee would set up an upto-date modern distillation plant for the processing of resin and oil and for the manufacture of other organic chemicals. The firm had not set up any such plant till August 1969. The agreement with the lessee provided for rates ranging from 65-70 paise per blaze for the years 1957 and 1958, with a stipulation that the rate would be revised after every two years beginning with 1959, on the basis of the average rate received by the Government for the sale of resin in Hoshiarpur market during the previous two years.

The lessee persistently committed irregularities viz., illicit tapping of resin and fixing of outshaped and oversized blazes. The compensation both demanded and proposed to be imposed by the Government on the lessee for the irregularities, amounted to Rs. 59,938 (upto December 1968). This amount did not include the compensation realisable for the oversized blazes in some of the forests for the years 1960 to 1963, as the relevant records were stated to be not forthcoming. The lessee was also required to pay an aggregate sum of Rs. 1,28,620 on account of delay in payment of instalments of royalty during 1957 to 1967, except during 1963 for which the amount had not been assessed. The lessee had also to pay 10 per cent premium on royalty, as agreed to in February 1962 but no such amount had been recovered by the department. The amount of premium for the years 1962-63 to 1964-65 worked out to Rs. 96,115, while that for the subsequent period had to be worked out by the department.

The matter was reported to Government in October 1969; reply is awaited (December 1969).

59. *Heavy losses in ghalls*—The permissible loss in *ghalls* (floating of wood) for the wood extracted in the Timber Extraction Division, Kulu, was 5 per cent in floating and 1 per cent in rafting. In the event of unprecedented flood or other natural calamities, which are beyond human control, the competent authority could enhance the limit of percentage of loss.

The actual loss in the *ghalls* in the years 1962-63 to 1964-65 was as under:—

Year	Total timber launched		Timber lost		Percentage of loss		Value of wood lost
	No.	cft.	No.	cft.	No.	cft.	Rs.
1962-63							
Round	98,068	1,66,617	8,730	13,610	8.90	8.16	87,470
Sawn	1,53,409	5,29,232	5,757	21,378	3.75	4.04	
1963-64							
Round	1,26,357	2,64,028	14,268	22,727	11.21	8.60	2,07,264
Sawn	1,34,057	4,55,457	14,349	71,914	10.71	15.79	
1964-65							
Round	1,34,067	3,20,147	44,477	71,983	24.16	22.49	2,50,999
Sawn	1,06,482	3,87,713	3,432	26,448	3.22	6.82	
							<u>5,45,733</u>

The loss over and above the permissible limits works out to Rs. 97,646 during 1963-64 for sawn timber and Rs. 1,27,800 during 1964-65 for round timber. The loss in the year 1963-64 was attributed to (i) abnormal delay in sanctioning the contract resulting in delay in launching and (ii) heavy floods in June 1964. The rafting and afloatage were required to be completed by December 1963 but were extended upto June 1964.

The loss in the year 1964-65 was attributed to untimely and severe floods, difference in measurements in forest and sale depots, sinking of timber, etc. The extent of loss due to difference in measurements in forest and sale depots during 1964-65 is under investigation. Orders of the Government for writing-off the loss were awaited (August 1969).

60. *Loss of revenue—Chamba Forest Division*—In terms of clause 23 of the contract "agreement for light tapping of resin blazes", penalties amounting to Rs. 26,597 at the prescribed rates were imposed on four contractors on account of deshaped/illicit blazes tapped by them during the years 1963 and 1964. On representation from the parties, the Chief Conservator of Forests reduced the penalties imposed in 1963 and 1964 by 50 per cent and 75 per cent respectively. This resulted in unauthorised remission of revenue to the extent of Rs. 17,155.

The matter was reported to the Government in April 1969 but the comments/reply were awaited (September 1969).

61. *Unauthorised aid to a forest lessee*—In January 1966, one lot of standing trees was leased out for two years for Rs. 5.07 lakhs. The royalty was payable in four fixed instalments on the dates stipulated in the agreement, failing which the contractor was liable to pay penalty as provided in the agreement.

It was noticed that the contractor failed to pay instalments aggregating Rs. 1.69 lakhs which fell due in November 1966 and February 1967. No action had been taken to seize the timber extracted by the contractor. It was decided in May 1967 that the outstanding dues would be paid by the contractor in instalments of Rs. 0.05 lakh and timber of the same value would

be released. The contractor paid only Rs. 0.15 lakh under this arrangement till February 1968 when the entire amount of Rs. 5.07 lakhs on account of royalty had become due. In the meantime another lot of the standing trees was also leased out to this contractor in January 1968 for Rs. 5.05 lakhs when the department was already aware of his unsound financial position.

CHAPTER VII

Commercial Activities, Investments and Guarantees

Section—A

General

62. This chapter deals with the results of audit of:—

- (i) Statutory Corporations,
- (ii) Government Companies,
- (iii) Government Commercial/Quasi-Commercial Departmental Undertakings, and
- (iv) Investments and guarantees by the Union Territory Government.

Section—B

Statutory Corporations

63. There are two statutory corporations in Himachal Pradesh, namely, Himachal Pradesh Financial Corporation and Mandi-Kulu Road Transport Corporation. Government investment in the two corporations stood at Rs. 49.15 lakhs as on the 31st March 1969. A summary of the financial results of Himachal Pradesh Financial Corporation is given in appendix V. The financial results of Mandi-Kulu Road Transport Corporation are not available as the accounts for the year 1968-69 have not been finalised so far (December 1969).

Section—C

Government Companies

64. As on 31st March 1969 there were three fully owned Government companies in the State (viz., Himachal Pradesh Mineral and Industrial Development Corporation, Himachal Pradesh State Small Industries Corporation and Nahan Foundry Limited) having a total paid up capital of Rs. 66.05 lakhs.

The working results of the Himachal Pradesh Mineral and Industrial Development Corporation Limited for the year 1968-69 are given in appendix VI. The accounts of the Himachal Pradesh State Small Industries Corporation for the year 1968-69 have not been made available to Audit so far (November 1969).

Section—D

Government Commercial/Quasi-Commercial Departmental Undertakings

65. There are eleven Government commercial undertakings as detailed below:—

- (i) Ayurvedic Pharmacy, Jogindernagar.
- (ii) Ayurvedic Pharmacy, Majra.
- (iii) Himachal Pradesh Government Press, Simla.
- (iv) Himachal Government Transport.
- (v) (New Himachal) Seed Scheme.
- (vi) Rosin and Turpentine Factory, Nahan.
- (vii) Rosin and Turpentine Factory, Bilaspur.
- (viii) Textile Expert, Chamba (defunct).
- (ix) Fertilizer Scheme.
- (x) Electricity Schemes (Department of Multipurpose Projects and Power).
- (xi) (New Himachal) Food and Supply Scheme.

A review of the working of (i) Himachal Government Press, Simla and (ii) Himachal Government Transport is contained in the succeeding paragraphs. The financial results of the remaining nine undertakings are not available (October 1969) as the proforma accounts have not been finalised by the departments.

66. *Working of Ayurvedic Pharmacy, Jogindernagar*—The pharmacy was established at Jogindernagar in 1953-54 with a view to catering to the needs of Ayurvedic dispensaries for indigenous medicines. The following points were noticed in audit (August 1969):—

- (i) The pharmacy had not adopted the commercial accounting system in accordance with the decision of the erstwhile Territorial Council taken in 1961-62. Neither any formula for working out the actual cost of manufactured medicines had been prescribed nor had any percentages of shortages in processing been fixed.
- (ii) Shortage of stores and raw herbs worth Rs. 9,686 (from October 1953 to October 1967) was noticed by the Manager of the Pharmacy in February 1968; no action has, however, been taken so far (October 1969), to fix responsibility or to regularise the loss.
- (iii) Raw herbs/drugs purchased during 1958-59 to 1967-68 (value Rs. 34,912) had not been consumed till July 1969 for want of certain spirits and other ingredients and due to the decision of the Government not to manufacture certain medicines at this pharmacy. No action for their disposal/transfer to the other pharmacy at Majra had been initiated till July 1969.
- (iv) Raw herbs (aggregate value Rs. 2,540) were reported (August 1964) to have become unserviceable due to long storage. Neither the loss had been written-off nor had any responsibility for excessive purchases been fixed till July 1969.
- (v) Though a raw herb (merlusu) valued at Rs. 25,369 purchased prior to April 1967 was sufficient for two years' requirement fresh purchases of the same herb amounting to Rs. 22,450 each were made in the years 1967-68 and 1968-69. The issues during these years, however, amounted to Rs. 17,960 and Rs. 7,409 respectively. There was not thus ample justification for fresh purchases.

67. *Himachal Pradesh Government Press*—The Himachal Pradesh Government Press was established mainly to undertake the printing jobs of all departments for the various forms, registers and publications. In addition, the press functions also as the stationery office and arranges supply of stationery articles. The printing job is done at the Himachal Pradesh Government Press situated at Simla. The stationery office and text book depot are at Dharampur.

The Press at Simla has eight printing machines in working order with a total installed capacity of 4,19,64,000 impressions (of standard size) per year. In addition an off-set printing machine purchased for Rs. 22,897 in 1961 has never been put to use for want of adequate staff.

(ii) *Working results*—The Press has not been declared as commercial department and proforma accounts are not prepared. The working results could not, therefore, be ascertained fully.

(iii) *Installed capacity and out-turn*—The table below indicates the actual work executed in comparison to the installed capacity:—

Year	Installed capacity (two shifts)	Actual output (two shifts)	Percentage of actual output to installed capacity
	No. of impressions	No. of impressions	
1965-66	3,87,36,000	1,40,32,980	36.23
1966-67	3,97,00,000	1,47,87,995	37.22
1967-68	4,19,64,000	1,77,00,565	42.18
1968-69	4,19,64,000	1,60,67,131	38.28

Though the installed capacity was not fully utilised in respect of all the machines the printing work of various departments was got done through other presses as shown below:—

Year	Through private presses (excluding the figures of Education Department which are not available)	Through Govern- ment of India Press, Simla	Total
	Rs.	Rs.	Rs.
1965-66	95,332	20,593	1,15,925
1966-67	78,288	23,577	1,01,865
1967-68	1,54,301	33,450	1,87,751
1968-69	1,47,740	(excluding figures of other departments of the Himachal Pradesh Government which were not available).	

It was stated by the department (September 1969) that adequate technical staff to run the machines in two shifts to their installed capacity was not available and that the case for the additional staff was under consideration of the Government for the last two years.

It was also stated that the case regarding the revision of the norms was under consideration as the machines were getting old.

(iv) *Fixation of sale price of publications*—No costing system has been introduced in the press. The price of the publications printed by the press is fixed after taking into account the cost of material actually used and cost of labour calculated on the basis of schedule of rates issued by the Chief Controller of Printing and Stationery, Government of India, New Delhi for B Grade Presses on 1st April 1957. 60 per cent of the cost so arrived at is further added to cover departmental charges. Though there has been considerable increase in the cost of labour since 1957 no review was carried out by the Department to ensure that the recovery covers the actual expenditure incurred on labour and the departmental charges based thereon.

(v) *Division of the assets of the Government Press, Chandigarh; non-adjustment of the Himachal Pradesh Government share*—On the allocation of the assets of the Government Press, Chandigarh on 1st June 1968 the share of Himachal Pradesh Government was fixed as under:—

	Rs.
1. Text books	7,18,613.17
2. Obsolete text books	7,309.72
3. Text books price of which is recoverable from co-operative stores	9,141.69
4. Text books paper	1,09,196.74
5. Stationery	99,054.13
6. Publications	83,642.38
7. Typewriter spare parts	1,862.85

As against this above share the actual receipts were as under:—

1. Text books	Rs. 87,407.75	(Books valued at Rs. 17,223.70 were returned in March 1969).
2. Publications	Rs. 48,655.63*	
3. Text books paper	Rs. 1,09,196.74	

The remaining stores were neither received nor any adjustment has been made so far (July 1969).

(vi) *Excess printing of text books*—Printing of text books valued at Rs. 3,37,730 was arranged through the Punjab Printing and Stationery Department for 1969-70 academic year as the text books worth Rs. 87,408, received from the Chandigarh Press, in June 1968, were considered insufficient to meet the requirement of the integrated area of erstwhile Punjab. Actual sale of the text books for 1969-70 academic year, however, amounted to Rs. 17,220 (upto June 1969) which was much less than that received in June 1968. The printing of text books valuing over Rs. 3 lakhs was thus without justification.

*Publications valuing Rs. 7,297.62 lying in and payment for Rs. 230.57 outstanding against various offices in Himachal Pradesh to be adjusted against the allocation.

(vii) *Stores accounts*—(a) Physical verification of the standard forms, ink stores, dead stock articles and spare parts, miscellaneous stores, publications and text books was not conducted in 1968-69.

(b) Physical verification of paper stores conducted during November 1966 brought to light damaged wrapping paper worth Rs. 5,971. The loss stated to have been caused due to inadequate storage arrangements remained to be investigated/written-off (September 1969).

(c) Shortage of stationery articles worth Rs. 2,616 was noticed at the time of transfer of stationery stores to the sub-office at Dharampur during 1968-69 which was still to be investigated (September 1969).

68. *Himachal Government Transport—Introductory*—The Himachal Government Transport was established in 1949 with the object of operating goods and passenger services in the Pradesh and adjoining areas. Till 1st January 1965, the Himachal Government Transport had monopoly of road transport when rationalisation scheme for goods transport was introduced in the Pradesh by which the private operators could ply their vehicles (in the old area of the Pradesh) by paying an amount of Rs. 6,000 per annum as attachment fee to the Himachal Government Transport. As on 31st March 1969, the organisation had seven operational units, a central stores and a central workshop.

(ii) *Working results*—The working results of the department during the last three years were as under:—

	1965-66	1966-67	1967-68
1. (a) Capital at the close of the year (Rs. in lakhs)	2,27.97	2,81.81	3,01.12
(b) Mean capital (Rs. in lakhs)	2,13.56	2,40.07	2,91.47
2. Block assets (net) (Rs. in lakhs)	1,85.68	2,09.19	2,32.69
3. Receipts			
(a) Departmental (Rs. in lakhs)	1,73.84	1,90.54	2,01.57
(b) Attached vehicles (Rs. in lakhs)	12.78	18.68	20.19
4. Expenditure (Rs. in lakhs)	1,58.49	1,91.59	2,26.63
5. Profit (+)/Loss (—) (Rs. in lakhs)	+28.13	+17.63	—4.87
6. Percentage of profit on mean capital	13.17	7.34	—
7. Total fleet (including unserviceable) at the end of the year			
(a) Passenger vehicles	317	376	402
(b) Goods vehicles	218	252	248
(c) Light vehicles	46	49	50
8. Total mileage done during the year (kilometres in lakhs)	1,12.02	1,19.27	1,30.44
9. Effective mileage done during the year (kilometres in lakhs)	1,09.31	1,16.34	1,26.80
10. Expenditure per effective kilometre	145 paise	165 paise	179 paise
11. Income per effective kilometre (excluding income from attached trucks)	160 paise	164 paise	159 paise
12. Sundry debtors (Rs. in lakhs)	63.69	65.77	60.63

During 1967-68 the department sustained a net loss of Rs. 4.87 lakhs against a profit of Rs. 17.63 lakhs during the preceding year. During the three years under review operation of 87 per cent of the routes resulted in loss, the cumulative loss for the three years ending with 1967-68 being Rs. 55,51,851. In 30 per cent of the routes, receipts were lower than 75 per cent of break-even revenue.

(iii) *Surplus fleet*—The requirement of buses (including maintenance reserve) for each operational unit had not been fixed. The vehicles were purchased on an *ad-hoc* basis. Against a total requirement of 359 buses including 30 per cent reserve needed to operate 185 routes a fleet of 418 buses was being maintained by the department.

(iv) *Delay in repair of vehicles*—As on 31st March 1969, 104 vehicles were awaiting repairs in the regional workshops for a period ranging from four months to six years. Out of these, 93 vehicles were detained for more than a year.

(v) *Condemnation of vehicles*—Fifty vehicles had been awaiting condemnation for periods ranging between 1 month and 12 years. Out of these, 44 were detained for more than 2 years. On an average these 50 vehicles had covered a total distance of 53,39,287 kilometres against the norm of 1,18,40,000 kilometres.

(vi) *Average utilisation of trucks*—The effective mileage covered by the trucks during the last three years came down from 38 kilometres (in 1965-66) to 31 kilometres (in 1967-68) per day. This fall in their utilisation was attributed by the department to the rationalisation scheme of goods transport under which private trucks of operators were allowed to operate even though the Government fleet was adequate.

(vii) *Loss on the running of de-luxe buses*—During the year 1967-68 and 1968-69, loss of Rs. 2.28 lakhs was sustained on the operation of seven de-luxe buses in Dhalli and Mandi Regions. According to the department, the de-luxe buses introduced on some routes were not popular with the public owing to the higher fare charges for travel therein.

(viii) *Loss on running of cabs*—In Dhalli Region operation of 29 light vehicles resulted in loss of Rs. 2.34 lakhs during the year 1967-68. The loss was attributed, by the department, *inter alia*, to departmental utilisation (Rs. 0.94 lakh) and dead mileage for which no limits have been fixed by the department.

(ix) *Stores*—Maximum and minimum limits of stores have not been fixed. Petrol vehicles with the department went off the road in 1963-64 but their obsolete spare parts valued at Rs. 2.71 lakhs were awaiting disposal (August 1969). Annual physical verification of stores required under the rules has not been made for 1967-68.

(x) *Delay in handing over chassis for fabrication of bus bodies and in the allotment of the vehicles after the fabrication of bus bodies*—Delay ranging from 37 days to 143 days in handing over the chassis to the body builders and subsequent delay in the delivery of buses to operational units from 31 to 143 days was noticed during the years 1965-68.

(xi) *Non-recovery of the cost of POL issued to private operators*—Petrol and Diesel oil worth Rs. 9,896 was issued to the private operators whose trucks were attached to the Bilaspur Region during 1962-63 and 1963-64. The amount which was not recovered from the freight bills of the operators was outstanding till August 1969.

(xii) *Unsettled claims on account of short delivery of goods to the consignees*—Claims of the various Government departments on account of short delivery of goods amounting to Rs. 34,950 were pending in the Dhalli Region as on 31st March 1969. In most cases the claims pertained to the period prior to 1967-68 and were stated to be under investigation by the Regional Office.

(xiii) *Non-fixation of the life of engines*—The mileage to be run by the engines before first and subsequent overhauling had not been fixed by the department.

(xiv) *Non-maintenance of the prescribed records*—The following records prescribed in the Accounting Rules were not maintained:—

- (1) Vehicle control register.
- (2) Yard control register.
- (3) Log book of heavy machinery.
- (4) Job cards.
- (5) Estimates for jobs.
- (6) Central ledger of stores.
- (7) Cost of labour in the vehicle maintenance log books.
- (8) Registers of land and buildings, machines and plants and other assets.

(xv) *Internal audit*—No internal audit has been introduced so far (November 1969).

69. *Shortages of stores*—In the Rosin and Turpentine Factory, Nahan, stores worth Rs. 92,216 were found short as a result of physical verification conducted in April 1968.

Shortage of resin and rosin (Rs. 53,800) was attributed by the Manager of the factory as due to (i) storage, (ii) handling and (iii) evaporation. No such shortage was, however, reported in the previous years.

Shortage of turpentine oil (Rs. 34,194) was attributed by the Manager of the factory as due to (i) leakage, (ii) wastage in handling and (iii) evaporation.

No permissible limits for such shortages have been fixed so far (August 1969).

Neither responsibility for the loss has been fixed, nor has it been written-off so far (August 1969).

Section —E

Investments in and Financial Assistance to Co-operative Societies

70. Information received from the Registrar of Co-operative Societies revealed that:—

- (a) As on 31st March 1969 the investments/guarantees by way of

share capital, loans, subsidies, etc., made/paid by the Government were as under:—

Serial No.	Particulars	Number of co-operative societies	
		(in lakhs of rupees)	Amount
1.	Share capital	449	43.58
2.	Loans	349	32.58
3.	Subsidies	2,659	48.81
4.	Guarantees	2	1,16.30

(b) Information regarding profit earned/loss incurred by the co-operative societies as on 31st March 1969 was not available.

(c) Dividends amounting to Rs. 73,519 were received by Government.

(d) As on 31st March 1969 the total amounts due on account of principal and interest and the amounts in default in respect thereof were as under:—

(a) Total loans due—

(i) Principal (Rs. in lakhs) 6.26

(ii) Interest 2.73

(b) Loans in default—

(iii) Principal 4.19

(iv) Interest 1.77

(e) The accounts for the year ended 30th June 1968 of 11 societies remain to be audited by the Registrar Co-operative Societies (December 1969). The audit was to be conducted by 30th June 1969.

(f) Against 449 audit notes due for submission to the Registrar Co-operative Societies upto 30th June 1969, only 172 audit notes had been received (December 1969) from the District Co-operative and Supplies Officers.

(g) The audit reports of the auditors brought out the following important common irregularities:—

(i) Most of the societies utilised the Reserve Fund in their own business instead of depositing the amount in a co-operative bank or investing it in Government securities as required under the Co-operative Societies Act 1953 and rules and bye-laws of the societies.

(ii) Loans, sundry debts and advances, etc., are not being recovered in a large number of cases.

(iii) Acceptance of balances was not obtained from the sundry debtors.

(iv) In most cases, records of the societies were incomplete.

(v) Government nominees did not attend the meetings regularly.

(vi) Elections of the societies were not held in time.

(h) *Individual irregularities of important nature*

Kailash District Co-operative Marketing and Supply Federation Limited, Dhalli—Godown shortages of Rs. 54,517 noticed upto 30th June 1968 had not been investigated. Rs. 22,266 recoverable as rent were outstanding for more than 4-5 years. No action had been taken to realise the amount.

Section—F

Investments and Guarantees

71. *Investments*—The Union Territory of Himachal Pradesh had invested Rs. 2.97 lakhs in the bonds (face value Rs. 3.00 lakhs) of Punjab Financial Corporation and Rs. 18.25 lakhs in the share capital of Himachal Pradesh Financial Corporation. No dividend was received from the Himachal Pradesh Financial Corporation.

Rs. 30.90 lakhs stood invested in Mandi-Kulu Road Transport Corporation at the end of 1968-69.

Upto 1968-69 Rs. 12.70 lakhs and Rs. 13.35 lakhs were invested in Himachal Pradesh Mineral and Industrial Development Corporation and Himachal Pradesh State Small Industries Corporation respectively.

The investment made by the Union Territory Government in the share capital of Kulu Valley Transport Limited at the end of 1968-69 was Rs. 3.08 lakhs; the Company went into liquidation from May 1963, and Rs. 1.45 lakhs only were received upto 1966-67 against the investment. The liquidation proceedings had not been finalised (October 1969).

Rs. 40 lakhs stood invested in the share capital of Nahan Foundry Limited.

72. *Guarantees*—Guarantees, if any, in connection with the administration of the Union Territory are given by Government of India. In the event of guarantees being invoked, the necessary payments will, in the first instance, be a charge on the Consolidated Fund of India and the amount will subsequently be recovered from the Union Territory.

Brief particulars of the guarantees are given below (further details are given in statement No. 6 of Finance Accounts 1968-69).

	Maximum amount guaranteed	Amount guaranteed outstanding on 31st March 1969
	(In lakhs of rupees)	
<i>Guarantees for over draft to—</i>		
(i) Nahan Foundry Limited, Nahan		
From the State Bank of India	7.00	7.00
and		
Himachal Pradesh State Co-operative Bank	6.75	6.75
(ii) Guarantee for repayment of share capital raised by Himachal Pradesh Financial Corporation (and payment of minimum dividend of 3 per cent thereon)	25	25
(iii) Guarantee for repayment of redeemable bonds (and payment of interest thereon)	1.43	1.43
raised by Himachal Pradesh Financial Corporation	7.00	7.00
	(Adhoc bonds)	(Adhoc bonds)

CHAPTER VIII

Outstanding Audit Objections and Inspection Reports

73. *Outstanding Audit Objections*—Irregularities and defects noticed in Audit are reported to departmental authorities. Periodical reports of outstanding audit objections are also forwarded to the heads of departments for taking necessary steps to expedite their settlement. The financial rules of Government require the departmental officers to attend to the audit objections promptly; the Public Accounts Committee has also been repeatedly stressing the need for prompt disposal of the objections. The number and amounts of outstanding objections (excluding certain types of objections relating to works expenditure, viz., want of sanctioned estimates and excess over sanctioned estimates) compared to those included in the previous two Audit Reports are given below:—

	Objections shown outstanding in the Audit Report		
	1968	1969	1970
Number	21,969	29,824	28,879
Amount (in lakhs of rupees)	7,00.92	16,14.75	13,80.23

Year-wise analysis of audit objections issued upto March 1969 which were not settled upto November 1969 is given below:—

Year of issue	Number	Amount (In lakhs of rupees)
1963-64 and earlier years	2,216	40.98
1964-65	967	30.33
1965-66	1,999	53.81
1966-67	4,268	1,28.79
1967-68	7,453	5,72.17
1968-69	11,976	5,54.15
Total	28,879	13,80.23

5182 objections (amount: Rs. 1,25.12 lakhs) are over three years old. The departments and broad classes of outstanding objections are given in appendix VII.

Non-submission of detailed contingent bills, vouchers and/or payees' stamped receipts—The objections for non-submission of detailed contingent bills represent expenditure incurred from advances drawn by departmental officers on abstract contingent bills for which detailed bills, duly countersigned by the controlling authority, have not been furnished. The detailed bills (containing full particulars of the expenditure incurred) with sub-vouchers and receipts of payees are required to be submitted to Audit within a month from the date of receipt of such bills by the controlling officer. Delay in furnishing the detailed bills to Audit results in the expenditure remaining unaudited and irregularities remaining undetected for long.

The amounts held under objection for want of vouchers and sub-vouchers represent expenditure incurred but which could not be checked in audit owing to non-submission by the disbursing officers of vouchers, supporting accounts and/or stamped receipts of the payees. Delay in submission of these documents to Audit may result in defalcations, unauthorised expenditure, etc., remaining undetected for long.

74. *Outstanding Inspection Reports*—Financial irregularities and defects in accounts noticed during local audit and inspections are included in inspection reports which are sent to departmental officers. The points mentioned therein are required to be settled expeditiously so that irregularities may not persist or recur. 2,412 inspection reports containing 11,694 paragraphs issued upto March 1969 (some of which date back to 1949-50) remained undisposed of at the end of November 1969.

The number of outstanding inspection reports in the present Audit Report and that shown in the previous two reports are as follows:—

	Number of inspection reports shown outstanding in the Audit Report		
	1968	1969	1970
Number of inspection reports outstanding	2,222	2,432	2,412
Number of paragraphs in the reports	11,490	11,886	11,694

The departments with comparatively heavy unsettled inspection reports are shown below:—

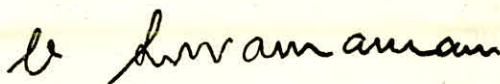
Department	Number of reports	Outstanding paragraphs in the reports	Year of issue of the earliest outstanding reports
Public Works—			
(i) Buildings and Roads	307	1,454	1953-54
(ii) Electricity	125	980	1957-58
Agriculture	261	1,186	1951-52
Education	246	941	1950-51
General Administration	235	1,005	1950-51
Industries	145	665	1956-57
Development	208	1,371	1957-58
Forest	193	1,204	1949-50
Medical	105	509	1951-52

Although Government has prescribed that the first replies to inspection reports should be sent to Audit within four weeks, the first replies to 41 inspection reports issued upto March 1969 were awaited at the end of November 1969; of those, first replies to 10 reports had not been furnished for two years and over and to 14 reports for over one year. Particulars of those inspection reports were reported monthly to Government and the

heads of departments also; some of the departments where there has been delay in sending the first replies to the inspection reports are shown below:—

Department	Number of inspection reports to which the first replies were awaited for			
	Over 6 months	Over 1 year	Over 2 years	Total
Animal Husbandry	..	1	..	1
Police	2	2
Agriculture	..	4	1	5
Development	2	4	..	6
Food and Civil Supplies	2	2
Industries	..	1	..	1
Public Works—				
Electricity	11	4	9	24
Total	17	14	10	41

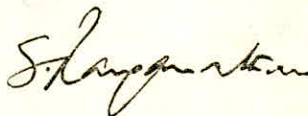
The important types of irregularities noticed during local audit and inspections in 1968-69 are mentioned in appendix VIII.



SIMLA:
The

(V. SUBRAMANIAN)
Accountant General, Himachal Pradesh and Chandigarh.

Countersigned.



NEW DELHI:
The

(S. RANGANATHAN)
Comptroller and Auditor General of India.

APPENDIX I

(Reference: paragraph 10 page 10)

Cases in which supplementary grants/appropriations proved entirely unnecessary/excessive/inadequate

(Rupees in lakhs)							
Serial No.	Number and name of grant/appropriation	Original grant/appropriation	Supplementary grant/appropriation	Final grant/appropriation	Expenditure	Excess + Saving—	Percentage of saving/excess
1	2	3	4	5	6	7	8
<i>I—Cases in which supplementary grants/appropriations proved entirely unnecessary</i>							
1.	20—Co-operation	34.64	1.62	36.26	32.64	—3.62	10
2.	23—Labour and Employment	27.79	2.42	30.21	25.73	—4.48	15
3.	37—Miscellaneous	1,10.93	4.10	1,15.03	1,01.22	—13.81	12
<i>II—Cases in which supplementary grants proved to be substantially excessive</i>							
1.	9—General Administration (Charged)	2.32	1.16	3.48	2.43	—1.05	30
2.	43—Capital outlay on Industrial and Economic Development	33.04	14.45	47.49	33.31	—14.18	30
<i>III—Cases in which supplementary grants/appropriations proved to be inadequate</i>							
1.	17—Public Health	78.56	4.50	83.06	92.25	+9.19	11
2.	26—Electricity Schemes	1,94.55	30.85	2,25.40	2,51.61	+26.21	12
3.	28—Public Works (Communications)	4,22.33	3.00	4,25.33	4,66.71	+41.38	10
4.	29—Other Public Works	6,67.53	62.11	7,29.64	8,56.03	+1,26.39	17
5.	33—Pensions and Other Retirement Benefits	24.81	2.84	27.65	34.17	+6.52	24
6.	44—Capital Outlay on Electricity Schemes	11,45.58	42.55	11,88.13	12,82.26	+94.13	8
7.	45—Capital Outlay on Public Works— Communications	3,74.10	7.87	3,81.97	5,28.70	+1,46.73	38
8.	Inter-State Settlement (Charged)	2.47	1.50	3.97	18.30	+14.33	361

APPENDIX II

(Reference: paragraph 12 page 14)

Saving under grants/appropriations

Serial No.	Number and name of grant or appropriation	Original/Supplementary	(Rupees in lakhs)		Percentage of saving	
			Total grant/appropriation	Expenditure Saving		
1	2	3	4	5	6	7
<i>I—Cases where the saving was 20 per cent or more of the total grant/appropriation</i>						
1.	9—General Administration— Charged	2.32	3.48	2.43	1.05	30
		1.16				
2.	30—Capital Outlay on Public Works—Buildings	45.56	45.56	32.39	13.17	29
3.	35—Stationery and Printing	30.53	30.53	11.35	19.18	63
4.	39—Expenditure connected with the National Emergency	2.78	2.78	0.93	1.85	67
5.	41—Capital Outlay on Improvement of Public Health	35.00	35.00	26.07	8.93	26
6.	42—Capital Outlay on Schemes of Agricultural Improvement and Research	35.60	35.60	17.21	18.39	52
7.	43—Capital Outlay on Industrial and Economic Development	33.04	47.49	33.31	14.18	30
		14.45				
8.	46—Capital Outlay on Public Works (Buildings)	1,43.00	1,43.00	1,01.01	41.99	29
9.	50—Capital Outlay on Schemes of Government Trading	10,68.21	10,68.21	2,15.46	8,52.75	80
<i>II—Cases where the savings were more than 10 per cent but not exceeding 20 per cent of the total grant/appropriation</i>						
10.	11—Jails	8.06	8.06	7.14	0.92	11
11.	18—Agriculture	2,66.33	2,66.33	2,21.02	45.31	17
12.	20—Co-operation	34.64	36.26	32.64	3.62	10
		1.62				
13.	21—Industries	75.28	75.28	65.19	10.09	13
14.	23—Labour and Employment	27.79	30.21	25.73	4.48	15
		2.42				
15.	25—Irrigation, Navigation, Embankment and Drainage Works (Non-Commercial)	14.80	40.26	35.67	4.59	11
		25.46				
16.	37—Miscellaneous	1,10.93	1,15.03	1,01.22	13.81	12
		4.10				
17.	51—Loans and Advances by the State/Union Territory Governments	84.72	84.72	75.94	8.78	10

APPENDIX III

(Reference: paragraph 34 page 25)

Misappropriations, defalcations, etc., which were under departmental investigation or criminal investigation on 31st March 1969

Serial No.	Department	Departmental investigation				Criminal investigation				Total	
		Cases pertaining to				Cases pertaining to					
		1963-64 and earlier years		1964-65 to 1968-69		1963-64 and earlier years		1964-65 to 1968-69		Number	Amount Rs.
		Number	Amount Rs.	Number	Amount Rs.	Number	Amount Rs.	Number	Amount Rs.		
1.	Public Works	43	5,32,670	51	5,30,604	1	2,157	3	16,747	98	10,82,178
2.	Multipurpose Projects and Power	4	22,114	17	68,600	—	—	—	—	21	90,714
3.	Forest	1	3,762	1	9,351	3	16,060	1	3,000	6	32,173
4.	Agriculture	1	1,881	—	—	—	—	—	—	1	1,881
5.	Industries	1	32,000	—	—	—	—	—	—	1	32,000
6.	Transport	—	—	5	1,123	3	8,604	4	16,617	12	26,344
7.	Education	1	35	2	1,227	—	—	3	4,599	6	5,861
8.	Welfare	—	—	—	—	—	—	1	4,116	1	4,116
9.	Public Health	—	—	1	5,069	1	9,405	1	4,997	3	19,471
10.	Police	—	—	—	—	—	—	4	13,122	4	13,122
11.	Administration of Justice	1	2,860	—	—	—	—	—	—	1	2,860
12.	Medical	2	12,941	—	—	—	—	1	3,000	3	15,941
13.	Community Development Project	4	16,756	—	—	—	—	—	—	4	16,756
14.	Development	—	—	2	29,050	—	—	—	—	2	29,050
15.	General Administration	—	—	2	25,000	—	—	—	—	2	25,000
	Total ..	58	6,25,019	81	6,70,024	8	36,226	18	66,198	165	13,97,467

APPENDIX IV

(Reference: paragraph 34 page 25)

Misappropriations, defalcations, etc., in which departmental action and criminal prosecution have been completed but recovery/write-off was pending at the end of March 1969

Serial No.	Department	Number	Amount Rs.
1.	Public Works	1	5,900
2.	Forest	2	14,700
3.	Agriculture	2	7,825
4.	Revenue	2	3,845
5.	Education	2	1,606
Total		9	33,876

APPENDIX V

(Reference: paragraph 63 page 38)

Summarised financial results of the Himachal Pradesh Financial Corporation
for the year 1968-69

Serial No.		1st April 1967 (Rupees in lakhs)
1.	Date of incorporation	
2.	Total capital invested	30.16
3.	Profit (+)	+1.05
	Loss (—)	
4.	Interest on long term loans	0.07
5.	Total return on capital invested	1.12
6.	Percentage of total return on capital invested	3.71

Note.—'Capital invested' represents paid up capital plus long term loans plus free reserves. (All figures at the close of the year).

APPENDIX VI

(Reference: paragraph 64 page 38)

Summarised financial results of Himachal Pradesh Mineral and Industrial Development Corporation for the year 1968-69

1. Date of incorporation	25th November 1966 (Rupees in lakhs)
2. Total capital invested	12.70
3. Profit (+)	} —0.78
Loss (—)	
4. Total interest charged to P & L account	..
5. Interest on long term loans	..
6. Total return on capital invested	—0.78
7. Percentage of total return on capital invested	..
8. Capital employed	11.70
9. Total return on capital employed	—0.78
10. Percentage of total return on capital employed	..

- Note*— 1. 'Capital invested' represents paid up capital plus long term loans plus free reserves (all figures at the close of the year).
 2. 'Capital employed' represents net fixed assets (excluding capital work in progress) plus or minus working capital (all figures at the close of the year).

APPENDIX

(Reference: paragraph 73)

Audit objections issued upto 31st March 1969

(Amount in lakhs)

Serial No.	Department	Want of sanctions to establishment or continuance of establishment		Want of sanctions to miscellaneous and contingent expenditure		Want of detailed contingent bills, vouchers, payees' receipts, stamped acknowledgements or other documents	
		Items	Amount	Items	Amount	Items	Amount
1	2	3		4		5	
1.	Agriculture	110	1.75	1	0.01	1,644	5,04.01
2.	Forest	792	21.01	977	42.32	2,728	58.01
3.	Transport	—	—	667	48.77	1,058	1,28.48
4.	Planning and Development	—	—	159	40.93	370	22.93
5.	Medical	—	—	478	5.93	678	25.70
6.	Education	13	0.15	42	1.08	298	7.77
7.	Revenue	—	—	23	0.69	76	11.77
8.	Welfare	—	—	46	6.72	90	3.52
9.	Police	38	1.50	3	0.08	53	2.66
10.	Industries	—	—	38	0.19	185	5.88
11.	Animal Husbandry	24	0.13	33	0.83	177	5.20
12.	General Administration	—	—	—	—	116	5.02
Public Works Department—							
13.	(i) Buildings and Roads Branch	281	1.86	—	—	590	13.54
	(ii) Irrigation Branch	—	—	—	—	28	3.19
	(iii) Electricity Branch	18	0.30	—	—	476	31.95
14.	Others	18	0.11	129	3.88	558	12.30
Total		1,294	26.81	2,596	1,51.43	9,125	8,41.93

@—Rs. 18 only

†—Re. 1 only

††—Rs. 210 only

VII

page 47)

but not settled upto end of November 1969
of rupees)

Recoverable advances not recovered and adjusted within the prescribed period		Want of agreements		Non-recovery of overpayments or amounts disallowed in audit		Other reasons		Total	
Items 6	Amount	Items 7	Amount	Items 8	Amount	Items 9	Amount	Items 10	Amount
1,166	3.74	—	—	28	0.02	260	1.61	3,209	5,11.14
1,711	3.06	—	—	—	—	1,457	75.93	7,665	2,00.33
157	0.25	—	—	—	—	37	0.83	1,919	1,78.33
787	2.12	—	—	—	—	412	23.81	1,728	89.79
663	2.45	—	—	—	—	153	0.78	1,972	34.86
1,323	4.15	—	—	1	—@	429	8.02	2,106	21.17
378	5.39	—	—	—	—	30	0.65	507	18.50
51	0.12	—	—	1	—†	22	0.56	210	10.92
607	2.20	—	—	1	0.03	115	3.23	817	9.70
697	1.48	—	—	—	—	28	0.20	948	7.75
567	1.04	—	—	—	—	112	0.44	913	7.64
546	2.03	—	—	2	—††	25	0.19	689	7.24
1,143	30.87	65	56.15	—	—	174	9.41	2,253	1,11.83
—	—	8	0.87	—	—	2	14.08	38	18.14
762	4.16	2	55.10	—	—	54	38.51	1,312	1,30.02
1,501	3.55	—	—	8	—§	379	3.03	2,593	22.87
12,059	66.61	75	1,12.12	41	0.05	3,689	1,81.28	28,879	13,80.23

§—Rs. 273 only

APPENDIX VIII

(Reference: paragraph 74 page 49)

Important types of irregularities noticed during local audit and inspections conducted during 1968-69

	Number of offices in which the irregularity was noticed
<i>I—Civil Offices—</i>	
(i) Non-observance of rules for posting and maintenance of cash book and physical verification of cash	37
(ii) Improper maintenance and non-verification periodically of stores accounts	19
(iii) Non-recovery and delay in recovery of receipts and advances	17
(iv) Improper maintenance of general provident fund accounts of Class IV employees	17
(v) Non-realisation of security deposits from officials handling cash, stores, etc.	14
(vi) Non-maintenance and defective maintenance of log books of staff cars, trucks, etc.	14
<i>II—Public Works Offices—</i>	
(i) Fictitious adjustment of stores	14
(ii) Losses and shortages of stores	13
(iii) Non-accountal of stores	13
(iv) Losses due to non-carriage of material through Government trucks and non-utilisation of air compressors/bulldozers	12
(v) Non recovery of beneficiaries' share	10