



सत्यमेव जयते

**Government of West Bengal**

**Audit Report**

**1969**

**Superintendent, Government Printing  
West Bengal Government Press, Alipore, West Bengal  
1969**

Recd. from Mr. [unclear]  
F. No. (17/62) 2/5/64  
on 21/5/64  
Liby. File No. 6 P. 1/64  
Rm. 5 NP.

IX.  
254

©  
**Comptroller and Auditor-General of India**  
**1969**

47307

# TABLE OF CONTENTS

## AUDIT REPORT, 1969

				<i>Reference to</i>	
				<i>Paragraph</i>	<i>Page</i>
PREFATORY REMARKS	..	..	..		iii
CHAPTER I—GENERAL	..	..	..	1-16	1-20
CHAPTER II—APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE	..	..	..	17-25	21-29
CHAPTER III—CIVIL DEPARTMENTS					
Agriculture and Community Development				26-28	30-32
Co-operation	..	..	..	29	32-33
Cottage and Small Scale Industries			..	30-31	33-34
Education	..	..	..	32-33	34-36
Fisheries	..	..	..	34-35	36-37
Health	..	..	..	36	37-39
Home (General Administration)			..	37-38	39-40
Information and Public Relations			..	39	40
Land and Land Revenue	..	..	..	40	41
General	..	..	..	41	41-42
Other Miscellaneous Irregularities, Losses, etc.	..	..	..	42	42
CHAPTER IV—MISAPPROPRIATIONS, LOSSES, ETC.	..	..	..	43-46	43-45
CHAPTER V—WORKS EXPENDITURE					
General	..	..	..	47-48	46-47
Agriculture and Community Development				49	48
Development and Planning and Public Works	..	..	..	50-51	48-49
Health	..	..	..	52-53	49
Irrigation and Waterways	..	..	..	54-55	49-50
Public Works (Construction Board) and Public Works	..	..	..	56	50
Public Works (Roads)	..	..	..	57	50
CHAPTER VI—STORES AND STOCK ACCOUNTS	..	..	..	58	51
Agriculture and Community Development				59	52

	<i>Reference to</i>	
	<i>Paragraph</i>	<i>Page</i>
<b>CHAPTER VII—REVENUE RECEIPTS</b>		
Education .. .. .	60(a)	53
Finance .. .. .	60(b)	53
Housing .. .. .	60(c)	53
Judicial .. .. .	60(d)	54
Public Works (Construction Board) ..	60(e)	54
Agriculture and Community Development	61(a)	54-55
Refugee Relief and Rehabilitation ..	61(b)-62	55-56
Irrigation and Waterways .. .. .	63	57
Health.. .. .	64	57
Commerce and Industries .. .. .	65	58
 <b>CHAPTER VIII—FINANCIAL ASSISTANCE TO LOCAL BODIES, CO-OPERATIVE INSTITUTIONS AND OTHERS</b>		
Financial Assistance to—		
Co-operative Institutions .. .. .	66-67	59-60
Others .. .. .	68-71	60-62
 <b>CHAPTER IX—GOVERNMENT COMMERCIAL AND TRADING ACTIVITIES</b>		
General .. .. .	72	63
Statutory Corporations/Boards .. ..	73-88	63-70
Government Companies .. .. .	89-96	70-72
Government Commercial and quasi-commercial departments .. .. .	97-101	73-82
Miscellaneous .. .. .	102	82
Annexures I and II .. .. .	..	83-85
 <b>CHAPTER X—OUTSTANDING AUDIT OBJECTIONS AND INSPECTION REPORTS</b>		
.. .. .	103-104	86-89
 <b>APPENDICES I to XI (vide details at pages 91 to 128)</b>		



## PREFATORY REMARKS

THIS volume mainly relates to matters arising from the Appropriation Accounts for 1967-68 together with other points arising from audit of the financial transactions of the Government of West Bengal. It also includes :

- (i) certain points of interest arising from the Finance Accounts for the year 1967-68; and
- (ii) matters relating to certain statutory bodies the accounts of which are audited by the Indian Audit and Accounts Department.

The financial irregularities, losses, etc., commented upon in the Report relate to cases which came to the notice of Audit during the year 1967-68 as well as those which had come to notice in earlier years but could not be dealt with in previous Audit Reports; matters relating to the period subsequent to 1967-68 have also been included wherever considered necessary.

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



## CHAPTER I

### General

*Budget and Actuals:* The budget estimates and actuals of revenue receipts and expenditure met from revenue during 1967-68, are given below along with the corresponding amounts for 1965-66 and 1966-67:—

Year	Budget	Actuals	Variation		Revenue Year	Surplus/ Deficit	
			Amount	Per-centage		(+)	(-)
						Budget	Actuals
						Esti- mates	
(In crores of rupees)				(In crores of rupees)			
<i>Revenue Receipts</i>							
1965-66	.. 1,52.00	1,69.82	+17.82	+11.7			
1966-67	.. 1,80.98	1,85.33	+4.35	+2.4			
1967-68	.. 2,06.34	1,98.99	-7.35	-3.5			
					1965-66	-17.83	+2.28
					1966-67	-7.62	-3.34
					1967-68	-2.33	-5.13

#### *Expenditure met from revenue*

1965-66	.. 1,69.83	1,67.54	-2.29	-1.3
1966-67	.. 1,88.60	1,88.67	+0.07	..
1967-68	.. 2,08.67	2,04.12	-4.55	-2.2

The budget estimates for 1967-68 anticipated revenue deficit of Rs.2.33 crores; the actual deficit was, however, more by Rs.2.80 crores, mainly due to shortfall in realisation of revenue (Rs.7.35 crores).

2. *Revenue receipts:* (a) The revenue receipts during 1967-68 showed increase of Rs.13.66 crores (7 per cent.) over those of 1966-67 and Rs.29.17 crores (17 per cent.) over those of 1965-66.

(b) The increase in revenue is analysed below:—

	1965-66	1966-67	1967-68	Increase over 1965-66	
				Amount	Per-centage
(In crores of rupees)					
Receipts from the Central Government—					
(i) State's share of divisible Central taxes.	24.42	33.52	38.76	14.34	59
(ii) Grants-in-aid, Contributions, etc.	22.91	18.63	20.27	-2.64	-11
Revenue raised by the State Government—					
(i) From taxes, duties and other principal sources of revenue.	94.11	99.10	108.10	13.99	15
(ii) From other receipts, such as water rates, betterment levy, rents from buildings, etc.	28.38	34.08	31.86	3.48	12
Total	.. 1,69.82	1,85.33	1,98.99	29.17	17

Receipts from the Central Government (Rs.59.03 crores) were 29 per cent. of the total revenues for 1967-68 (Rs.1,96.99 crores).

(c) Further analysis of the increase in the revenue raised by the State in 1967-68 over that in 1965-66 and 1966-67 is given below:—

	1965-66	1966-67	1967-68	Increase over 1965-66
<i>(In crores of rupees)</i>				
Taxes on income other than Corporation Tax.	15.97	16.29	20.52	4.55
Taxes on vehicles .. ..	5.60	5.76	6.18	0.58
Sales Tax .. ..	45.38	48.65	52.30	6.92
Other taxes and duties .. ..	14.77	15.40	16.21	1.44
Interest .. ..	7.46	9.37	9.93	2.47
Other heads .. ..	33.31	37.71	34.82	1.51
Total ..	1,22.49	1,33.18	1,39.96	17.47

The increase of Rs.6.92 crores under Sales Tax is mainly due to increased trading activity and increased receipts under Central Sales Tax Act.

No new tax was levied during 1967-68.

3. *Arrears of revenue*: Information about arrears of revenue has not been furnished by the Finance, Agriculture and Community Development, Home (Police) and Health Departments, who are responsible for receipts of State excise duties, agricultural receipts, taxes on vehicles and medical receipts, respectively. According to information furnished by the remaining departments, the arrears in collection of revenue were as follows:—

	Arrears as in April 1968	Average annual revenue during 1963-64 to 1967-68	Percentage of arrears to the average annual revenue
<i>(In lakhs of rupees)</i>			
(1) Land Revenue ..	4,44.78	5,38.00	82.67
(2) Forest .. ..	23.08	2,20.58	10.46
(3) Sales Tax .. ..	21,11.00	40,05.00	52.71
(4) Other Taxes and Duties ..	0.83	7,02.75	0.11
(5) Stamp .. ..	1.94	6.84	28.36
(6) Agricultural Income Tax	1,32.86	1,10.52	1,20.20

4. *Expenditure on Revenue Account*: Expenditure during 1967-68 (Rs.2,04.12 crores) showed increase of 8 per cent. over that of 1966-67 and 22 per cent. over that of 1965-66.

The increase is analysed below:—

	1965-66	1966-67	1967-68	Increase over 1965-66	
				Amount	Per-centage
	(In crores of rupees)				
(i) Collection of Taxes, Duties and other principal revenues	6.60	6.80	8.58	1.98	30
(ii) Debt Services ..	22.18	25.49	16.93	-5.25	-24

Decrease in 1967-68 was mainly due to non-payment of interest on certain Central loans.

(iii) Administrative Services—

Police .. ..	13.41	13.48	17.28	3.87	29
Other Administrative Services	12.02	14.66	15.47	3.45	29
Total Administrative Services	25.43	28.14	32.75	7.32	29

Expenditure on Administrative Services in 1967-68 (Rs.32.75 crores) constituted 16 per cent. of the total expenditure on revenue account.

(iv) Social and Developmental Services—

Education ..	30.58	36.94	45.87	15.29	50
--------------	-------	-------	-------	-------	----

Increase was mainly due to payment of larger grants to non-Government arts colleges, secondary schools and local bodies for primary education and expenditure on development schemes.

Medical and Public Health	14.75	17.00	21.36	6.61	45
---------------------------	-------	-------	-------	------	----

Increased expenditure was due to increase in expenditure on development schemes.

	1965-66	1966-67	1967-68	Increase over 1965-66		
				Amount	Per-centage	
<i>(In crores of rupees)</i>						
Agriculture ..	11.98	12.35	13.95	1.97	16	
Labour and Employ- ment	3.28	3.71	4.31	1.03	31	
Other Departments ..	14.07	13.37	14.90	0.83	6	
<b>Total—Social and Develop- mental Services</b>	<b>74.66</b>	<b>83.37</b>	<b>1,00.39</b>	<b>25.73</b>	<b>34</b>	

Expenditure on Social and Developmental Services in 1967-68 constituted 49 per cent. of the total expenditure on revenue account.

(v) Public Works (including Roads) and schemes of Miscellaneous Public Im- provements.	11.34	11.72	8.82	-2.52	-22
(vi) Other heads ..	27.33	33.15	36.65	9.32	34
<b>Total ..</b>	<b>1,67.54</b>	<b>1,88.67</b>	<b>2,04.12</b>	<b>36.58</b>	<b>22</b>

5. *Expenditure outside the Revenue Account:* (a) Expenditure outside the revenue account includes, besides capital expenditure, the amount disbursed by Government as loans and advances.

Expenditure on capital account during the three years ending 1967-68 as compared with the budget estimates for those years is shown below (loans and advances are dealt with in paragraph 6):—

Year	Budget	Actuals	Variation	
			Amount	Percentage
<i>(In crores of rupees)</i>				
1965-66 .. ..	39.19	22.37	-16.82	43
1966-67 .. ..	35.40	8.67	-26.73	75
1967-68 .. ..	39.52	33.41	-6.11	15

(b) Further analysis of expenditure outside the revenue account is given below:—

	During 1967-68	During 1965-66 to 1967-68	Total up to 1967-68
<i>(In crores of rupees)</i>			
<b>I. Capital expenditure on—</b>			
(i) Irrigation and Multipurpose River Schemes	5.40	18.28	1,58.12
(ii) Other Commercial Departments/ Undertakings, Schemes of Government Trading, Industrial Development, Road and Water Transport and Agricultural Schemes	14.20	—0.18(a)	24.14
(iii) Compensation to landholders, etc., on the abolition of Zamindari System	1.87	7.56	22.58
(iv) Outlay on Civil Works ..	11.88	38.63	1,97.76
(v) Miscellaneous such as Capital Outlay on Forests and payment of commuted value of pensions	0.06	0.16	0.76
(vi) Electricity Schemes .. ..	..	..	1.28
Total—Capital expenditure ..	33.41	64.45	4,04.64
<b>II. Net outgo under loans and advances by the State Government, i.e., after taking into account recoveries of loans</b>	13.78	45.45	1,84.06
Total .. ..	47.19	1,09.90	5,88.70

Further details of capital expenditure are given in statement Nos. 2 and 13 of Finance Accounts, 1967-68.

---

(a) The *minus* expenditure was mainly due to larger recoveries of sale-proceeds of foodgrains.

(c) The sources from which expenditure outside the revenue account including that on loans and advances during 1967-68 and during the three years ending 1967-68 was met are given below:—

	1967-68	1965-66 to 1967-68
	<i>(In crores of rupees)</i>	
<b>I. Net additions to—</b>		
(i) Permanent debt .. .. .	0.70	13.79
(ii) Floating debt .. .. .	-1.82	-8.00
(iii) Loans from Central Government ..	29.55	89.42
(iv) Loans from other sources .. .. .	0.12	4.14
(v) Unfunded debt (mainly Provident Fund) ..	1.63	5.22
<b>II. Other capital receipts [mainly deposits (net) received by Government]</b>	<b>4.28</b>	<b>14.40</b>
<b>III. Receipts from encashment of securities and decrease in cash balance</b>	<b>17.86</b>	<b>-2.88</b>
<b>Total—Receipts .. .. .</b>	<b>52.32</b>	<b>1,16.09</b>
<b>Less deficit on Revenue Account .. .. .</b>	<b>-5.13</b>	<b>-6.19</b>
<b>Net resources available for expenditure outside the revenue account</b>	<b>47.19</b>	<b>1,09.90</b>



6. *Loans and Advances by the State Government:* (a) Loans and advances disbursed by Government and outstanding on 31st March 1968 were Rs.1,84.05 crores as shown below:—

					<i>(In crores of rupees)</i>
(1) Loans to local bodies	..	..	..	..	(a)3.67
(2) Advances to cultivators	..	..	..	..	6.23
(3) Loans and advances to displaced persons	..	..	..	..	40.62
(4) Loans under Community Development Programme	..	..	..	..	4.81
(5) Miscellaneous loans and advances—					
(i) Loans to statutory corporations	—	—	—	—	9.91
(ii) Loans to Durgapur Projects Limited	..	..	..	..	(b)24.16
(iii) Loans to Durgapur Chemicals Limited	..	..	..	..	7.23
(iv) Loans to Government Companies	..	..	..	..	1.26
(v) Loans to Low Income Group Housing Scheme	..	..	..	..	2.44
(vi) Other Miscellaneous Loans	..	..	..	..	(c)82.01
(6) Loans to Government servants	..	..	..	..	1.71
Total	..	..	..	..	1,84.05

(a) Excludes the following which have been shown under item 5(vi) :—

		<i>(In crores of rupees)</i>
(i) Loans to Calcutta Improvement Trust for Slum Clearance Scheme		0.89
(ii) Loans to Calcutta Improvement Trust under Subsidised Industrial Housing Scheme.		0.23
(iii) Loans to Howrah Improvement Trust for Arterial Sewerage Scheme.		0.49
(iv) Loans to Howrah Improvement Trust for construction of G. T. Road By-pass.		0.20
(v) Loans to Calcutta Corporation for Water Supply and Drainage Augmentation Scheme.		0.65
(vi) Loans to Howrah Improvement Trust for Slum Clearance Scheme		0.07
		2.53

(b) Includes Rs. 1.56 crores as loan for meeting interest liabilities on earlier loans.

(c) Includes Rs. 2.75 crores as loan granted to West Bengal State Electricity Board for meeting interest liabilities on earlier loans.

Rs.4.31 crores were given as loans to West Bengal State Electricity Board and Durgapur Projects Limited on 25th March 1968 and 26th March 1968, respectively, for meeting their interest liabilities on earlier loans although the Commerce and Industries Department had stated before the Public Accounts Committee on 31st August 1967 that the Department did not support in principle giving loans for meeting interest liabilities and had assured that such thing would not recur in future.

Further details of loans and advances are given in statement Nos. 5 and 18 of Finance Accounts 1967-68.

(b) *Non-settlement of terms and conditions of loans:* Terms and conditions of repayment of Rs.77.03 crores given as loans (in 193 cases), to statutory corporations, etc., have not been settled and no repayment has, therefore, been made. The details of the loans are given below (some of these loans were paid as early as 1955-56):—

Borrower	Number of loans	Total amount of loan
	<i>(In crores of rupees)</i>	
(i) West Bengal State Electricity Board ..	85	66.97
(ii) West Bengal Development Corporation ..	31	4.10*
(iii) Calcutta State Transport Corporation ..	23	3.58
(iv) North Bengal State Transport Corporation ..	7	0.79
(v) Howrah Improvement Trust .. ..	6	0.55
(vi) Calcutta Tramways Company Limited ..	5	0.47
(vii) West Bengal Financial Corporation ..	9	0.31
(viii) Calcutta Improvement Trust .. ..	4	0.11
(ix) Calcutta Metropolitan Sanitation and Water Supply Authority.	4	0.08
(x) Commissioners for the Port of Calcutta ..	2	0.05
(xi) Durgapur Development Authority ..	9	0.02
(xii) West Bengal Bhudan Yagna Board ..	8	**
Total .. ..	193	77.03

\*The Corporation went into liquidation on 1st April 1966.

\*\*Rs. 27,000 only.

(c) *Overdue amounts*: In the case of loans at serial Nos. (i) and 5(i) to 5(iv) of sub-paragraph (a) above, detailed accounts of which are maintained by Audit Office, recovery of Rs.2,74.28 lakhs (principal Rs.1,91.61 lakhs and interest Rs.82.67 lakhs) was in arrears (in 752 cases), on 31st March 1968, as shown below (of that recovery of Rs.84.54 lakhs—principal Rs.46.31 lakhs and interest Rs.38.23 lakhs was in arrear for more than three years):—

Due from	Number of cases.	Principal	Interest
		<i>(In lakhs of rupees)</i>	
Corporation of Calcutta, Municipalities, Calcutta Improvement Trust, etc.	145	1,19.92	35.34
Displaced persons .. .. .	515	65.05	41.78
Educational Institutions .. .. .	92	6.64	5.55
Total .. .. .	752	1,91.61	82.67

As would be seen from the following, there has been steady increase in the overdue amount of loan and interest accrued thereon:—

	Position on		
	31-3-1966	31-3-1967	31-3-1968
	<i>(In lakhs of rupees)</i>		
Total amount overdue .. .. .	1,05.51	1,31.39	2,74.28
Amount overdue for more than three years ..	50.76	63.62	84.54

In the case of other loans, detailed accounts of which are maintained by departmental officers, no information about recoveries in arrears has been received (March 1969) except from Agriculture and Community Development Department. That Department intimated (November 1968) that at the end of 1967-68 recovery of Rs.0.65 lakh (principal Rs.0.45 lakh and interest Rs.0.20 lakh) (16 cases) was overdue for loans for development of markets.

(d) Non-receipt of utilisation certificates: Utilisation certificates for Rs.4.83 crores (586 cases) given as loans by Government were due at the end of March 1968, but these have not been received (December 1968) in any case. Departmentwise break-up is shown below:—

Department				Number of utilisation certificates	Amount  (In crores of rupees)
1.	Co-operation	..	..	402	1.34
2.	Cottage and Small Scale Industries	..	..	70	0.11
3.	Agriculture	..	..	12	0.02
4.	Local Self-Government	..	..	48	1.59
5.	Health	..	..	28	1.36
6.	Housing	..	..	8	0.18
7.	Development	..	..	4	0.20
8.	Panchayats	..	..	14	0.03
	<b>Total</b>	..	..	<b>586</b>	<b>4.83</b>

The earliest year to which the certificates relate is 1957-58.

7. *Debt position:* (a) Details of public debt transactions in 1967-68 are given below:—

	Receipts during the year	Repayments during the year	Net increase during the year
	(In crores of rupees)		
Market loans	8.28	7.58	0.70
Floating loans	16.27	18.09	-1.82
Loans from the Central Government	40.83	11.28	29.55
Other loans	0.53	0.41	0.12
<b>Total</b>	<b>65.91</b>	<b>37.36</b>	<b>28.55</b>

(b) The outstanding public debt at the end of March 1968 was Rs.5,53.67 crores. Analysis of that compared with the corresponding amounts for the previous two years is given below:—

	At the end of		
	1965-66	1966-67	1967-68
	(In crores of rupees)		
Market loans .. .. .	62.97	69.04	69.74
Floating loans .. .. .	20.70	1.82	..
Loans from the Central Government ..	4,21.27	4,41.30	4,70.85
Other loans .. .. .	10.85	12.96	13.08
Total ..	5,15.79	5,25.12	5,53.67

(c) In addition to public debt, unfunded debt, comprising the provident fund balances of Government servants and the balances at credit of accumulated funds, such as depreciation reserve funds as also certain deposits, to the extent they have not been invested but are merged with the general cash balance of Government, also constitute liability of Government.

Taking the public debt and these liabilities together, the debt position of Government was as follows:—

	1965-66	1966-67	1967-68
	(In crores of rupees)		
Public debt .. .. .	5,15.79	5,25.12	5,53.67
Unfunded debt .. .. .	17.81	19.35	20.98
Depreciation reserve and other earmarked funds.	16.80	18.37	23.75
Deposits of local funds and Civil Deposits	43.82	42.30	43.16
Total ..	5,94.22	6,05.14	6,41.56

8. *Ways and means position of the State Government:* Under an agreement with the Reserve Bank of India, Government has to maintain with the Bank a minimum balance of Rs.50 lakhs at the end of each working day. If this balance falls below the agreed minimum, the deficiency is made good either by taking ways and means advance from the Reserve Bank or by selling treasury bills. The Bank allows to Government ways and means advance up to a maximum of Rs.1.50 crores without any cover. If even after taking this advance, Government is not able to maintain the minimum cash balance, the Bank allows Government overdrafts.

No treasury bills were issued during 1967-68. Ways and means advances of Rs.5.02 crores (in various spells during September 1967 to March 1968), and overdraft of Rs.11.25 crores (in three spells during October 1967 to December 1967) were taken by Government from the Bank;

these along with a balance of Rs.1.82 crores of ways and means advance outstanding at the beginning of the year were repaid before the end of the year.

9. *Loans from the Central Government:* The loans received from the Central Government and outstanding at the end of 1967-68 were Rs.4,70.85 crores; they formed 85 per cent. of the total public debt (Rs.5,53.67 crores).

During 1967-68 the State Government obtained from the Central Government Rs.40.83 crores as loans for development (Rs.21.70 crores) and other purposes (Rs.19.13 crores). Details of loans outstanding on 31st March 1968 are given in statement No. 17 of Finance Accounts 1967-68.

On 31st March 1968, payment of Rs.27.29 crores (principal Rs.12.47 crores and interest Rs.14.82 crores) to the Central Government was overdue for loans (other than rehabilitation loans) as indicated below:—

Purpose of loan	Amount overdue	
	Principal	Interest
	(In lakhs of rupees)	
(i) Mayurakshi Project .. .. .	1,02.30	11.84
(ii) Miscellaneous Development Schemes .. .. .	6,70.28	4,27.52
(iii) Sharing of small saving collections .. .. .	3,89.00	4,52.94
(iv) Grow More Food Schemes .. .. .	60.08	1.25
(v) Loans for paying West Bengal Government's share of expenditure on Damodar Valley Corporation. .. .. .	..	5,52.25
(vi) Flood and Drought Relief .. .. .	7.77	5.50
(vii) Five-year Premium Prize Bond .. .. .	7.58	1.88
(viii) Others .. .. .	9.79	28.92
Total .. .. .	12,46.80	14,82.10

Upto the end of 1967-68 the State Government obtained from the Government of India Rs.63.97 crores as rehabilitation loans for displaced persons from East Pakistan. Out of that, terms and conditions for repayment of loans sanctioned upto 1957-58 were revised by Government of India in September 1959 but these have not yet been accepted by the State Government which pays to the Government of India every year whatever amount it collects from the borrowers during the year. Terms and conditions of five loans of Rs.1,18.50 lakhs granted between 1958-59 and 1965-66 have not been settled. The amount due on this account could not, therefore, be calculated.

Out of Rs.54.46 crores (principal Rs.36.73 crores and interest Rs.17.73 crores) which fell due for repayment upto March 1968 according to the original terms of repayment, the State Government paid Rs.3.81 crores (principal Rs.3.15 crores and interest Rs.0.66 crore) leaving a balance of Rs.50.65 crores (principal Rs.33.58 crores and interest Rs.17.07 crores). In addition, Rs.1.37 crores were adjusted in 1967-68 on account of remission of loans.

10. The actual interest charges on debt and other obligations are analysed below:—

	1965-66	1966-67	1967-68
	(In crores of rupees)		
(i) Interest paid by the State Government ..	17.99	20.81	11.66
(ii) Deduct—			
(a) Interest received on loans and advances by the State Government	2.88	4.34	5.19
(b) Interest realised on investment of cash balance	0.31	0.44	0.03
(c) Interest debited to irrigation projects and treated as capital expenditure	0.19	..	..
(d) Interest on capital advanced to Damodar Valley Corporation	2.05	2.21	2.17
(iii) Net burden of interest on revenue [(i) minus (ii)].	12.56	13.82	4.27
(iv) Percentage of net interest to total revenue receipts.	7.40	7.46	2.15

There were in addition certain other receipts and adjustments (Rs.2.54 crores) such as interest received from commercial departments, etc. If these are also taken into account, the net burden of interest on revenue was Rs.1.73 crores (0.87 per cent. of the revenues). During 1967-68, interest on certain Central loans was not paid by the State Government, vide paragraph 9.

11. *Arrangements for amortisation of debt:* The following arrangements have been made for amortisation of loans raised in the open market. These are in accordance with the arrangements made at the time of floating the loans.

- (i) *Depreciation fund:* A sum equal to 1½ per cent. of the total nominal amount of the loan is set apart to form a depreciation fund for purchasing securities of loans for cancellation.
- (ii) *Sinking fund:* In addition to the annual contribution to depreciation fund, an annual contribution is made to sinking fund for amortisation of loans at such rates as Government may decide from time to time.

The investment of the depreciation and sinking funds during the last three years is shown below:—

Year	Opening balance at credit of the funds	Net receipts during the year	Total	Total investment.	Amount not invested
(In crores of rupees)					
1965-66 .. ..	20.22	4.79	25.01	15.59	9.42
1966-67 .. ..	25.01	5.49	30.50	19.73	10.77
1967-68 .. ..	30.50	6.30	36.80	22.21	14.59

The balance of Rs.14.59 crores was merged in the general cash balance of the State.

12. *Guarantees given by State Government:* Government have given guarantees for repayment of bonds, debentures and loans and payment of interest thereon in favour of statutory corporations and boards, co-operative institutions, joint-stock companies, local bodies, etc. The maximum amount guaranteed on 31st March 1968 was Rs.38.07 crores as shown below:—

Organisations and Boards	Department	Number of organisations receiving guarantees	Maximum amount guaranteed	Sums guaranteed and outstanding on 31st March 1968
( In crores of rupees )				
1. Statutory Corporations and Boards—guarantee for repayment of share capital, debentures, loans, etc., and payment of interest thereon	Commerce and Industries.	2	9.99	9.96*
2. Co-operative banks and institutions	Co-operation ..	22	19.67	9.45†
3. Joint-stock companies ..	Commerce and Industries.	3	4.91	4.83‡
	Cottage and Small Scale Industries.	1	0.50	0.22§
4. Local bodies—guarantee for repayment of amount raised by issue of debentures and payment of interest thereon	Public Works	1	3.00	0.05
Total ..	..	29	38.07	24.51

\*A redemption fund has been created by a Board for redemption of all the loans guaranteed by Government (Rs. 4.91 crores) while no such fund was created by the other.

†No securities were pledged by six co-operative banks and eight societies for which Rs. 9.38 crores have been guaranteed. The assets of eight societies have been pledged to Government.

‡Land, buildings, plant and machineries have been pledged by two companies. According to the agreement with the third company in the event of the guarantee being involved, Government shall have the benefit of any security created by that company in favour of the bank loan from which has been guaranteed by Government.

§Promissory notes executed by the Corporation and pledged to Government.



Out of the guaranteed sums (Rs.24.51 crores) outstanding on 31st March 1968, guarantees for Rs.14.43 crores are not covered by any securities or redemption funds. Copies of agreements executed with the organisations under items 2 and 3 and their audited accounts have been received in Audit only in one case.

A guarantee charge has been imposed only in one case and the company is paying the charges regularly.

In execution of a guarantee given, Government paid during the year Rs.3.50 lakhs for repayment of a portion of loan taken by National Sugar Mills Limited from West Bengal Financial Corporation. Rs.25.70 lakhs have been paid by Government so far (March 1968) in fulfilment of guarantees given in favour of that company. The amount paid has been treated as loan. No recovery has been made so far from the sugar mill nor have the terms and conditions of repayment been laid down as yet.

Further details of the guarantees are given in Statement No. 6 of Finance Accounts 1967-68.

13. *Grants-in-aid*: During 1967-68 Rs.23.03 crores were paid as grants-in-aid to local bodies (Rs.10.27 crores), private institutions and individuals; this formed 11 per cent. of the Government's total expenditure on revenue account. Broad purposes for which the grants were paid are shown below:—

				Building grants	Mainten- ance grants	Others
				(In lakhs of rupees)		
Local bodies—						
Recurring .. .. .	..	..	..	..	9,58.84	..
Non-recurring .. .. .	..	..	..	0.05	42.36	25.92
Co-operative institutions—						
Recurring .. .. .	..	..	..	..	0.93	..
Non-recurring .. .. .	..	..	..	0.18	45.28	..
Others—						
Recurring .. .. .	..	..	..	..	10,21.33	.. .
Non-recurring .. .. .	..	..	..	52.43	1,54.35	1.57
			Total ..	52.66	22,23.09	27.49

Sanctioning officers are required to certify to Audit proper utilisation of grants. Utilisation certificates for Rs.15.53 crores paid as grants upto 1966-67 (in 4,490 cases) have not been furnished (January 1969). (Details

are given in appendix I). Of those, 1,080 certificates for Rs.3,00.62 lakhs are awaited for more than three years. In the absence of such certificates it is not known how far the sanctioning authorities have satisfied themselves that the grants have been properly utilised for the purposes for which they were intended.

The bulk of the outstanding certificates (3,531 certificates for Rs.11.73 crores) is due from Education Department.

14. *Financial results of Irrigation and Multipurpose River Schemes:* On 31st March 1968 Government investment on nine irrigation and multipurpose river schemes for which capital and revenue accounts are maintained was Rs.20.45 crores. After making provision for interest (Rs.1.13 crores) on capital the schemes suffered loss of Rs.1.33 crores (6.5 per cent. on the capital) during 1967-68.

15. *Delay in acceptance of balances under Debt, Loans and Deposits:* The balances under debt, loans and deposits, etc., are communicated every year to departmental officers for acceptance. In a large number of cases, such acceptances have not been received; certain illustrative cases are indicated in appendix II.

#### PANCHAYAT DEPARTMENT

16. *Democratic Decentralisation:* The District Boards and the Union Boards in the State were replaced by a four-tier Panchayati set-up under the West Bengal Panchayat Act, 1957 and the West Bengal Zilla Parishad Act, 1963, with a view to bringing about democratic decentralisation and progressive devolution of resources and functions for execution of development works. The following institutions were set up by the end of 1967-68:—

Gram Panchayats	..	..	..	19,662
Anchal Panchayats	..	..	..	2,926
Anchalik Parishads	..	..	..	325
Zilla Parishads	..	..	..	15

(a) *Audit:* Audit of the accounts of the zilla parishads and the anchalik parishads has been entrusted to the Examiner of Local Accounts under the Zilla Parishad Act, 1963, and Rules framed thereunder. Audit of the panchayats, however, devolves on the officials of the State Government (Panchayat Extension Officers).

The primary function of the zilla parishads and anchalik parishads is, apart from supervision to be exercised over execution of schemes, etc., to make funds available to the gram and anchal panchayats for development or relief works. Grants from the various departments of the State Government are given accordingly to the parishads for expenditure direct or disbursement to the panchayats. Such grants constitute by far the major portion of financial resources of zilla parishads and anchalik parishads.

(b) *Flow of funds*: Besides the grants received from the Government for execution of specific schemes or particular relief works the following grants were received by the parishads during 1965-66 and 1966-67:—

				1965-66	1966-67
(In lakhs of rupees)					
<b>Anchalik Parishads—</b>					
Land Revenue Grant	}	..	..	..	16·06
Cess Grant					
<b>Zilla Parishads—</b>					
Cess Grant	..	..	..	..	47·78
Augmentation Grant	..	..	..	..	3·88
Grant for Dearness concession	..	..	..	..	3·48
Adoptation Grant	..	..	..	..	5·60
Land Revenue Grant	..	..	..	..	18·25
					17·51
					95·05
					79·94

The parishads are also expected to raise their own revenue by levy of tolls, fees, rates, etc., under the Zilla Parishad Act, 1963. Even the necessary by-laws for such levy have not yet been formulated by most of the parishads.

(c) *State of Accounts*: (1) *Account Rules*—No separate comprehensive account rules for the anchalik and zilla parishads have been formulated. Instead, the different rules of the Local Self-Government Account Rules for District Boards in West Bengal, framed under the Bengal Local Self-Government Act, 1885, have been made applicable to the accounts of the parishads. These rules may not be quite suitable for all the functions of the parishads.

(II) *Lapses in the maintenance of records and registers*—Prescribed registers and forms were not maintained at all or not maintained satisfactorily in most of the offices of the parishads. Test checks by Audit revealed that—

- (i) in general, the Abstract Register of Receipts and Payments, the Advance and Deposit Ledgers and the Stock Registers were not maintained;
- (ii) the basic record "Cash Book" and quarterly and annual accounts, advance ledger, appropriation register, establishment check register, etc., were not maintained properly (in 38 parishads). In twenty parishads, cash was drawn in advance of requirement and kept in the custody of the parishad officials for indefinite period;
- (iii) a separate account of the schemes undertaken by the parishads was not maintained by them and no statement of accounts of expenditure on Community Development Programme was furnished by them to the District Officers for districtwise consolidation in spite of specific orders of Government to that effect.

(III) *Defaults on the part of the Chief Executive Officers*—Under the Zilla Parishad Rules, 1964, and executive orders, a major portion of the responsibility of supervision over the accounts of the anchalik parishads has been vested in the Block Development Officer, who is the ex-officio Chief Executive Officer of the respective anchalik parishad. The state of affairs in most of the anchalik parishads indicated that the Block Development Officers were not conscious of their duties and responsibilities in this respect.

Some of the major lapses detected were—

- (i) bills were not endorsed by the Block Development Officers nor were any statement of accounts prepared by them in most cases for audit by the Finance and Establishment Committee of the parishad;
- (ii) the budget of the parishads was not prepared by them in many cases;
- (iii) the Cash Book was not signed by them;
- (iv) omission to conduct internal audit—

The Finance and Establishment Committees of the zilla and the anchalik parishads did not audit the accounts of the parishads quarterly in most of the cases although this was a statutory obligation under the rules. In some of the parishads, no meeting of the committee was held at all.

(v) The following irregularities were noticed by Audit in connection with Government grants:—

(1) Kutchra Road Works (Community Development Department)—

- (i) Lump sum grants were paid by the Government to each of the anchalik parishads which, in their turn, spent the amounts on certain other schemes framed by themselves in contravention of the principle that the schemes should emanate from the lower levels. This also resulted in non-utilisation of materials in a number of parishads;
- (ii) under the Government orders, the grants-in-aid for the schemes were to be paid by anchalik parishads to anchal panchayats in instalments—40 per cent. initially and the balance in two equal instalments thereafter on verification of the actual utilisation of the amount already paid as well as on receipt of local contributions. Actually, however, the grants were paid in lump in some cases and no records could be produced to indicate that local contributions were received;
- (iii) in 21 cases grants of Rs.1.80 lakhs could not be spent fully or at all for the purpose for which they had been received. In several other cases, estimates, approval of Government or the anchalik parishad, etc., for the schemes undertaken were not forthcoming.

(2) Schemes for improvement of Secondary Schools (including junior high schools)—(Education Department)—

- (i) There was no indication that the grants were paid by anchalik parishads to schools only on the recommendation of the District Inspector of Schools and to recognised schools only as stipulated in the orders of the Government;
- (ii) no certificate was recorded to the effect that improvement of the schools effected out of Government grant would facilitate their conversion into senior basic schools, as stipulated in the Government orders;
- (iii) no action had been taken by the anchalik parishads to ensure that the requisite local contribution of 1/3rd of the grant was raised as stipulated in the Government orders;
- (iv) the grants were paid without any scrutiny of the plans and estimates of the important works. The grants were paid by the anchalik parishads in lump all at a time, instead of in instalments on verification at each subsequent stage that the amount already granted had been actually utilised as enjoined in the orders of the Government.

(3) Miscellaneous Agricultural Schemes (Agriculture and Community Development Department)—

- (i) Schemes were executed without the prior approval of the District Agricultural Officer and schemes for setting up nursery for raising vegetable seedlings and schemes for distribution of planting materials, etc., were not at all undertaken even though such schemes were to be compulsorily taken up as per orders of the Government;
- (ii) no registers were maintained showing disposal of the seeds, seedlings, etc., and for watching whether the limit of Rs.5 per family prescribed by Government was not exceeded in distributing the materials;
- (iii) fifty per cent. of the cost of the materials was not recovered from the beneficiaries and credited in the anchalik parishad fund, as required under the Government orders;
- (iv) the records did not indicate whether the purchases had been made from Government firms or, failing that, from nurseries approved by Government as required under the Government orders;
- (v) no undertaking was obtained from the beneficiaries that the material supplied to them at a concession would not be sold by them for commercial motives and that the cattle-shed and manure pit constructed out of the grant should not be utilised for any purpose other than that intended, as stipulated in the Government orders.

- (4) Scheme for gratuitous relief works (Department of Relief and Social Welfare)—A total expenditure of Rs.1.96 lakhs on distribution of gratuitous relief incurred during 1964-67 appeared to be irregular. Some of the irregularities noticed in this connection are detailed below :—
- (i) non-production of muster rolls in support of the payments or distribution of doles;
  - (ii) non-recording of thumb impressions of the recipients on the muster rolls and non-attestation of such thumb impressions;
  - (iii) payments made beyond the approved periods, in excess of the quantity or units sanctioned or to persons not approved as per priority lists and payments recorded against persons who were reported to have since died;
  - (iv) distribution of doles within municipal areas which was not admissible;
  - (v) non-refund of the amount advanced and lying undisbursed in the hands of anchal pradhans, etc.
- (5) Other irregularities—The President and other members of anchalik parishads were paid Rs.8,800 as travelling allowances in contravention of the rules.

## CHAPTER II

**Appropriation Audit and Control over Expenditure**

17. *Summary*: (a) The table given below compares the total expenditure from the Consolidated Fund during the last three years with the total of voted grants/appropriations:—

Year	Total provision	Actual expenditure	Unutilised provision	
			Amount	Percentage
(In crores of rupees)				
1965-66	.. 4,27.20	3,54.40	72.80	17
1966-67	.. 4,98.94	4,02.37	96.57	19
1967-68	.. 3,95.21	3,30.66	64.55	16

(b) Details of provision and expenditure for 1967-68 are given below:—

	Voted grants	Charged appropriations	Total
(In crores of rupees)			
Original grants/appropriations	.. 3,07.55	60.82	3,68.37
Supplementary grants/appropriations	.. 7.49	19.35	26.84
Total grants/appropriations	.. 3,15.04	80.17	3,95.21
Actual expenditure	.. 2,75.19	55.17	3,30.66
Net saving (—)	.. —39.55	—25.00	—64.55

The net total saving of Rs.64.55 crores was the result of—

- (i) saving of Rs.66.18 crores in sixty nine grants/appropriations, and
- (ii) excess of Rs.1.63 crores in thirteen grants/appropriations.

18. *Supplementary grants/appropriations*: During the year, supplementary provision of Rs.26.84 crores was obtained under twelve voted grants and twenty one charged appropriations.

It would be seen from appendix III that—

- (i) In three cases the supplementary grant/appropriation proved unnecessary.
- (ii) In seven cases the supplementary provision proved excessive. In these cases out of a total supplementary provision of Rs.23,97.00 lakhs only Rs.10,03.44 lakhs were utilised.
- (iii) In one case the supplementary provision proved inadequate. In that case there was an uncovered final excess of Rs.7.45 lakhs.

19. *Excess over voted grants*: The following twelve cases of excess over voted grants require to be regularised under Article 205 of the Constitution :—

Serial No.	Grant	Total		Excess
		provision	Expenditure	
		Rs.	Rs.	Rs.
(1)	4—Taxes on Vehicles—			
	Original .. 15,11,000	16,28,000	16,47,169	19,169
	Supplementary .. 1,17,000			

Excess occurred mainly under “Charges of Collection under Motor Vehicles Acts” (total provision Rs.16.28 lakhs, expenditure Rs.16.47 lakhs); reasons for excess were not furnished by the controlling officer.

Excess over this grant occurred in the preceding year also.

(2)	7—Stamps—			
	Original .. 23,76,000	23,76,000	27,08,577	3,32,577
	Supplementary .. ..			

Excess occurred mainly under “A—Non-Judicial—Charges for the sale of Stamps (discount)” (provision Rs.12.50 lakhs, expenditure Rs.20.21 lakhs). Reasons for excess were not furnished by the controlling officer. The excess was partly counter-balanced by savings under other heads.

(3)	8—Registration Fees—			
	Original .. 52,29,000	58,89,000	66,34,446	7,45,446
	Supplementary .. 6,60,000			

Excess occurred mainly under “B—District Charges” (total provision Rs.57.09 lakhs, expenditure Rs.64.52 lakhs); reasons for excess were not furnished by the controlling officer.

Excess over this grant occurred in the previous two years also.

(4)	11—Parliament, State/Union Territory Legislatures—			
	Original .. 64,42,000	64,42,000	66,06,246	1,64,246
	Supplementary .. ..			

Excess was mainly for expenditure on elections; reasons for excess were not furnished by the controlling officer.

In the previous two years also, excess occurred over this grant.

(5)	14—Jails—			
	Original .. 1,95,84,000	2,20,70,000	2,24,55,096	3,85,096
	Supplementary .. 24,86,000			

Excess occurred mainly under “Central Jails” (Rs.1.58 lakhs), “Presidency Jail” (Rs.1.17 lakhs) and “District Jails” (Rs.0.85 lakh).

Reasons for excess were not furnished by the controlling officer.



Serial No.	Grant	Total provision	Expenditure	Excess
		Rs.	Rs.	Rs.
(6) 15—Police—				
	Original 18,41,68,000	} 18,41,68,000	1,79,22,134	37,54,134
	Supplementary .. ..			

Excess occurred mainly under "C—District Executive Force—(a)—District Police" (total provision Rs.8,88.42 lakhs, expenditure Rs.9,22.44 lakhs) (reasons for excess have not been furnished by the controlling officer) and "I—Miscellaneous—(b)—Extra Police Force—I (b)(4)—Cost of Police Force, etc., employed for cordoning work" (total provision Rs.87.51 lakhs, expenditure Rs.1,24.91 lakhs) owing to employment of larger number of homeguards and N.V.F. personnel for cordoning duties. The excess was partly offset by substantial saving (Rs.48.84 lakhs) under "I—Miscellaneous—(c)—Loss on sale of Subsidised Foodstuff to Police Force and N.V.F. personnel".

(7) 17—Miscellaneous Departments—  
Excluding Fire Services—

Original	.. 3,71,00,000	} 3,71,00,000	3,91,36,661	20,36,661
Supplementary	.. ..			

Excess occurred mainly under "Estate Directorate" (total provision Rs.25.28 lakhs, expenditure Rs.36.38 lakhs), "District Distribution" (total provision Rs.1,01.63 lakhs, expenditure Rs.1,05.23 lakhs) and "Calcutta (including Industrial Area) Rationing" (total provision Rs.89.78 lakhs, expenditure Rs.92.91 lakhs).

Reasons for excess were not furnished by the controlling officer.

(8) 20—Medical—

Original	.. 16,87,68,000	} 16,87,68,000	16,91,46,239	3,78,239
Supplementary	.. ..			

Excess occurred mainly under "B—Hospitals and Dispensaries—Health Centres" (total provision Rs.2,30.35 lakhs, expenditure Rs.2,35.47 lakhs), "R. G. Kar Hospital" (total provision Rs.41.00 lakhs, expenditure Rs.43.06 lakhs), "Grants to Hospitals and Dispensaries" (total provision Rs.30.00 lakhs, expenditure Rs.36.47 lakhs) and "L—Development Schemes—L(c)—Third Five-Year Plan (Committed Expenditure)" (total provision Rs.1,89.18 lakhs, expenditure Rs.2,00.49 lakhs). Reasons for excess were not furnished by the controlling officer. The excess was partly counter-balanced by savings under other items.

In the previous two years also, excess occurred over this grant.

Serial No.	Grant		Total provision	Expenditure	Excess
			Rs.	Rs.	Rs.
(9) 28—Industries—Cinchona—					
	Original	.. 42,41,000	49,30,000	50,04,938	74,938
	Supplementary	.. 6,89,000			

In the previous two years also, excess occurred over this grant.

(10) 32—Miscellaneous Social and Developmental Organisations— Excluding Welfare of Scheduled Tribes and Castes and Other Backward Classes—					
	Original	.. 1,32,38,000	1,35,47,000	1,38,91,660	3,44,660
	Supplementary	.. 3,09,000			

Excess occurred mainly under “Suspense Charges” (Rs.12.79 lakhs). Reasons for excess were not furnished by the controlling officer. The excess was partly counter-balanced by savings under other items.

In the previous two years also, excess occurred over this grant.

(11) 39—Pensions and Other Retirement Benefits—					
	Original	.. 2,12,17,000	2,12,17,000	2,61,50,726	49,33,726
	Supplementary	.. ..			

Excess occurred mainly under “A—Superannuation and Retired Allowances” (provision Rs.1,54.00 lakhs, expenditure Rs.2,04.29 lakhs) and “D—Gratuities” (total provision Rs.32.25 lakhs, expenditure Rs. 38.92 lakhs). Excess was due to payment of additional increase in pension from 1st July 1967, increase in the number of pensioners and gratuity cases and adjustment of arrear pensions and gratuities paid in other States. The excess was partly counter-balanced by savings under other items.

(12) 48—Capital Outlay on Multipurpose River Schemes—Damodar Valley Project—					
	Original	.. 4,74,83,000	4,74,83,000	5,05,79,160	30,96,160
	Supplementary	.. ..			

Excess occurred under “Government’s share of Capital Outlay on the Damodar Valley Project—Government’s share debitable to other schemes outside the Plan” (total provision Rs.2,57.35 lakhs, expenditure Rs.4,00.33 lakhs). Reasons for excess were not furnished by the controlling officer. The excess was partly counter-balanced by the savings under other items.

20. *Excess over charged appropriation*: Expenditure exceeded the charged appropriation in the following case; the excess requires regularisation:—

Serial No.	Appropriation	Total appropriation	Expenditure	Excess
		Rs.	Rs.	Rs.
(1) 39—Pensions and other Retirement Benefits—				
	<i>Original</i> .. 4,37,000	4,37,000	4,77,229	40,229
	<i>Supplementary</i> .. ..			

Excess occurred mainly under “A—Superannuation and Retired Allowances” (Rs.50.29 lakhs), partly counter-balanced by savings and surrenders under other heads. Reasons for the excess are awaited.

In the previous year also, excess occurred over this appropriation.

21. *Savings in grants/appropriations*: It would be seen from appendix IV that among the voted grants, there were twenty cases in which savings exceeded 10 per cent. of the total provision; in ten of those cases savings ranged from 21 per cent. to 53 per cent.

In the charged appropriations, there were six cases in which savings exceeded 10 per cent. of the total appropriation. In four of those cases savings ranged from 52 per cent. to 81 per cent.

22. Major cases of savings under individual grants/appropriations are given below:—

(a) Voted grants—

Grant	Total provision	Saving (and its percentage to the total provision)
	(In crores of rupees)	
2—Land Revenue .. ..	9.40	1.42 (15)

Mainly, less payment of compensation in lieu of acquired lands on abolition of the Zamindari system on account of curtailment of expenditure for the year.

21—Public Health .. ..	9.32	1.06 (11)
------------------------	------	--------------

Mainly partial implementation of the schemes “Family planning, maternity and child welfare” and “Intensive health and family planning programmes”.

22—Agriculture—Agriculture	..	..	21·31	4·44 (21)
----------------------------	----	----	-------	--------------

Mainly—

- (i) non-implementation/partial implementation of various Plan schemes (Rs.2,08.59 lakhs) and  
(ii) lesser distribution of chemical fertilisers (Rs.1,62.03 lakhs).

Grant	Total provision	Saving (and its percentage to the total provision)		
<i>(In crores of rupees)</i>				
26—Industries—Industries	..	..	5·95	2·26 (38)

Mainly, non-implementation/partial implementation of various development schemes and less investments in co-operative societies and Government undertakings.

33—Irrigation	..	..	..	18·22	6·32 (35)
---------------	----	----	----	-------	--------------

Mainly—

- (i) non-payment to the Damodar Valley Corporation of the share of revenue deficit on irrigation and flood control due to non-settlement of the outstanding issues relating to the Corporation (Rs.6,00.00 lakhs) and  
(ii) non-implementation/partial implementation of various minor irrigation schemes (Rs.1,11.87 lakhs).

The saving was partly counter-balanced by excesses in certain other items.

34—Public Works	..	..	..	18·05	4·09 (23)
-----------------	----	----	----	-------	--------------

Mainly—

- (i) less expenditure under "Suspense" (Rs.2,40.25 lakhs),  
(ii) less work on "Construction of Lateral Roads" due to less allotment of funds by the Government of India (Rs.1,03.44 lakhs), and  
(iii) curtailment of expenditure under "Development Schemes" as a measure of economy (Rs.78.07 lakhs).

Saving was partly counter-balanced by excesses over certain other items.

35—Greater Calcutta Development Scheme	..	..	..	2·99	1·59 (53)
--	----	----	----	------	--------------

Mainly, non-implementation/partial implementation of various development schemes.

38—Famine Relief .. .. .	10.00	1.20 (12)
--------------------------	-------	--------------

Mainly—

- (i) less gratuitous relief in the form of free or concessional supply of seeds (Rs.44.18 lakhs).
- (ii) less grants to educational institutions in flood/drought affected areas for remission of tuition fees (Rs.40.21 lakhs), and
- (iii) less expenditure on relief works (Rs.39.28 lakhs).

The saving was partly counter-balanced by excesses in certain other items.

Grant	Total provision	Saving (and its percentage to the total provision)
	<i>(In crores of rupees)</i>	
47—Expenditure connected with the National Emergency	4.19	1.50 (36)

Mainly less expenditure on air-raid precautions, raising of homeguards and mobilisation of national volunteer force personnel in aid of police, partly due to absence of real emergency and partly due to observance of economy in expenditure.

49—Capital Outlay on Public Works .. .	10.15	3.84 (38)
--	-------	--------------

Mainly under “Development Schemes” (Rs.2,37.80 lakhs) and “Original Works—Buildings (Rs.1,34.29 lakhs).

Reasons for the major portion of the saving were not furnished by the controlling officer.

50—Capital Outlay on Schemes of Government Trading	24.53	7.22 (29)
--	-------	--------------

Mainly—

- (i) less expenditure under ‘Purchase of foodgrains other than wheat’ partly due to taking over of procurement of foodgrains in the State by Food Corporation of India and partly due to non-payment of the Corporation’s bills due to discrepancies in rates, quantities and other technical defects (Rs.4,49.75 lakhs);
- (ii) less expenditure on purchase of sugar consequent on the Food Corporation of India taking over purchase and distribution of sugar from April 1967 (Rs.1,17.05 lakhs), and
- (iii) non-adjustment of the cost of food-stuff supplied to police force and national volunteer force personnel at concessional rates due to non-submission of detailed accounts by the operators of Personal Ledger Accounts (Rs.1,12.58 lakhs).

(b) *Charged appropriations*: In the charged appropriations there was a total saving of Rs.25 crores which occurred mainly under the following two appropriations:—

Appropriation	Total appropriation	Saving (and its percentage to the total appropriation)
(In crores of rupees)		
9—Interest on Debt and other Obligations ..	23.15	12.57 (26)

Mainly less payment of interest to the Government of India on loans in connection with small-saving collections, development projects, and Damodar Valley Project. Reasons for less payment were not furnished by the controlling officer.

Public Debt .. .. .	48.01	12.12 (25)
---------------------	-------	---------------

Mainly less repayment of loans received from Government of India for development projects and sharing small savings and prize bond collections. Reasons for less repayment were not furnished by the controlling officer.

**Unutilised provision due to non-implementation/partial implementation of development schemes.**

23. The total unutilised provision under the various development schemes (other than Centrally-sponsored and committed portion of earlier Plan) was Rs.25.31 crores and formed 85 per cent. of the total saving under "Development Schemes" and 39 per cent. of the total saving in the Consolidated Fund during 1967-68. Many of these were actually spill-over schemes from the Third Five-Year Plan and had substantial unutilised provision during that Plan period as well as in 1966-67. The major schemes which remained wholly or partially unimplemented during 1967-68 (unutilised provision ranging from 44 to 100 per cent. of the provision) and contributed to saving of Rs.8.81 crores are shown in appendix V. A number of Centrally-sponsored schemes was actually the spill-over of Centrally-sponsored schemes of the earlier Plan period. Non-implementation/partial implementation of such schemes (including spill-over schemes) contributed to saving of Rs.3.41 crores in 1967-68; some major schemes with substantial unutilised provision are given in appendix V.

24. *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 done by—

- (i) sanctioning re-appropriations from sub-heads of grants/appropriations where savings are anticipated to other sub-heads in the same grants/appropriations where additional funds are required;
- (ii) obtaining supplementary grants/appropriations wherever necessary;
- (iii) surrender of surplus funds under a sub-head as soon as saving can be foreseen; and
- (iv) taking advances from Contingency Fund for meeting unforeseen requirement of additional funds during the year or for meeting expenditure on a "new service" or "new instrument of service" if it is not possible immediately to obtain supplementary provision by authorisation of the Legislature.

If the control is effective, the actual expenditure would approximate closely to the final modified provision, i.e., the original provision as modified by supplementary provision, re-appropriation and surrender.

(b) Cases where total expenditure against a grant or appropriation as a whole exceeded the sanctioned amount and requires regularisation by Legislature have been mentioned in paragraphs 19 and 20.

(c) Cases where additional funds provided during the year by supplementary grant or appropriation proved unnecessary or excessive or inadequate have been mentioned in paragraph 18.

(d) Savings totalling Rs. 66.18 crores occurred in sixty-nine cases (thirty-eight voted grants and thirty-one charged appropriations) and surrenders totalling Rs. 58.96 crores were made in all in fifty eight cases (forty voted grants and eighteen charged appropriation). In two cases (voted grants) the surrenders, though made in March 1968, were in excess of the savings actually available for surrender; the total amount surrendered in these cases was Rs. 9.57 crores against the available saving of Rs. 5.05 crores. In seven cases (four voted grants and three charged appropriations) the total amount surrendered in March 1968 was Rs. 6.57 crores only against the saving of Rs. 11.07 crores. In two cases (voted grants) the total amount surrendered in March 1968 was Rs. 0.83 crore but actually there were excesses totalling Rs. 0.34 crore over these grants.

Although the rules require that the unutilised amounts should be surrendered as soon as the possibility of savings is envisaged, surrenders totalling Rs.41.98 crores as the remaining forty-seven cases (thirty-two voted grants and fifteen charged appropriations) were made in almost all the cases, on 30th March 1968.

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

## FINANCE DEPARTMENT

25. *Transactions kept out of the Consolidated Funds:* The following organisations were set up by Government resolutions or executive orders of the State Government. As they have no juridical personality they should be treated as a limb of Government and payment of grants-in-aid to them is legally not in order. Grants paid to them in 1966-67 and 1967-68 are given below:—

Serial No.	Name of Organisation	Amount paid		Date of Government order or resolution by which the organisation was created
		1966-67	1967-68	
		Rs.	Rs.	
(1)	West Bengal Social Welfare Advisory Board, Calcutta	2,08,800	3,67,000	29-7-1954
(	State Haj Committee .. .. .	3,600	3,600	6-1-1955
	The L Aid Society, Calcutta ..	14,100	12,345	12-1-1962

## CHAPTER III

## Civil Departments

## AGRICULTURE AND COMMUNITY DEVELOPMENT DEPARTMENT

26. *Build your own house scheme*: Under the scheme (sanctioned by Government in December 1959 and abandoned in 1964-65), families in rural areas affected by floods were given facilities to construct the houses themselves. Bricks were to be moulded by them with the assistance of trainers appointed by Government and coal (to burn the bricks) and other building materials were to be supplied free by Government. Landless labourers or persons without means among non-agriculturists were to be allowed to participate in the scheme without the imposition of any condition; extremely poor persons being eligible for subsistence grant (non-recurring) of Rs. 45 each from Government.

The scheme was in operation in fifty five blocks. Information furnished by nineteen of them indicated the following irregularities:—

- (i) In nine blocks 2,661 houses were actually constructed against 4,271 houses for which materials were supplied. 1,610 beneficiaries did not construct the houses with the materials valued at Rs. 90,000 issued to them nor returned the materials to the Block Officers. The recoveries are yet to be made (March 1969);
- (ii) in seven blocks Rs.13,000 were paid in excess as subsistence allowance by the Block Development Officers;
- (iii) in nine blocks coal and cement were issued by the Block Development Officers in excess of the rates admissible. Value of the excess issues was Rs. 17,000;
- (iv) in two blocks Rs. 6,885 were paid as subsistence allowance to 153 persons who were not entitled to it;
- (v) in thirteen blocks 8,413 tons of coal were issued against total receipts of 11,361 tons leaving a balance of 2,948 tons valued at Rs. 0.88 lakh with the Block Officers. The disposal is awaited (March 1969).

Information from the remaining thirty six blocks was not made available to Audit in spite of repeated requests since March 1966.

27. *Fruit Processing Centres*: For processing and preservation of locally grown fruits and vegetables on no-profit no-loss basis and imparting training (three months to each batch) to local ladies in the method, three fruit processing centres were established—one at Siliguri, one at Baruipur and one at Jhargram.

Expenditure incurred up to 1967-68 was Rs. 1.70 lakhs.



The achievement of the scheme is as follows:—

Name of the Centre and year in which established.	Expenditure incurred	Value of production	Sale proceeds of produce	Training	Remarks
	Rs.	Rs.	Rs.		
Baruipur .. (1965-66).	32,230	200 (upto March 1967)	Nil	38 persons during 1967-68	(i) The production was in course of demonstration by the Laboratory Assistant.  (ii) Only demonstration classes were held before 1967-68.  Training classes have been started from June 1967 with the joining of the Instructor.
Jhargram (1964-65).	32,234 (upto March 1968).	1,480	Nil	40 persons during 1967-68.	Same remarks as in (ii) against Baruipur.
Siliguri (1963-64).	1,05,821 (upto March 1968).	15,462 (upto March 1968).	6,962 (up to March 1968).	80 persons during 1966-67 and 1967-68.	....

Government stated in December 1968 that the shortfall in production at the Baruipur and Jhargram centres was due to delay in appointment of Instructor and obtaining certificate of authorisation for starting production programme on commercial basis from the Agricultural Marketing Adviser, Government of India. The production at Siliguri Centre started late in 1966.

28. *Purchase of Paddy Seeds*: For distribution among cultivators on a no-profit-no-loss basis Government decided (in July 1967) to procure 20,000 quintals of paddy seeds of a new type (transplantable upto the end of August) from Andhra Pradesh. A party of seven officers was sent to Andhra Pradesh without ascertaining whether the required strain of seeds was actually available there. After reaching Andhra Pradesh the party intimated that seeds of that strain were not available. A revised purchase order for a different strain of seeds was issued on 9th August 1967. 15,982 quintals of those seeds were procured for Rs. 13.40 lakhs (including railway freight and incidental charges) and despatched to nine districts of West Bengal between 22nd August 1967 and 18th September 1967, i.e., after the sowing season. There being no demand then for these seeds by the peasants order for exchange of the seeds with the new seeds of the cultivators at 1:1 rate was issued (September 1967) and Government agreed to bear the incidental charges at

Rs. 12 per quintal. 46,778 Kgs. of the seeds costing about Rs. 0.47 lakh were lost in transit. Total financial loss to Government in the purchase could not be worked out due to non-production of detailed accounts of receipts and expenditure. The matter was referred to Government in July 1968; reply is awaited (March 1969).

### CO-OPERATION DEPARTMENT

29. *Purchase of paddy through co-operative societies:* In October 1965 Government approved purchase of 1.50 lakh tonnes of paddy during November 1965 to May 1966 through co-operative societies in six districts. For that purpose Rs. 128.79 lakhs were paid to them as loans. The loans bear interest of 5½ per cent. per annum (8 per cent. in the case of default). Paddy was to be sold by these co-operatives to the Food and Supplies Department at the assembling points at fixed prices plus incidental charges such as transportation, godown hire charges, driage, gunny-bags, etc.

The following are some of the points which have come to the notice of Audit:—

- (a) Though the loan in full was paid to the societies the paddy procured in three districts fell short of what should have been procured; this has been attributed to "lack of offer of paddy" at the prices fixed by Government. The actual loans drawn were found to be in excess of requirements and remained unrecovered for long as detailed below:—

District	Target (In Tonnes)	Actual	Loan paid	Loan payable on the basis of actual procurement	
1	2	3	4	5	
			(Rupees in lakhs)		
Bankura .. ..	30,000	13,784	15.74	7.23	
Midnapore .. ..	50,000	18,853	36.75	11.85	
Purulia .. ..	20,000	17,279	22.00	19.01	
			(Rupees in lakhs)		
		Excess paid	Outstanding on		
			31-3-1966	31-3-1967	31-3-1968
			(Rupees in lakhs)		
1	6	7	8	9	
Bankura .. ..	8.51	4.87	0.48	0.32	
Midnapur .. ..	24.90	5.94	0.35	0.30	
Purulia .. ..	2.99	8.10	0.72	0.58	

(b) The loan and interest outstanding against the societies at the end of March 1966, March 1967 and March 1968 are shown below :—

Outstanding on	Principal	Interest	Total
	(Rupees in lakhs)		
31st March 1966 ..	36.63	1.07	37.70
31st March 1967 ..	4.29	2.77	7.06
31st March 1968 ..	3.47	2.91	6.39

The Assistant Registrars of Co-operative Societies of six districts have reported that some societies could not pay as their dues from the Food and Supplies Department were not realised. The Assistant Registrar of Co-operative Societies, Bankura, reported (June 1968) that one society failed to repay because of a defalcation of Rs. 0.32 lakh.

(c) Information about the amount of incidentals paid is awaited from the Assistant Registrars (except three) in spite of requests since September 1967. Such incidentals paid (Rs.15.74 lakhs) in Midnapore were 11 per cent. of the total purchases (Rs.142.30 lakhs) whereas in Bankura and West Dinajpur they were 4.1 per cent. and 3.2 per cent. respectively.

(d) In Bankura district 505 tonnes of paddy (value about Rs. 1.89 lakhs) were allowed as drriage. This was 3.6 per cent. of the total purchases against the permissible limit of 2 per cent.

#### COTTAGE AND SMALL SCALE INDUSTRIES DEPARTMENT

30. *Development of bone China and fine earthenware:* Manufacture of high class bone China and fine earthenware articles on cottage-cum-factory basis was taken up in 1956-57. Besides production, students were also to be trained in the manufacture of these articles so that they could establish cottage units. As the anticipated number of cottage units was not formed, Government undertook production of the articles directly in 1961-62 and thus used the tunnel kiln already installed (October 1961).

Rs. 22.84 lakhs were spent up to the end of 1967-68. The targets and achievements are given below :—

	Targets	Achievements
(i) Production up to—		
(a) 1964-65 ..	1,080 tonnes	.. 688 tonnes.
(b) 1965-66 to 1967-68 ..	1,080 tonnes	.. Account was kept in numbers only.
(ii) Sales up to 1967-68 ..	Rs. 30 lakhs	.. Rs. 13.21 lakhs.

Manufacturing and profit and loss accounts prepared by the department from 1961-62 indicate that the scheme has been incurring losses every year and the total loss up to 1967-68 was Rs. 4.02 lakhs.

Government have attributed the following reasons for the loss :—

- (i) goods produced are not up to standard (this is due to negligent workmanship);

- (ii) irregular and inconsistent supply of raw materials at higher prices through middlemen, as producers were not agreeable to supply on account of uncertainty of timely payment;
- (iii) constant labour troubles;
- (iv) machinery remaining idle for the reason in (ii) above; and
- (v) delay in repair of and in purchase of spare parts for machines and that too at high prices.

31. *Loss*: In a silk godown belonging to the Directorate of Industries, a burglary was suspected on 2nd January 1960 and the case was reported to the police. Departmental investigation showed loss of 835 pieces of printed silk saris, 37,475 yards of *kora thans* and other miscellaneous articles valued at Rs.2.06 lakhs. A stock verification conducted in February 1961 put the loss at about Rs.2.09 lakhs; but it was found to be Rs.2.16 lakhs in local audit, as several items of receipts (value Rs.6,596) were not taken into account in the stock verification report. Police closed their investigation in December 1963 as no clue could be found.

In his report submitted in February 1962 the Joint Director of Industries (Sericulture), to whom the departmental enquiry was entrusted, *inter alia* observed that most of the articles had been removed from the store by the people who had free access to the store.

The following irregularities had been noticed in Audit:—

- (i) stock and other subsidiary books of accounts were not duly closed and the system of checking of outgoing goods was defective;
- (ii) *pro forma* accounts were not prepared;
- (iii) the Silk goods of the Directorate and those belonging to the Paschim Banga Resham Silpi Mahasangha Limited, a co-operative organisation, were stored in the same enclosure.

The loss has not yet (March 1969) been written off.

#### EDUCATION DEPARTMENT

32. *Text Books for primary section*: During 1949-50 to 1967-68 Government published 14 text books for the primary sections to be sold at no-profit-no-loss basis. Year-wise break-up of budget provisions, expenditure incurred and percentage of utilisation of grant for the last six years are given below:—

Year	Budget provision	Actual expenditure	Percentage of utilisation of grant
(In lakhs of rupees)			
1962-63	8.96	2.00	22
1963-64	8.96	6.34	71
1964-65	15.51	9.36	60
1965-66	18.01	2.41	13
1966-67	18.00	5.57	31
1967-68	18.00	6.00	33

It would be seen from the above table that Government could utilise only 13 to 71 per cent. of the grant during these years.

Information about total expenditure incurred and sale-proceeds realised during 1949-50 to 1967-68 and value of books in stock at the end of March 1968 has not been furnished by the Department. It has not, therefore, been possible to verify how far the no-profit-no-loss basis was actually implemented.

The books were printed at local private presses on the basis of limited quotations only; in 1967-68 alone, the value of work got done by local presses was Rs.4.33 lakhs. No contract or written agreement about the rates, etc., was executed with any of the presses nor security deposits taken from them. Proper accounts of printing paper issued to the local printing presses and of receipts of books from them were not maintained.

The accounts of Government publications were not properly maintained by the Department. The receipts and issues of books in and from Government godown were not recorded systematically; there had been no balancing of the stock ledger since the beginning and no physical verification of stock was ever conducted. During 1967-68 publications worth Rs.15.70 (sale value) lakhs were printed. In the absence of proper records, it is not possible to ascertain the actual position of stock.

No security deposit/fidelity bond has been obtained from one store-keeper handling stores worth lakhs of rupees.

In November 1965, Government decided to reprint 50,000 copies of old Prakriti Parichaya, Part I, and in January 1966, 75,000 copies of old Prakriti Parichaya, Part II, although the question of revision of the books in the light of Census Report, 1961, was under active consideration. This resulted in a large number of the reprinted copies becoming obsolete and the resultant monetary loss was considerable. The Director of Public Instruction has stated (September 1968):—

“The total number of unsold copies of the pre-revised edition of Prakriti Parichaya, Part I and Part II, lying in all the sales centres of the State has not yet been made available to this office. The report from some of the districts is due to be received. The number of unsold copies of pre-revised books and their value which has been made known to this office uptill now is as follows:—

Name of book	Number of copies unsold	Approximate value thereof
		Rs.
(i) Prakriti Parichaya, Part I .. ..	48,810	24,405
(ii) Prakriti Parichaya, Part II .. ..	71,828	50,279
Total .. ..	1,20,638	74,684”

No obsolete copy of the books has since been disposed of. The loss has also not so far (February 1969) been written off.

33. *Sports Stadium*: In 1960 Government decided to construct a sports stadium (estimated cost Rs.0.82 crore) on a 23 acres plot of land south of Fort William. The Ministry of Defence, the owner of the land, was requested (June 1960) to transfer the land to Government. While the transfer of land was still unsettled (the land was taken possession of by Government in January 1966) Government decided (March 1960) to obtain the services of one Italian architect for inspection of the site and preparation of the plan of the proposed sports stadium. Rs.2.05 lakhs were paid (March 1963) to him as professional fees and on other accounts. In August 1968, Government finally abandoned the idea of constructing the sports stadium on the site as it was selected as the approach for construction of a second Howrah bridge.

#### DEPARTMENT OF FISHERIES

34. *Development of derelict fisheries*: Development of derelict fisheries in fourteen blocks under Alampur farm Nos. V and VI, to make them suitable for pisciculture after necessary reclamation was taken up by Government in 1961-62. The area to be reclaimed and actually reclaimed, expenditure, output and revenue are given below:—

	Unit	Farm No. V		Farm No. VI	
		Target	Actuals	Target	Actuals
(1) Water area for reclamation	Bigha	400	*400	600	535½ 64½ (1967-68)

(2) Expenditure—(a) Non-recurring (reclamation)—

(Rupees in lakhs).

1961-62	..	3.20	2.66	3.84	3.42
1966-67	..	0.27	Nil	0.35	0.20
1967-68	..	Nil	Nil	0.01	0.01

(b) Recurring—(i) Cultural cost—

1961-66	..	1.37	0.33	0.68	0.21
1966-67	..	0.32	0.11	0.39	0.09
1967-68	..	0.25	0.13	0.33	0.14

(ii) Cost of staff—

1961-66	..	1.02	0.64	1.74	0.54
1966-67	..	0.30	0.20	0.36	0.27
1967-68	..	0.31	0.31	0.46	0.47

Unit	Farm No. V		Farm No. VI	
	Target	Actuals	Target	Actuals
(3) Output— Kgs.				
1963-64 ..	1,13,575	1,610	1,52,681	988
1964-65 ..	do	3,291	do	2,067
1965-66 ..	do	3,773	do	2,723
1966-67 ..	do	5,910	do	4,946
1967-68 ..	do	3,127	do	3,228

(4) Revenue earned—	(Rupees in lakhs)			
1963-64 ..	1.52	0.02	2.04	0.01
1964-65 ..	do	0.05	do	0.03
1965-66 ..	do	0.07	do	0.05
1966-67 ..	do	0.13	do	0.10
1967-68 ..	do	0.04	do	0.06

Up to 1967-68 the revenue earned could only cover 56 per cent. of the cultural cost, excluding the cost of staff and interest on the capital invested. The reasons for the low yield are stated to be (1) non-availability of sufficient marine species as the feeding canal has silted up and (2) high soil and water salinity.

35. *Fish seed farm:* A fish seed firm was started in May 1963 in ten tanks within the premises of a University without executing any formal agreement with the University authorities for taking possession of these tanks. Rs. 1.13 lakhs were spent up to 1967-68 on the farm against which Rs. 6,500 only were realised as sale-proceeds. The Department stated in May 1968 that these tanks were forcibly taken back by the University authorities on 29th April 1967 and as such stores worth Rs. 1.07 lakhs (excluding the price of fish and spawns in the tanks) were left with the University. Rs. 2,888 were also spent from 29th April 1967 to 31st December 1967 on pay and allowances of the staff whose services could not otherwise be utilised during the period.

#### DEPARTMENT OF HEALTH

36. *Domiciliary Medical Service—Afternoon Pay Clinics:* To relieve overcrowding in the morning free outdoor clinics of the Calcutta hospitals, four afternoon pay clinics with clinical and medical facilities were set up (three in 1963-64 and one in 1965-66) as adjuncts to four selected hospitals in Calcutta. The patients were to pay fixed charges. While one of the clinics was converted into a poly-clinic from January 1966 two were closed down—one

from August 1968 and one from September 1968. The fourth clinic is still working (November 1968). The number of patients and expenditure on the clinics up to 1966 as against those estimated are as follows:—

Name of hospitals to which attached  1	Expenditure (In lakhs of rupees)		Number of patients	
	Estimated	Actual	Estimated	Actual
	2	3	4	5
(1) S. S. K. M. Hospital (From 1963-64 to 31-12-1965) (converted into Polyclinic from 1st January 1966)	Not furnished	3.46	Not furnished	63,856
(2) R. G. Kar Medical College and Hospital (from 14-10-1963 to 31-12-1966)	9.32	4.69	3,48,480	49,554
(3) Calcutta National Medical College Hospital (from 1-2-1964 to 31-12-1966) (closed down from 1-8-1968)	4.20	1.33	96,140	12,088
(4) M. R. Bangur Hospital (from 1-6-1965 to 31-12-1966) (closed down from 1-9-1968)	4.07	1.59	85,500	6,057
	Average expenditure (In rupees per patient)		Total receipts (In lakhs of rupees)	
	Estimated ..	Actual ..	..	..
	6	7	8	
(1) S. S. K. M. Hospital (from 1963-64 to 31-12-1965) (converted into Polyclinic from 1st January 1966)	Not furnished	5.42	3.58	
(2) R. G. Kar Medical College and Hospital (from 14-10-1963 to 31-12-1966)	2.67	9.48	2.26	
(3) Calcutta National Medical College Hospital (from 1-2-1964 to 31-12-1966) (closed down from 1-8-1968)	4.37	11.00	0.49	
(4) M. R. Bangur Hospital (from 1-6-1965 to 31-12-1966) (closed down from 1-9-1968)	4.76	26.25	0.30	

It would be seen from the above that the actual expenditure per patient exceeded the estimate therefor by 251 to 551 per cent.



In connection with the closure of the two pay clinics Government stated in June 1968 as follows: "It has been noticed that though considerable amount of expenditure is being incurred in maintaining the clinics the attendance of patients is very poor. As the class of patients for whose benefit the clinic was opened is not availing of its services fully though these are in existence for over three/four years, there is no ground to retain the same."

### HOME (GENERAL ADMINISTRATION) DEPARTMENT

37. *Promotion to the Selection Grade of the State Civil Service:* Under rule 9 of the West Bengal Services (Revision of Pay) Rules, 1950 and instructions issued by Government in June 1950 the selection grade of the State Civil Service (Executive) is meant for "efficient members of the State Service who fail to get promoted to a higher service" and have crossed the twentieth stage of their time-scale of pay. In relaxation of this the following promotions to the selection grade were ordered in February 1964.

Name of service	Number of officers	Retrospective dates of promotion	Remarks
State Civil Service (Executive)	26	Between December 1955 and July 1959	} The officers were holding I. A. S. posts.
State Civil Service (Executive)	10	Between March 1959 and July 1962	

As a result the pay in the I.A.S. cadre of the majority of these officers increased by nearly Rs. 300 per month. In order to accommodate all these officers in February 1964 four selection grade posts were also created, in excess of the permissible limit, with retrospective effect from March 1957.

According to the original orders of February 1964, no arrears of pay were to be admissible as a result of these promotions with retrospective effect. In February 1966 this condition was withdrawn resulting in payment of about Rs. 3.44 lakhs as arrears (upto February 1964).

Similarly, in August 1965 orders were issued promoting twenty-one officers of the West Bengal Police Service (holding I.P.S. posts) to the selection grade with retrospective effect ranging from April 1950 to March 1961; to that end three supernumerary posts were also created (August 1965) from November 1957. The amount paid as arrear up to February 1964 to these officers was about Rs.1.15 lakhs. These promotions were stated to be made on grounds of equity since the benefit of retrospective promotion to the selection grade had been allowed to the officers promoted to I.A.S.

The pay of some of the above officers re-fixed in the I.A.S./I.P.S. scale of pay exceeded what they would have drawn had they been appointed to the I.A.S./I.P.S. cadre on the dates they were appointed to the State Civil Service/State Police Service.

Government stated (February 1969) that the benefit of the selection grade in the State Civil Service was given to the officers on the following two important considerations:—

- (i) removal of disparity to some extent between the pay of State Civil Service Officers promoted to I.A.S. and that of State Civil Service (Judicial) officers promoted to West Bengal Higher Judicial Service; and

- (ii) removal of disparity between the pay of the State Civil/Police Service Officers promoted to I.A.S./I.P.S. before 1961 and the pay of officers promoted after 1961.

38. *Pay of I.A.S. Officers*: From November 1961 to May 1967 Government, in certain cases detailed below, did not promote the seniormost I.A.S. officer to a higher post reportedly either in the interest of public service or in view of exceptional circumstances due to administrative exigencies and an officer junior to him was appointed to the higher post on higher pay. The senior officer so retained in the lower post was, therefore, paid the pay of the higher post from the date the officer junior to him was appointed to the higher post. As a result, both officers had the benefit of pay of the higher post while one of them was actually holding the lower post. Such arrangements continued for 3 months to 3 years, the additional expenditure was about Rs. 40,000.

- (i) Six I.A.S. officers while working as departmental Secretaries (pay Rs. 2,150 per month since revised to Rs. 2,250 per month from March 1967) were allowed to draw the pay of Divisional Commissioner (pay Rs. 2,250 per month since revised to Rs. 2,500—2,750 per month from September 1965);
- (ii) three I.A.S. officers while holding posts in the scale of pay Rs. 900—1,800 were allowed pay as Secretary to Government (pay Rs. 2,150 per month since revised to Rs. 2,250 per month from March, 1967);
- (iii) five I.A.S. officers while holding posts in the scale of pay Rs. 400—1,000 were allowed the pay of posts in the scale of pay Rs. 900—1,800.

#### INFORMATION AND PUBLIC RELATIONS DEPARTMENT

39. *Condemnation of films*: Immediately after an outbreak of fire in a film vault in June 1960 stated to have been caused by self-ignition of nitrate-based films, films valued at Rs. 3.75 lakhs were condemned and thrown into the river as their preservation or disposal by public auction would have endangered public safety. A formal survey report was, however, prepared only in January 1967 and the amount written off in May 1967.

The survey report stated as follows—

“Not damaged but it was decided to destroy as these were highly inflammable.”

There was no mention in the survey report that the films were damaged by fire or otherwise declared as obsolete, unserviceable, or surplus. The supply of nitrate-based films was stopped by the Films Division of the Government of India (the only supplier in India) from 1951, but the survey report indicated that 26 films (value: Rs. 1.62 lakhs) were purchased subsequently.

No stock accounts were produced to Audit as these records, stored in the film vault along with the films, are stated to have been destroyed by the fire.

The matter was brought to notice of Government in November 1968; their reply is awaited (February 1969).

## LAND AND LAND REVENUE DEPARTMENT

40. *A requisitioned house:* For providing residential accommodation to senior officers of Government a private building was requisitioned in November 1947 at Rs.36 per month and was under their occupation till August 1963 when it was derequisitioned.

As the owner was not agreeable to accept the rate fixed by Government, the case was put to arbitration (March 1958). The owner claimed rent at enhanced rate on the ground that the house was newly built at the time of requisition. The arbitrator held (June 1966) that "no evidence has been led by the State of West Bengal to controvert what the claimant has deposed in support of his claim" and gave his award in favour of the owner.

The award of Rs.30,890 comprised :

- (i) Rs.19,661 being the difference between the rent at the rate of Rs.140 per month fixed by the arbitrator and the amount (Rs.36 per month) originally fixed by Government;
- (ii) Rs.11,229 being interest at the rate of 6 per cent. per annum on the arrears of rent up to the date of payment (March 1967) as per arbitrator's award.

The officers who occupied the building had paid Rs.36 per month as rent. Although full rent of the building was recoverable from them the department has not been able to recover any further amount from them, reportedly due to their whereabouts not being known (December 1968).

The matter was reported to Government in September 1968; their reply is awaited (March 1969).

## REFUGEE RELIEF AND REHABILITATION AND LAND AND LAND REVENUE DEPARTMENTS

41. *Overpayment of land compensation:* According to the West Bengal Land Development and Planning Act, 1948, compensation for land acquired for public purposes (which include *inter alia* settlement of immigrants who have migrated to West Bengal on account of circumstances beyond their control) is to be paid at market value on 31st December 1946. The market values were as under—

- (i) for Danga land—Rs.4,053 per acre, i.e., Rs. 67 per cottah,
- (ii) for Doba and tank—Rs.2,026 per acre, i.e., Rs.33.50 per cottah, and
- (iii) for Path land—Rs.1,013 per acre, i.e., Rs.16.85 per cottah.

In February 1955 and March 1956 the Refugee Relief and Rehabilitation Department, however, paid Rs.0.36 lakh to Messrs. Regent Estates Limited for 4.01 acres of land at the agreed rate of Rs.150 per cottah. Subsequently the Refugee Relief and Rehabilitation Department decided that in all Land Development and Planning Act cases the land value should be awarded at 1946 rates and that where advance payments had already been made at an agreed rate the excess should also be recovered. Accordingly Rs.0.14 lakh became recoverable from Messrs. Regent Estates Limited but this amount has not been recovered so far.

In another case Rs.8.20 lakhs were paid up to the end of March 1957 for 114.47 acres of land at the agreed rate of Rs.150 per cottah, while the compensation payable under the 1948 Act is still being worked out (February 1969).

The matter was reported to Government in May 1967 and June 1968, reply is awaited (December 1968).

42. During 1967-68 in 268 cases losses due to theft, fire, etc., irrecoverable revenues, duties and advances were written off or revenue remitted or claims to revenue abandoned/waived or *ex-gratia* payments made. The details are given in appendix VI.

## CHAPTER IV

**Misappropriation of Government money**

43. *Misappropriation and Defalcations, etc.*: The following table indicates the position of cases of misappropriation of Government money which were awaiting final action at the end of 1967-68:—

	Number	Amount
		(In lakhs of rupees.)
Cases outstanding at the end of 1966-67 .. ..	291	9.76
Cases reported during 1967-68 .. ..	40	2.15
Cases disposed of during 1967-68 .. ..	10	0.15
Cases outstanding at the end of 1967-68 .. ..	321	11.76

Of Rs.0.15 lakh in 10 cases disposed of during the year Rs.10,238 (4 cases) were recovered and the balance Rs.5,113 (6 cases) were written off.

Of the 321 cases outstanding at the end of 1967-68, recovery of Rs.3.30 lakhs in 157 cases was pending; an analysis of the remaining 164 cases is given below:—

Number of cases	Amount	Remarks
	(In lakhs of rupees)	
87	5.52	Awaiting investigation.
7	0.16	Awaiting action for laxity in supervision, etc.
22	0.72	Awaiting write-off orders.
29	1.53	Pending in courts.
19	0.53	Awaiting information about recovery/adjustment.

Department-wise analysis of the outstanding cases is given in appendix VII.

Particulars of some of the cases are given in paragraphs 44 to 46 below:—

**HEALTH DEPARTMENT (MEDICAL BRANCH)**

44.	Particulars	Remarks
	A carrying contractor of the Central Medical Stores, Calcutta, is alleged to have defrauded Government to the extent of about Rs. 1.54 lakhs in 1963 by submitting spurious carriage bills.	The case was reported for investigation to the Anti-Corruption Department (now Vigilance Commission) in 1963. It is still (September 1968) pending with them.

The matter was reported to Government in April 1965; their reply is awaited (March 1969).

## REFUGEE RELIEF AND REHABILITATION DEPARTMENT

## 45. Particulars Remarks

In June 1967 the Director (Supply and Accounts) reported a defalcation of Rs. 18,268 by the Assistant Cashier of the Directorate. A departmental investigation subsequently indicated that a total sum of Rs. 23,268 had been defalcated during February 1966 to March 1967. No supporting documents were also available for Rs. 22,888 recorded on the payment side of the cash book.

The defalcation first came to light as a result of physical verification of cash on 31st May 1967 by the Director (Supply and Accounts).

The case was reported to the police on 2nd June 1967 and the cashier was placed under suspension from 8th June 1967. The case is under police investigation (November 1968).

Persistent irregularities in the maintenance of cash book in the Directorate were also mentioned in paragraph 44 of the Audit Report, 1964, as a result of which the Director (Supply and Accounts) was warned (December 1964) for the lapse and was asked to follow the rules strictly and see that irregularities did not occur again.

The *modus operandi* was—

- (i) the outstanding balance of advances with officers was inflated thereby reducing the cash-in-hand ;
- (ii) payments recorded in seven cash books were abstracted in a separate register. Figures in this abstract register were erased and inflated by overwritings without any attestation ;
- (iii) the amounts on the payment side were inflated by striking erroneous totals ;
- (iv) entries of cheques, not in existence, were made in the abstract of the cash book to increase the total of the receipt side ;
- (v) sometimes fresh digits were inserted in the payment figures of the abstract of the cash book.

The departmental investigation report showed that "the various procedural irregularities and defects in the maintenance of account records in the Directorate Office as pointed out from time to time in the inspection reports of the Accountant-General, West Bengal, went unheeded which facilitated the defalcation."

## HOME (POLICE) DEPARTMENT

46.	Particulars	Remarks
	<p>An Inspector of the Calcutta Armed Police sent to collect the pay of Officers and staff of a Battalion, left Rs. 24,000 with the cashier on the 1st June 1966 as it was not required for immediate disbursement. This was (3rd June 1966) reported to have been misappropriated by the cashier.</p>	<p>The cashier was suspended (June 1966) and a police case was instituted against him. While the case was in court the cashier died bringing the case to an end without any verdict of the court. Departmental investigation to find out whether there was any laxity in supervision is yet (March 1969) to be taken up.</p>
	<p>The exact amount alleged to have been misappropriated was subsequently (November 1968) reported to be Rs. 20,700.</p>	<p>A special audit conducted in September 1967 revealed, <i>inter alia</i>, the following defects:—</p>
		<ol style="list-style-type: none"> <li>1. Under the rules no money can be received by the cashier except by issue of receipt under the signature of the Senior Deputy Commissioner, Calcutta Armed Police. No such receipt was issued and the money was not taken back in the receipt side of the cash book and as such it was kept out of the cash book.</li> <li>2. The cashier had to handle large cash of an unofficial fund (Calcutta Police Amenities Fund). Government orders permitting the cashier to handle unofficial cash were not shown to Audit.</li> <li>3. Government cash and unofficial cash, kept in a separate chest, were never physically verified on the same date which created scope for temporary defalcation. Temporary defalcations on two occasions were noticed in course of the special audit.</li> <li>4. Analysis of cash balance was not made below the daily balance showing details of advances outstanding each day as required under the rules.</li> </ol>

## CHAPTER V

## Works Expenditure

47. *Review of Works Expenditure*: (a) Want of estimates or expenditure in excess of estimates: According to rules, no work shall be commenced or liabilities incurred until a detailed estimate has been sanctioned. Also, when the total expenditure on a work is likely to exceed the sanctioned estimate by more than 5 per cent., a revised estimate has to be sanctioned. In a number of cases, given below, expenditure on works was incurred either without sanctioned estimates or in excess of sanctioned estimates—

Department	Expenditure incurred without sanctioned estimates		Expenditure incurred on works in excess over sanctioned estimates	
	Number of works	Expenditure up to March 1968	Number of works	Expenditure up to March 1968
<i>(In lakhs of rupees)</i>				
(1) Agriculture and Community Development	344	5,02.95	..	..
(2) Development and Planning ..	513	3,06.35	2	0.30
(3) Housing .. ..	12	69.47	7	0.54
(4) Irrigation and Waterways ..	2,713	17,84.81	258	1,57.96
(5) Health .. ..	174	1,64.96	2	2.95
(6) Public Works .. ..	2,895	9,86.21	24	1,36.59
(7) Public Works (Roads) ..	129	19,25.89	133	1,78.13
Total ..	6,780	57,40.64	426	4,76.47

These include fifteen works (total expenditure: Rs.5,40.30 lakhs up to 31st March 1968) detailed in Appendix VIII(A) each costing more than Rs.10 lakhs which were taken up without sanctioned estimates. Ten cases of important works on which expenditure exceeded the sanctioned estimate by more than 25 per cent. are shown in Appendix VIII(B).

(b) Vouchers not furnished: Vouchers for Rs.97.54 lakhs were not made available to Audit.

Department-wise and year-wise analysis of the vouchers not furnished are given in appendix VIII(C).



**DEVELOPMENT AND PLANNING/AGRICULTURE AND COMMUNITY DEVELOPMENT/DEVELOPMENT (ROADS)/IRRIGATION AND WATERWAYS DEPARTMENTS**

48. *Financial stock-taking of Engineering Projects/Schemes*: Financial stock-taking is intended to correlate the expenditure on projects/schemes with the progress of work actually done as compared with the estimate in order to ascertain the prospects of the projects/schemes being completed within the limit of sanctioned estimates. According to the orders of Government, such financial stock-taking of projects/schemes estimated to cost more than Rs.50 lakhs is required to be done and results communicated to Audit every half-year. No such report for the half-year ending September 1967 has been received in Audit for 33 out of 44 schemes. Non-submission of such reports was last mentioned in paragraph 16 of Audit Report, 1966.

Reports up to September 1967 received in Audit for ten schemes disclosed the following :—

- (a) Rs.27.24 lakhs were spent in 50 centres under river lift irrigation schemes but no pipe-laying was done. The delay was stated to be mainly due to non-availability of pumping sets and land for laying pipe lines (July 1968);
- (b) expenditure of Rs.7.28 lakhs was incurred on drilling 31 deep tubewells in 4 centres against estimated number of 175 tubewells at a cost of Rs.42.26 lakhs under the Deep Tubewell Irrigation Scheme. The work has remained suspended after drilling these tubewells since April 1967;
- (c) expenditure of Rs.154.94 lakhs was incurred up to September 1967 on 3 schemes but estimates for the works were stated to be "not known" by the Divisional office (July 1968);
- (d) the expenditure has exceeded the estimated cost varying between 6 per cent. and 30 per cent. in 4 schemes;
- (e) the Divisional Officers anticipate excess over the estimates of the following schemes when completed but the action taken to revise the estimates has not been intimated :—

Serial No.	Name of Scheme	Estimated cost	Brief reasons for excess
<i>(In lakhs of rupees)</i>			
(1)	River Lift Irrigation Scheme in 139 centres	1,44.99	Rise in market price of materials.
(2)	Emergency Water - Supply Scheme in 18 centres	3,11.14	Mainly rise in price of materials and change in design.
(3)	Cossipore Dum Dum Drainage Scheme	50	Rise in price of materials and modification of schemes.

## AGRICULTURE AND COMMUNITY DEVELOPMENT DEPARTMENT

49. *Tubewell Division, Kalyani*: Sinking of 500 deep irrigation tubewells (through the agency of a contractor) was completed by April 1966 and since then no further work was given to or executed by the Tubewell Drilling and Development Division, Kalyani. Nevertheless, all the officers and staff (one Executive Engineer, two Assistant Engineers, three Sub-Assistant Engineers and others) were continued. The expenditure on pay, allowances and contingencies of the Division from May 1966 till it was transferred to West Dinajpur was Rs.1.35 lakhs. The bulk of the expenditure was apparently infructuous.

The matter was reported to Government in June 1968, reply is awaited (March 1969).

## DEVELOPMENT AND PLANNING AND PUBLIC WORKS DEPARTMENTS

50. *Blocking up of funds*: (a) In 1951 Government purchased three machines for Rs.0.81 lakh for use in the Kanchrapara Development Area Division. Of them a vibrator and a concrete mixer costing Rs.0.16 lakh have not been utilized at all. The third machine (trencher for excavation of sewer trench) was used for 44 days only during February 1964 to March 1967 after which it remained idle as the soil condition of the area was not suitable for its operation.

(b) In 1958 the District Board, Nadia, handed over its Gangnapur dispensary along with 5 bighas of contiguous land to Government with a view to converting it into a subsidiary health centre. The ownership title over the land taken over was not verified by Government. Construction of a building on the land, started in February 1962, had, after spending Rs.0.20 lakh, to be suspended in July 1962 on account of a dispute over the ownership of a portion of the land. Construction has not been resumed, nor has the partly constructed building been put to any use (December 1968).

The Department stated (June 1968) that steps were being taken for acquisition of the land.

51. *Expenditure on deposit works in excess of contributions received*: The Departmental rules require that for works executed by the Public Works Department on behalf of public or private bodies or individuals, contribution from the party should be realised in full before any expenditure or liability is incurred on account of the work. Expenditure in excess of the amount deposited should be recovered from the party at once and, in case of default, the work may be stopped till the amount is realised.

In course of check during 1965 and 1966, it was noticed that in four Public Works Divisions Rs.39.97 lakhs, as shown below, being the expenditure incurred on deposit works up to December 1966 in excess of the contribution received were awaiting recovery.

Name of Divisions	Number of works	Expenditure incurred in excess of deposit	Period to which expenditure relates
Northern Electrical Division ..	5	1.51	1963-64 onwards
Western Electrical Division ..	9	2.65	1960-61 onwards
Murshidabad Division Construction Board	9	4.69	1959-60 onwards
North Bengal Division I—Construction Board	22	31.12	1962-63 onwards

In the Northern Electrical Division the works were started without any prior contribution having been recovered at all.

#### DEPARTMENT OF HEALTH

52. *Outstanding recovery*: During 1958-59 materials, valued at Rs.0.18 lakh, were issued from the departmental stock to two contractors in excess of requirements. Neither the materials have been received back, nor has the cost thereof been recovered from the contractors (March 1969).

53. *Loss*: In January 1965, the Burdwan Division, Public Health Engineering, set up, at a cost of about Rs.0.33 lakh, temporary water-supply and sanitary installations in Durgapur. In August 1965, articles, costing Rs.0.25 lakh were reported lost. The loss has not been written off yet (March 1969).

#### IRRIGATION AND WATERWAYS DEPARTMENT

54. *Extra-contractual payment*: In paragraph 76 of the Audit Report, 1966, mention was made of the extra-contractual payment of Rs.4.31 lakhs to a foreign firm on account of revision of the rates of electricity used for running the reclamation dredgers at the Salt Lake area. Government passed orders in September 1966 that the entire excess payment should be immediately recovered from that firm. Further Rs.12.62 lakhs were paid (up to February 1968) to that firm on that account. Rs.5.62 lakhs were paid between October 1966 and February 1968 after issue of the Government orders of September 1966. The Special Engineer, Salt Lakes Reclamation and Development Circle, stated that the payments were made on a request by the firm which did not agree with the views of Government and made a reference to them in October 1966 for reconsideration of the case. The final decision of Government has not been communicated so far (March 1969).

55. *A Drainage Scheme*: The Bagjola-Ghuni-Jatragachi drainage scheme was originally sanctioned for Rs.104.13 lakhs and was to benefit 92 square miles. The estimate was subsequently revised to Rs.108.90 lakhs and the area to be benefited was increased to 116 square miles. Its execution was taken up in 1954-55. The main consideration was that after drainage a large area of arable land would become fit for cultivation and thus it would help to step up production of much needed foodgrains. The scheme was stated to have been completed in 1959 at a total cost of Rs.95.22 lakhs, excluding liabilities the extent of which has not been made known to Audit yet (March 1969), in spite of requests since May 1968.

The area to be brought and actually brought under cultivation and the anticipated and the actual extra yield (according to figures furnished by Divisional Officers) of crops are shown below—

	Target	Achievement
(1) Area benefited ..	32,640 acres	17,346 acres
(2) Extra Yield .. ..	5,79,840 maunds	65,408 maunds
(3) Value .. ..	Rs. 30.50 lakhs	Rs. 8.46 lakhs

The matter was reported to Government in May 1968; reasons for shortfall in actual production are awaited (March 1969).

## PUBLIC WORKS (CONSTRUCTION BOARD) AND PUBLIC WORKS DEPARTMENTS

56. *Construction of a Health Centre*: In February 1951 the Public Works (Construction Board) Department constructed a semi-permanent building for a Union health centre at a cost of Rs.0.42 lakh and handed it over to the Public Works Department in January 1953. Rs.0.16 lakh were spent towards annual repairs from April 1953 to March 1962. The building was condemned in February 1965, the failure of the structure being attributed to bad soil conditions.

The building is yet to be disposed of (May 1968).

## PUBLIC WORKS (ROADS) DEPARTMENT

57. *Earth-moving machines*: In February 1962, eleven earth-moving machines were obtained by the Midnapore Special Roads Division from the Burdwan Construction Division on the condition that when no longer required they would be transferred to other Divisions for use. One was transferred in April 1963. The remaining ten machines were not transferred until February 1967 although they remained idle from November 1965 and Rs.0.54 lakh were spent during that period on pay and allowances of the work-charged staff engaged for them.

## CHAPTER VI

## Stores and Stock Accounts

58. *Stores and Stock Accounts: (a)* A synopsis of important Stores Accounts for 1967-68 which have been received is given below—

Department	Stores	Opening balance	Receipts during the year	Issues during the year	Closing balance
(In lakhs of rupees)					
Animal Husbandry and Veterinary Services— Central Medical Stores (Veterinary Services)	Medicines, instruments, etc.	2.87	8.98	9.88	1.97
Health—Central Medical Stores	Instruments, drugs, dressings, beddings, clothings, crockeries, etc.	39.81	2,82.31	2,62.87	59.25
Health — Kanchrapara T. B. Hospital	Drugs, instruments, linens, beddings, etc.	2.82	6.54	5.37	3.99
Irrigation and Waterways	Small stores, building materials, etc.	29.65	90.09	84.36	35.38
Public Works ..	Ditto ..	1,95.77	1,81.92	1,87.89	1,89.80
Public Works (Roads)	Ditto ..	76.46	65.55	67.41	74.60

(i) The stock ledgers were not closed monthly (required under rule 107 of the West Bengal Financial Rules, Volume I). Postings in the ledger were not attested by the Officer-in-charge.

(ii) Stores lying at the District Reserve Stores were not included in the above store account.

(iii) Stores received as free gift from international bodies, etc., were not included in the above store account.

(b) In addition to the stores and stock accounts for 1967-68 of non-Public-Works Departments which are awaited from all departments except Animal Husbandry and Veterinary Services Department (Central Medical Stores—Veterinary Services) and Department of Health (Central Medical Stores and Kanchrapara T.B. Hospital), the stores and stock accounts for earlier years have also not been furnished by certain departments as indicated below (according to the orders of Government the accounts are required to be submitted to Audit by 5th September each year):—

Serial No.	Department	Year of account
(1)	Information and Public Relations—	
(i)	Publicity Branch excluding Distribution Section	1965-66 onwards
(ii)	Publicity Branch (Distribution Section)	.. 1966-67
(2)	Commerce and Industries—	
	West Bengal Government Press, Alipore, Secretary's Press, Calcutta and Director of Medicinal Plants, West Bengal	1966-67

## DEPARTMENT OF AGRICULTURE AND COMMUNITY DEVELOPMENT

59. *Loss of Stores :-*

Particulars	Remarks
<p>A test-check of the stock-ledgers of the Agricultural Overseer, Lalbag, Murshidabad, in December 1966 for the years 1965-66 to 1966-67 (up to October 1966) indicated shortage of stores valued at Rs. 24,643.</p>	<p>The Principal Agricultural Officer, Murshidabad, who verified the stocks physically (October 1966) observed (December 1966) that stores valued at Rs. 24,643 were misappropriated during the period.</p>
<p>Certain other defects noticed in local audit were :-</p>	
<p>(i) no physical verification of stores was conducted during 1965-66. Such verification was conducted only on 31st October 1968; and</p>	<p>The matter was brought to the notice of Government in January 1967; the amount has not yet been recovered nor has the responsibility been fixed (March 1969).</p>
<p>(ii) stock-books had not been maintained since 31st March 1966. Certain receipts of stores were not accounted for in the stock-books.</p>	

## CHAPTER VII

## Revenue Receipts

## EDUCATION DEPARTMENT

60. *Loss of revenue:* (a) Between January 1960 and October 1968, 61 staff quarters of the B. E. College, Sibpur, remained vacant continuously for periods ranging from 2 months to 8 years 10 months. The loss of revenue in respect of 30 such quarters only on the basis of standard rent amounted to Rs.25,038. The loss of revenue in respect of the remaining 31 quarters could not be worked out as the standard rent of these quarters has not been fixed.

## FINANCE DEPARTMENT

(b) The Probate Deputy Collector, Calcutta, having been satisfied in a probate case that the executor's valuation (Rs.1,47,900) of the estate of one late Iswardas Bhognagarwalla was underestimated by Rs.3,54,995.34 p., ordered, in August 1963, payment by the executor of an additional stamp duty of Rs.20,554.87 p. over the duty of Rs.5,795 originally paid. The additional stamp duty was not paid by the executor till the 14th January 1964 up to which date the probate case was kept open. The executor, however, filed an inventory in respect of the said estate before the Hon'ble High Court, Calcutta, on 14th September 1964.

For effecting recovery of the additional stamp duty, the Collector should have referred the case to the Hon'ble High Court within six months (i.e., by 13th March 1965) of the date of exhibition (14th September 1964) of the inventory under proviso to sub-section (4) of section 19-H of the Court Fees Act, 1870. But no such action was taken by the Collector. As a result, the case became time-barred and was ultimately dropped under orders of the Board of Revenue, issued in July 1967, resulting in a loss of an assessed revenue amounting to Rs.20,554.87 p.

The matter was brought to the notice of Government in June 1968. Their reply is awaited (March 1969).

## HOUSING DEPARTMENT

(c) In May 1965 the Housing Construction Division No. V constructed a market with 13 stalls and a shopping centre at Sagarbhanga colony, Durgapur, to provide shopping facilities to the residents of the colony. The stalls were not let out directly to the intending shopkeepers ready at hand. Government started (August 1966) negotiations with the Sagarbhanga Consumers' Co-operative Stores Limited for transferring the administrative control of the market to them. The agreement is yet (May 1968) to be finalised.

Non-letting of the market after construction in May 1965 has resulted in a loss of Rs.0.24 lakh up to May 1968.

The matter was reported to Government in August 1967; their reply is awaited (March 1969).

## JUDICIAL DEPARTMENT

(d) In terms of a notification issued in August 1951 under the Bengal Co-operative Societies Act, 1940, Government remitted all fees payable by the co-operative societies for registration of documents.

It was noticed that the aforesaid notification was incorrectly interpreted by at least 14 out of 16 District Registrars (including the Registrar of Assurances, Calcutta) to the effect that registration fees were not realisable by them from the individual members of the co-operative societies executing documents in favour of the societies. This incorrect remission of fees payable by the individual members led to loss of revenue amounting to Rs.18.19 lakhs in thirteen districts during the past five calendar years from 1963 to 1967. Information from other District Registrars is wanting.

The matter was brought to the notice of Government in July 1966. They stated in reply (October 1968) that as there was no provision in the Indian Registration Act for realisation of fees which were omitted to be realised at the time of presentation of documents on a wrong interpretation of the notification in question, no orders were issued for the recovery of these fees. By a notification issued in September 1968 Government have remitted all such registration fees.

## PUBLIC WORKS (CONSTRUCTION BOARD) DEPARTMENT

(e) The construction of a hostel building, intended to accommodate 115 working girls on economic rent, was completed by Calcutta Division No. I in October 1964 treating it as an "urgency work". But the charge of the building was handed over to the Housing Department only in May 1967. This has resulted in a loss of rent of Rs.0.55 lakh for the period from November 1964 to April 1967 realisable at the fixed rate of Rs.16 per occupant per month.

The delay in transferring the building was attributed to want of decision from the administrative authority in this regard.

## DEPARTMENT OF AGRICULTURE AND COMMUNITY DEVELOPMENT

61. *Non-realisation of Government dues*:—(a) In October 1956 Government allotted 7.14 acres of Government land in Patelnagore Township at Muhammadbazar in the district of Birbhum to a private company on a 99-year lease contemplation but without executing any lease agreement. The company actually utilised 11.32 acres and was in unauthorised possession of 10 Government buildings in the same locality—six from January 1957 and four from October 1963. The company has not paid either the lease money or the rent due and no agreement, whatsoever, has also so far (September 1968) been executed by Government. Meanwhile a sum of Rs.0.66 lakh as detailed below stands realisable from the firm:—

	Rs.
(i) Salami of 11.32 acres of land at Rs.720 per bigha (Rs.2,160 per acre) ... ..	24,451
(ii) Interest on Rs.24,451 at 5 per cent. per annum from 1956 as per Government Order No. 643-CDP, dated 25th January 1963 up to 31st July 1968 ...	15,791
(iii) Rent for 10 buildings up to 31st July 1968 ...	25,954
Total ...	66,196



The company also occupied another two-roomed quarters from October 1959 to June 1965 but no rent was paid by them. A sum of Rs.1,943 is payable on this account. Government has also not taken any steps for its realisation so far (September 1968). Government stated (January 1969) that lease agreement would be executed after area of land under actual occupation of the company was determined by a survey. They have also stated that steps were being taken to realise the outstanding rent of Rs.1,943.00.

#### REFUGEE RELIEF AND REHABILITATION DEPARTMENT

(b) To rehabilitate displaced persons from East Pakistan, Government constructed 3,000 houses in the Habra Refugee Township, 24-Parganas in 1949-50 at a total cost of Rs.1,25 lakhs. The value of each house together with adjoining land was provisionally fixed (in 1956) at Rs.5,000 each pending final valuation of the structure and the site. The houses were to be occupied by those bona fide refugees who were willing to pay Rs.250 at the time of occupation and also Rs.250 annually for a total period of 20 years whereupon the title of the house and the adjoining land would vest with them. Refugees started occupying the houses from the year 1950. Position of occupation of the houses (as in April 1968) is as follows:—

Description	Number of houses
(i) By authorised allottees .. .. .	2,805
(ii) By eligible refugees already allotted plots and awaiting house building loans	55
(iii) By eligible refugees who are not willing to pay requisite money	17
(iv) By public institutions, Government departments .. .. .	45
(v) By non-allottees/squatters .. .. .	78
Total .. .. .	3,000

The table below would show the position of outstanding dues as at the end of March 1968:—

Particulars of dues	Amount due up to March 1968	Amount paid up to March 1968	Outstanding dues as on the 31st March 1968
	Rs.	Rs.	Rs.
(1) Loan in respect of houses allotted to refugees	92,38,521	8,48,175	83,90,346
(2) Rent for Central market .. .. .	2,51,219	29,721	2,21,498
(3) Rent for houses occupied by Government offices	45,014	8,546	36,468
Total .. .. .	95,34,754	8,86,442	86,48,312

Regarding repayment of loans, in 55 cases the initial advances fell much below the qualifying rate of Rs.250.

Although Government started allotment of the houses since 1950, only a small number of agreements as detailed below have so far (April 1968) been executed—

Year	Number of agreements executed	Number of agreements due	Balance due
1950 to 1960 .. .. .	116	2470	(-)2354
1961 .. .. .	97	81	(+) 16
1962 .. .. .	109	79	(+) 30
1963 .. .. .	134	113	(+) 21
1964 .. .. .	137	21	(+) 116
1965 .. .. .	132	23	(+) 109
1966 .. .. .	118	18	(+) 100
1967 .. .. .	53	..	(+) 53
1968 .. .. .	15	..	(+) 15
	911	2805	(-)1894

Valuation of the built house properties including the proportionate cost of acquisition and development cost thereof still remains unassessed.

62. *Outstanding licence and toll fees:* (a) 480 stalls in the Bidhan Market, Siliguri, were allotted on monthly licence fee basis to different stall-holders during the period from July 1962 to December 1967. A sum of Rs.5.89 lakhs became due from them as licence fees payable up to December 1967 out of which a sum of Rs.3.38 lakhs only was realised leaving a balance of Rs.2.51 lakhs to be realised from 369 defaulting stall-holders. The amount of licence fees outstanding against the defaulters could not, however, be worked out in each case as the records of the local office were not maintained properly. While certificate cases in respect of a total demand of Rs.0.48 lakh were filed against 62 heavy defaulters, no action for realisation of the outstanding dues from the others were found to have been taken at all (January 1968).

(b) 394 vacant plots within the same market premises were also allotted on daily toll basis to different traders during the period from 1962-63 to December 1967. A sum of Rs.2.55 lakhs became due as toll charges payable by such traders up to the 31st December 1967 out of which a sum of Rs.2.09 lakhs was realised leaving a balance of Rs.0.46 lakh still to be realised from 198 defaulting traders. No action for realisation of these arrears from the defaulters appears to have been taken (January 1968).

The matter was brought to the notice of the Government in September 1968. In March 1969 they stated that outstanding dues stood approximately at Rs.2.02 lakhs (licence fee Rs.1.91 lakhs and toll charges Rs.0.11 lakh) at the end of February 1969, and steps were being taken to realise the arrear dues in full.

## IRRIGATION AND WATERWAYS DEPARTMENT

63. *Toll collections*: A sum of Rs.3.40 lakhs was spent by 5 Irrigation Divisions from 1965-66 to 1967-68 towards maintenance of 18 toll offices. Toll charges realised by those offices during the period amounted to Rs.3.96 lakhs only. The collection of revenue during 1966-67 and 1967-68 fell by 26.4 per cent. and 45.9 per cent. respectively from the revenue collected during 1965-66; whereas the maintenance cost during those years increased by 14.6 per cent. and 39.6 per cent. respectively.

A table showing the maintenance cost *vis-a-vis* the toll collection for three years is given below—

Serial No.	Name of Division	Maintenance cost during			Toll collection during		
		1965-66	1966-67	1967-68	1965-66	1966-67	1967-68
(In lakhs of rupees)							
(1)	Kakdwip Irrigation ..	0.10	0.12	0.17	} 1.33	0.96	0.70
(2)	Canals Division ..	0.43	0.49	0.66			
(3)	Hooghly Irrigation ..	0.02	0.02	0.03	..	..	..
(4)	East Midnapur ..	0.38	0.43	0.43	0.40	0.32	0.24
(5)	West Midnapur ..	0.03	0.04	0.05	0.01	..	..
	Total ..	0.96	1.10	1.34	1.74	1.28	0.94

## DEPARTMENT OF HEALTH

64. *Outstanding dues*: Hospital charges are payable in advance by the paying patients. In two State hospitals dues from some patients were not realised long after their discharge. A sum of Rs.2.53 lakhs representing charges for the period from 1957-58 to 1967-68 remained outstanding. The outstanding dues mainly relate to the subsequent period, after the period for which advance payment was realised.

The scrutiny of records of one of the hospitals revealed that registered letters were issued asking the patients to pay off the dues, but in almost all cases the letters came back undelivered. As there is no provision in any rule or order of Government regarding further action for recovery of the dues, no further action was taken by the hospital authority. It was stated by the Superintendents of both the hospitals that proposal for writing off of the irrecoverable dues was under consideration of the Directorate of Health Services.

The position was brought to notice of the Government in May 1968 in respect of one hospital and in November 1968 in respect of the other; their reply is awaited.

## DEPARTMENT OF COMMERCE AND INDUSTRIES

65. *Outstanding fees:* Under the West Bengal Societies Act, 1961, and the rules framed thereunder (effective from April 1963) each registered society is required to file annual returns with the Registrar of Firms and Societies together with a fee of Rs.5 per return. Accordingly fees were realisable from 5,777 societies which were registered under the old Societies Registration Act, 1860, and 1,814 societies which were registered (up to March 1967) under the new Act of 1961. But it was noticed in course of a test audit that records were not maintained properly by the Registrar for watching the submission of annual returns by the societies and realisation of fees.

On the basis of information made available a total fee of Rs.1.66 lakhs became due from April 1963 to March 1968, out of which only Rs.0.34 lakh was realised (Rs.0.32 lakh on demand by the Registrar and the balance on voluntary basis) up to November 1968.

Government stated that due to miserable condition of records, addresses of all but 1,300 societies nearly, which were registered under the old Act, 1860, could not be traced out.

## CHAPTER VIII

## Financial Assistance to Local Bodies, Co-operative Institutions and others

## SECTION I—CO-OPERATIVE INSTITUTIONS

## COTTAGE AND SMALL SCALE INDUSTRIES DEPARTMENT

66. *Supply of improved appliances to Weavers' Co-operative Societies*: This was started in 1954-55 and is being continued. Grants and also loans for procurement of, and working on, improved appliances are paid to the societies. Government expected that the new appliances would improve the texture and quality of the products and also increase the output by fifty to hundred per cent.

The financial assistance given during the second and third Plan periods and the actual production *vis-a-vis* the target during the last year of each Plan period are given below:—

Period	Estimated expenditure			Actual expenditure		
	Grant	Loan	Total	Grant	Loan	Total
(In lakhs of rupees)						
1956-61 .. ..	10.46	1.53	11.99	10.38	1.21	11.59
1961-66 .. ..	8.51	3.10	11.61	7.76	2.86	10.62

Target of production for the last year of the period	Actual production in the last year of the period	Percentage of shortfall in production
(In million yards)		
1956-61 .. ..	125	107.80
1961-66 .. ..	137	109.00

1956-61 .. ..	125	107.80	13.8
1961-66 .. ..	137	109.00	20.4

Out of twenty-one Regional Assistant Registrars of Co-operative Societies through whom the loans were paid up to 1964-65, the position of repayment of loans in thirteen regions was available (November 1968) which showed (1) that Rs.0.49 lakh and Rs.0.11. lakh, representing the principal and interest respectively, out of the total realisable amount of Rs.2.03 lakhs remained outstanding at the end of the Third Five-Year Plan and (2) that Rs.5,861 became irrecoverable as ten societies went into liquidation.

## HOME (TRANSPORT) DEPARTMENT

67. *Grant of loan without adequate security:* An interest-bearing loan of Rs.3.76 lakhs received from the Government of India in March 1962 was re-lent in July 1962 to the newly formed West Bengal Goods Transport Co-operative Society Limited, on certain terms and conditions.

The loan was to be repaid by the society in five annual instalments; but no instalment was paid before it went into liquidation in September 1965. The balance sheet as on 30th June 1967 prepared by the Liquidator showed that the society suffered total loss of Rs.2.51 lakhs and the value of its assets on that date was only Rs.2.73 lakhs.

Government repaid the loan to the Government of India between April 1964 and March 1968 along with interest (Rs.43,616).

## SECTION II—OTHERS

## EDUCATION DEPARTMENT

68. *Utilisation of grants-in-aid:* For establishment of a junior technical school at Barrackpore under the auspices of Swami Mahadevananda Vidyayatan of Shri Guru Bholananda Asram, Government agreed in March 1963 to pay in all Rs.11.08 lakhs as grants to the Vidyayatan as detailed below:—

	Rs. (In lakhs)
(i) Main School Buildings	2.50
(ii) Works	1.25
(iii) Fittings, fixtures, etc.	0.25
(iv) Equipment	4.58
(v) Hostel	2.50
Total	11.08

Against this, a grant of Rs.3 lakhs was paid to the Secretary, Swami Mahadevananda Vidyayatan, in May 1963, for construction of the building (Rs.2 lakhs) and purchase of equipment (Rs.1 lakh). However, the school building has not yet been constructed; as a matter of fact, the plans and estimates therefor have not been approved so far (March 1969). Out of the building grant, Rs.1 lakh have been retained by the Asram for transfer to the school a small old building situated on a plot of land owned by the Asram, although, according to the conditions of the grant, the site was to be provided free by the Asram. Neither the amount has been refunded nor the ownership of the land transferred by the Asram to the institution (which has a separate entity) as yet (March 1969).

In spite of a balance of Rs.70,290 lying unutilised out of the first instalment of the equipment grant, a second instalment of Rs.1 lakh was paid on that account in October 1964, on the certificate of utilisation of the first instalment recorded by the Director of Public Instruction. At the end of January 1967, Rs.85,723 were unspent out of the total equipment grant of Rs.2 lakhs.

## EDUCATION DEPARTMENT

69. *Unutilised grants*: (a) During November 1964 to March 1966 Rs. 21 lakhs were paid as capital grants for construction of buildings and purchase of equipment for setting up a polytechnic at Basirhat (Rs. 5 lakhs for buildings) and junior technical schools at Howrah, North Calcutta, East Calcutta and Hatgacha (at the rate of Rs. 2 lakhs for building and Rs. 2 lakhs for equipment).

No portion of the grants was utilised (April 1968) for the following reasons:—

- (i) Site not selected (Basirhat) and land not acquired (Howrah and North Calcutta);
- (ii) Want of administrative approval of Government to revised estimates (Hatgacha and East Calcutta);
- (iii) Want of accommodation for the equipment.

The matter was reported to Government in June 1968. Their reply is awaited (March 1969).

## DEPARTMENT OF HEALTH

(b) In March 1960 Rs. 10 lakhs were paid to the Harendra Coomar Mukherjee T.B. After-care Colony Society for construction of second unit of blocks in the colony. Rs. 6.37 lakhs were spent on the work which was completed in July 1967. Out of the balance of Rs. 3.63 lakhs, Government authorised in October and November 1968 utilisation of Rs. 1.35 lakhs for liquidation of old liabilities on Capital account and Rs. 0.50 lakh for maintenance of the colony in 1968. The balance of Rs. 1.78 lakhs has not been refunded to Government. Government stated (November 1968) that a large portion of the unspent balance would be required to meet the maintenance charges in 1969.

## COTTAGE AND SMALL SCALE INDUSTRIES DEPARTMENT

70. *Loss*: In September 1958 a loan of Rs.0.24 lakh repayable in 16 half-yearly instalments was advanced to a firm against assets valued at Rs.0.33 lakh hypothecated to Government. Only Rs.1,050 were received as interest (up to November 1960). According to the agreement, the whole amount became repayable as soon as the borrower failed to repay the first instalment (March 1959). Certificate proceedings were instituted and Rs. 10,500 were realised (April 1964) by auction of the hypothecated assets. In this case Government suffered total loss of Rs. 23,300.

71. *Irrecoverable loan*: In February 1953 Government gave Rs.1.75 lakhs as loan to a company under the Bengal State Aid to Industries Act, 1931 against hypothecation of assets valued at Rs.3.64 lakhs lying at various places in and outside the State. The loan exceeded the maximum ceiling provided under the Act and was paid ignoring the opinion of the Legal Remembrancer. The loan was repayable in ten equal instalments together with interest at 6½ per cent. (plus penal interest up to 8 per cent. in case of continued default).

The company repaid only the first instalment of the loan with interest in time (in February 1954) but defaulted thereafter. In September 1958 it submitted a petition to the High Court, Calcutta, for winding up its business. Government also moved the High Court for similar action and an Official Liquidator was appointed (March 1959) for taking over the company.

Nineteen caretakers and seventeen darwans-cum-night watchmen were appointed (February 1959) by Government for taking over custody of all the assets of the company. Government, however, neither complied with the requirements of the Official Liquidator in the matter of investigation of claims nor filed any application before the High Court to claim the entire sale-proceeds of the assets of the company as the first secured creditor. This resulted in the sale-proceeds of the assets of the company (Rs.0.26 lakh out of the total sale-proceeds of Rs.0.28 lakh) being distributed under orders of the High Court to other creditors of the company.

Government dues from the company have not yet been worked out nor has action been taken by Government for writing off the loss (March 1969).

The matter was reported to Government in June 1968. Their reply is awaited (March 1969).



## CHAPTER IX

**Government Commercial and Trading Activities****SECTION I—GENERAL**

72. This chapter deals with the audit of (i) Statutory Corporations/ Board, (ii) Government Companies and (iii) Departmentally managed Government undertakings.

**SECTION II—STATUTORY CORPORATIONS/BOARD**

73. There were four Statutory Corporations and one Board in the State as on 31st March 1968 as detailed below:—

- (1) Calcutta State Transport Corporation,
- (2) North Bengal State Transport Corporation,
- (3) West Bengal Financial Corporation,
- (4) West Bengal State Warehousing Corporation, and
- (5) West Bengal State Electricity Board.

A synoptic (except North Bengal State Transport Corporation) statement showing the financial results of these Corporations/Board for the latest year up to which accounts have been received and audited is given in Annexure I.

The following Accounts have not been received (December 1968):—

Name of the Corporation/ Board	Year of accounts outstanding	Remarks
Calcutta State Transport Corporation	1966-67 to 1967-68	....
North Bengal State Transport Corporation	1964-65 to 1967-68	The Management stated (December 1968) that accounts for the year 1964-65 and 1965-66 were being placed before the Corporation for approval. The accounts have not yet been received (January 1969).
West Bengal State Warehousing Corporation	1967-68	.. Under section 31 (10) of the Warehousing Corporations Act, 1962, accounts of the Corporation together with Audit Report thereon are required to be placed before the Annual General Meeting of the Corporation within 6 months of the close of the financial year. This provision has not been complied with as yet.

## HOME (TRANSPORT) DEPARTMENT, CALCUTTA STATE TRANSPORT CORPORATION

74. *Injudicious purchase*: In April 1965 open tenders were invited for purchase of 45 tonnes of printing paper against which quotations were received only from two firms. Though both the firms offered same price per Kg. of paper negotiation was carried on with one firm only, for the supply of paper of thinner weight (more sheets of paper per Kg. of material) and orders were accordingly placed in July 1965 on ground of economy in production of tickets. But during printing operation wastage was found to be beyond the normal limit which raised the cost of production of tickets leading to an excess expenditure of about Rs.0.41 lakh. Out of this, the supplier made good loss of about Rs.0.12 lakh representing cost of paper only.

75. *Loss of revenue from passenger buses*: A test check of the accounts of the Corporation revealed that buses sent by depots to the Central Workshop for repairs were unnecessarily retained there for long periods after complete repairs. This prevented the repaired buses from plying on the roads and earning substantial revenues.

The Corporation suffered a net revenue-loss of Rs.1.23 lakhs during a period of six months (August 1966 to January 1967) as a result of keeping the repaired buses idle. The matter was reported to the Management in December 1966 and their reply is still awaited (February 1969).

76. *Avoidable expenditure*: The agreement for the construction of workshop and stores entrusted to a contractor in June 1964 envisaged supply of cement and M. S. Rods by the Corporation for these works which were required to be completed by March 1965. As the Corporation could neither finalise the design of the works nor supply the steel materials before February 1965, the works could be completed only on 30th September 1966.

Due to the delay in the completion of work, the contractor claimed compensation for the loss suffered on account of idle labour, establishment and also for increase in the rates for all the works executed after 31st March 1965. The matter was referred to the Arbitrator and as per his award, the Corporation had to pay Rs.25,000 to the contractor as compensation.

Had expeditious steps been taken by the Corporation to finalise the designs and to procure the materials, the extra expenditure could have been avoided.

## COMMERCE AND INDUSTRIES DEPARTMENT (POWER BRANCH)

### West Bengal State Electricity Board

77. *Loss*: (a) A quantity of 17,394 M/Tons of steel valued at Rs.12,146 short received in 54 wagons in a Power Project was written off by the Board in April 1965 on the ground (i) that there was no weigh-bridge at the destination station and (ii) that the loss was due to the adoption of different methods of calculations of the steel booked (by weight) and received (by sectional weight). A scrutiny of the records showed that in spite of adoption of different methods for computing the weight of steel there was practically no shortage in 48 out of the 54 wagons and that the entire shortage of 17,394 M/Tons related to 6 wagons only.

In another case, in November 1964, a quantity of 52.255 M/Tons of steel was accounted for as per sectional measurement as against 67.370 M/Tons as per railway receipt resulting in shortage of 15.115 M/Tons of steel, valued at Rs.12,470. The loss has not been written off so far (March 1969).

Neither the short receipt certificate was taken from the Railways nor the contractor was made responsible for the above loss of Rs.24,616.

(b) In April 1964 the Board placed an order on the Indian Agent of a foreign firm for manufacture, supply and delivery of 1,250 metres of underground power cables at a total cost of Rs.46,875 (F.O.R., Calcutta). The cables were to be delivered within two to five months of the date of receipt of the approval letter from the State Trading Corporation for release of the cables in favour of the Board and that 100 per cent. payment made on presentation of shipping documents and bank guarantee. The materials were shipped on 30th November 1964 without obtaining the necessary letter of approval from the State Trading Corporation. Payment of the entire amount was made on 13th May 1965 on presentation of the bill by the supplier according to the agreement. The cables which arrived at the Calcutta Port on 27th January 1965 were not released by the Customs authorities for want of "List of Materials" duly certified by the Import Authorities, as the imported cables belonged to banned category and were indigenously available. The Board received the necessary certificates in April 1966 from the State Trading Corporation for release of the cables from the Calcutta Port but in the meantime the cables were damaged and rendered unserviceable. The Board disowned the cables to avoid further expenditure on customs duty and demurrage charge.

The claim preferred by the Board on 6th August 1966 for refund of Rs.46,875 was rejected by the supplier.

The case was referred to Management in February 1968; their reply is awaited (March 1969).

78. *Avoidable loss of revenue:* In December 1965, the Board issued work order for the construction of a line for supplying power to a bulk consumer from April 1966. The construction of the line was completed by March 1966. For want of a switchgear, which was requisitioned from the Central Store only in May 1966, supply of energy could not, however, commence before October 1966.

The delay of six months in supplying power resulted in an avoidable loss of revenue of about Rs.16,000.

It has been stated that switchgears are not maintained in stock in the Divisional store and normally delay occurs in getting these valuable stores from the central store.

79. *Avoidable payment:* In May 1965 order was placed with a contractor for unloading coal from Railway Wagons at Bandel Thermal Power Station with the stipulation that payment of demurrage charges, if any, for not releasing the wagons within the allotted time would be borne by the contractor. Mobile equipment like bulldozers, etc., would, on request, be provided by the Board on rental basis, if available.

During the period from 1st July 1965 to 4th September 1965, a sum of Rs.1.05 lakhs was paid to the Railways by the Board as demurrage charges against which an amount of Rs.0.14 lakh only was recovered from the contractor. The balance of Rs.0.91 lakh was not recovered on the ground that the Board could not make available the dozers and scrapers

during the period involved. As the supply of dozers and scrappers to the contractor was not obligatory, the payment of Rs.0.91 lakh by the Board was avoidable.

Government stated in March 1969 that the contractor could not be held responsible for the entire amount of demurrage because of the unsettled condition which was unavoidable in the early stages of commissioning of the plant.

80. *Infructuous expenditure:* On the basis of orders placed in August 1962 the Board imported one 550 KVA Skoda Diesel Generating set with Rs.2.50 lakhs for the Siliguri Power Station. A sum of Rs.0.67 lakh was also spent on transportation, installation of the machine and enhanced custom duty. The set was received at the site at Siliguri between June 1964 and September 1964. It was expected to be commissioned there in January 1965. During trial run in March 1965 the machine, however, did not work due to some inherent defect which has not been rectified by the suppliers so far (December 1968) although they had agreed in July 1966 to replace the defective parts free of cost.

The purpose for which the diesel set was purchased does not also exist any longer as the Siliguri Power Station has ceased to operate with the commissioning of the Jaldhaka Hydel Project in March 1967. The Government, however, stated (December 1968) that the set would be used as standby. But from April 1967 to July 1968 each of the existing 4 generating sets ran only for 4 hours on average per month.

81. *Avoidable expenditure:* (a) In terms of a Government of India notification in September 1963, the Board was exempted from payment of excise duty for the purchase of indigenous Light Diesel Oil required to run their Generating Plants provided that necessary licence was obtained from the competent authority. The Board procured the required permission for exemption in September 1965 and yet purchased 159.8 kilo litres of oil on twenty-three occasions during the period from 17th March 1965 to 25th April 1967 for their Diesel Power Station, Malda, on payment of excise duty of Rs.0.23 lakh (approximately).

No responsibility has been fixed for the lapse.

(b) In July 1962 tenders were invited for supply of 30 transformers. Orders were placed with the second and the fourth lowest tenderers distributed equally at Rs.23,505 and Rs.24,218 per transformer respectively. The lowest offer of another firm at Rs.21,632 per transformer was not considered on the ground that considerable number of orders were pending with them even though another order for the supply of 14 transformers was placed on the same firm in November 1962, i.e., soon after the rejection of the above offer.

The firms on whom supply orders were placed could not maintain the scheduled dates of delivery and the delay was up to two years in case of supply by one of these firms.

The rejection of the lowest offer resulted in an avoidable expenditure of Rs. 0.67 lakh.

82. *Extra expenditure:* In May 1966 the Board invited limited tenders from the enlisted firms for the purchase of 12.75 lakh metres of cables of 16 different specifications during the year 1966-67.

The offer of a reputed firm of manufacturer which offered the lowest rates in respect of 9.75 lakh metres of cables (11 out of 16 different specifications) was not accepted on the ground that the rates offered by it were firm up to December 1966 only as against March 1967 stipulated in the tender

notice. The orders for all the sixteen specifications were distributed amongst five other tenderers at higher rates without any negotiations with the firm which offered lowest rates in respect of 11 specifications and was also in a position to deliver full quantities of the same up to December 1966.

The rejection of the lowest offer in respect of 11 types of cables thus resulted in an extra expenditure of about Rs.1.02 lakhs.

Government stated in December 1968 that the order was not placed with the firm as their delivery clause was considered unstable and its unusually low rate was considered unrealistic and unworkable.

83. *Outstanding dues:* (a) In pursuance of an agreement, the Board undertook to supply electricity for five years (terminable in December 1964) to a colliery subject to an annual minimum guaranteed charges of Rs.41,100 for the first year and Rs.73,900 for each of the next four years. The consumer failed to consume enough power to cover the minimum guaranteed amounts all these years. Though it did not make good the deficit of the minimum guaranteed amounts as per agreement in spite of reminders, the Board continued to supply energy even after December 1964 without any fresh agreement. The supply was, however, discontinued in February 1967 on grounds of non-payment of dues. Total dues up to February 1967 amounting to Rs.1.56 lakhs could not be realised (August 1968) from the consumer.

The matter was reported to the Board in April 1967; their reply is still awaited (February 1969).

(b) In pursuance of an agreement the Board undertook to supply electricity to a colliery for 5 years (terminable in November 1962). The contract provided an annual minimum guaranteed revenue of Rs.10,000 (1st 3 years) to Rs.13,000 respectively.

The Board, however, failed to prefer claims for the deficit in annual minimum guaranteed revenue for the 2nd to the 5th year of operation (November 1958 to March 1962) within the currency of the agreement and continued to supply power up to April 1965 without any fresh agreement. The claims for the balance amounts pertaining to the period from April 1962 to March 1963 were preferred in April 1964, whereas those for the period from April 1963 to April 1965 had not been preferred at all.

Supply of power was, however, discontinued in April 1965 on grounds of non-payment of energy bills for 5 months (December 1964 to April 1965).

The outstanding amount of about Rs.0.41 lakh (excluding the amount of shortfall of minimum guaranteed revenue for 1964-65 not yet calculated) has not yet been realised (September 1968).

A portion of the claim amounting to Rs.6,000 (for the period from April 1963 to March 1964) is already time-barred being more than three years old.

(c) According to the terms of an agreement dated 17th May 1961, service connection charge of Rs.19,570 was payable by a bulk consumer in 60 monthly instalments of Rs.364.58 each including interest at 4½ per cent. per annum. No claim for recovery was, however, preferred through any bill nor was it demanded separately till April 1967. Only one instalment of Rs. 364.58 was recovered through the consumer's energy bill for the month of April 1967. The service was disconnected on the 22nd August 1967 for non-payment of the balance of connection charge and interest amounting to Rs.0.22 lakh (Rs. 364.58 × 59). Outstanding dues of Rs.0.23 lakh (connection charges—Rs.0.22 lakh plus energy and other charges Rs.0.01 lakh) remain unrealised (October 1968).

84. *Crane purchased without open tender:* In response to enquiries made by the Board in March 1961 and December 1961, a firm offered to supply an imported 15-ton mobile crane at a cost of Rs.2.81 lakhs, on no-profit-no-loss basis, which was imported by them for their sister organisation. The Board, however, postponed the purchase on both the occasions.

In August 1963 the Board, instead of inviting open tenders, approached the same firm again for a similar crane, the firm offered on 3rd August 1963 the same crane at Rs.3.31 lakhs. The offer was accepted by the Board in August 1963 and supply order placed in November 1963.

The sale has not been approved by the Controller of Export and Import so far (February 1969).

85. *Ex-gratia payment to a contractor:* The Board, after enquiry, placed an order (April 1965) with a firm of contractors for unloading, transporting and placing one transformer on foundation for Rs.42,500 with the stipulation that any expenditure on repairs to or maintenance/demolition of private and public property and roads, etc., for transporting the transformer would be to their account.

After execution of the work, the firm preferred (on 22nd December 1965), a claim for Rs.35,500 over and above the amount of Rs.42,500 on the ground that a special trailer was engaged for transport of the transformer and that the roads between the railway station and the place of foundation were repaired. The Board, thereupon, made an ex-gratia payment of Rs.15,000.

86. *Purchase without tenders:* A tender notice was issued by the Board in January 1966, for supply of 40,000 strain clamps (20,000 each for 0.05 and 0.03 A.C.S.R. respectively) with a breaking strength of 12,000 lbs. Of the five tenders received, the lowest tenderer also volunteered to supply strain clamps with a breaking strength of 15,000 lbs. though not called for in the tender notice. Orders were, however, placed in April 1966 on this firm for the supply of 30,000 clamps (20,000 for 0.05 A.C.S.R. at Rs.8.20 each and 10,000 for 0.03 A.C.S.R. at Rs.7.80 each) with breaking strength of 15,000 lbs.

The placing of the order amounting to Rs.2.42 lakhs on the firm thus deprived the Board of the benefits of competition, as the rates of other firms were not available.

87. *Non-imposition of penalty:* An order for the supply of 2,000 K.M.A.C.S.R.-conductor was placed (July 1965) @ Rs.1,178 per K.M. to be delivered between March 1966 and June 1966. The firm supplied 391.142 K.M. only by the stipulated date of delivery. Although extension up to October 1966 was granted by the Board without imposing any penalty as per contract, no further supply was made even within this extended period. The firm increased the price of the conductors to Rs.1,357.80 per K.M. from November 1966 due to the enactment of customs duty and supplied 210,568 K.M. in May 1967, at the increased rate, which was accepted by the Board.

The penalty of Rs.0.47 lakh leviable under the contract was not, however, imposed by the Board on the supplier for delay in delivery.

88. *West Bengal Financial Corporation*: (1) *Financial Position*: The profit earned by the Corporation during 1967-68 (Rs.15.91 lakhs) prior to provision being made for Reserves and Taxation, recorded an increase of about 2.25 per cent. over that of the previous year 1966-67 (Rs.15.66 lakhs). The Corporation's working capital increased to Rs.729.33 lakhs in 1967-68 from Rs.654.12 lakhs in 1966-67. The ratio of profit did not increase correspondingly.

Out of the working capital of Rs.729.33 lakhs as on 31st March 1968, the Corporation holds as much as 20 per cent. (Rs.145.00 lakhs) in short-term deposits yielding a rate of interest lower than that payable to Bond holders and on borrowings. This has adversely affected the financial position of the Corporation. The Corporation stated (September 1968) that large investments in short-term deposits were made due to the fact that Rs.100 lakhs raised by the end of March 1968 by issue of bonds could not be invested in loans and advances at once.

(2) *Bad Debts*: No provision was made for bad debts in the accounts for 1967-68 though in the following four cases there was a remote possibility for recovery of the loan disbursed:—

- (i) A loan of Rs.1.75 lakhs was sanctioned by the Corporation in July 1961 and August 1964 to one Engineering Works. Out of the sanctioned loan a sum of Rs.1.05 lakhs was disbursed to the firm in three instalments.

In March 1967 the factory closed down due to disagreement among the partners and the firm was not in a position to pay off their creditors. The firm intimated on 20th July 1968 that they had sold away their right, title and interest in the partnership to a party.

The Corporation filed a suit to recover their dues which is still pending (September 1968).

- (ii) The Corporation sanctioned a loan of Rs. 3.00 lakhs in April 1963 to another Engineering Works. Out of the sanctioned amount a sum of Rs. 1.35 lakhs was disbursed in July 1963. The firm sustained a loss of Rs. 31,000 in 1963-64.

The total outstandings against the firm as on 4th January 1969 amounted to Rs.1.14 lakhs (principal Rs.1,11,655 and interest Rs. 2,486).

No legal steps have yet been taken to realise the dues (September 1968).

- (iii) A proprietary firm was sanctioned a loan of Rs.32,000 in June 1962 for the setting up of a workshop for manufacture of tools and machine parts, etc. A sum of Rs. 30,000 was disbursed in three instalments to the loanee between December 1962 and January 1965. The workshop ultimately closed down in December 1965. In April 1967 the Corporation granted six months' time for payment of the dues by disposing of property and assets and required the loanee to pay Rs. 300 per month till such time as a suitable buyer was found for the mortgaged properties. The loanee disposed of the machinery and deposited Rs.7,664 only on 6th June 1967. The party is, however, paying Rs. 300 per month. The amount of loan together with interest thereon outstanding on 30th June 1968 was Rs.22,950.

(iv) The Corporation sanctioned a loan of Rs. 2.00 lakhs to a Fire Bricks & Potteries Works in May 1962; of this, Rs.1.60 lakhs were allowed to be drawn in six instalments. The factory, however, closed down in August 1965 and the loan together with interest thereon outstanding on 30th June 1968 amounted to Rs.1.15 lakhs. The Corporation has not yet taken any legal steps to recover the outstanding dues (September 1968).

(3) *Ex-gratia* payment: The Corporation made *ex-gratia* payments to all its officers and staff excepting the Managing Director during the three years ended 1967-68 as shown below:—

Year	Amount
	Rs.
1965-66	9,355.00
1966-67	13,991.00
1967-68	14,334.00

Such *ex-gratia* payments are not covered by the West Bengal Financial Corporation (Staff) Regulations framed by the Corporation. The matter has been referred to Government and their decision is awaited (September 1968).

### SECTION III—GOVERNMENT COMPANIES

89. There were seven Government Companies, named below, in the State as on 31st March 1968—

- (1) Durgapur Projects Limited,
- (2) Durgapur Chemicals Limited,
- (3) Kalyani Spinning Mills Limited,
- (4) West Bengal Small Industries Corporation Limited,
- (5) Electro Medical and Allied Industries Limited,
- (6) State Fisheries Development Corporation Limited, and
- (7) West Bengal Industrial Development Corporation Limited.

The financial results of these companies are shown in the Annexure II.

### DEPARTMENT OF COMMERCE AND INDUSTRIES (DURGAPUR INDUSTRIES BRANCH)

#### Durgapur Projects Limited

90. *Loss due to irregular purchase*: The Works Engineer-in-charge of the maintenance department of the Company at Durgapur without consulting the Company's central purchase organisation in Calcutta invited tenders for seamless steel tubes though he had no financial powers in this regard. Later, after obtaining financial sanction of the Resident Director, orders were placed (September 1965) by the Works Engineer for the supply of 560 seamless steel tubes of different lengths with the lowest tenderer at an estimated cost of Rs.41,760 without verifying his bona fides and antecedents.

During October 1965, the party supplied 400 seamless steel tubes valued at Rs.23,200. Inspection conducted on 28th October 1965 revealed that the materials were old, corroded and not conforming to specifications; the test certificate furnished by the supplier in respect of the materials was also dated as far back as 3rd October 1956. In spite of these defects, payment of



Rs.20,880 (representing 90 per cent. of the value) was authorised by the Works Engineer and promptly made on 30th October 1965. The supplier, when contacted in November 1965, did not agree to take back the tubes and refund the amount. No legal suit could, however, be instituted against him as his whereabouts could not be traced. The tubes are still lying unused (January 1969).

No responsibility has been fixed so far (March 1969).

91. *Irregular expenditure*: In June 1963, the work of converting the Durgapur Labour Welfare Centre into a 'Model Labour Welfare Centre' was entrusted to the Durgapur Projects Limited by the Labour Department of the State Government at an estimated cost of Rs. 87,425. While the work was under execution, the Company prepared a revised estimate for Rs. 1,51,847 so as to include certain extra amenities and also to accommodate additional expenses on some existing items. Without obtaining any orders from Government in this regard, the Labour Commissioner of the State Government agreed that the Labour Department would bear the expenditure up to Rs.1 lakh and the balance would be borne by the Company. In November 1963, the Company decided, without concurrence of Government, to treat the amount of the revised estimate in excess of Rs. 1 lakh as an interest-free loan to Government. The work was completed in 1964-65 at a total cost of Rs. 1,41,349.

In December 1965, the Company revised its earlier decision and decided to recover from Government the excess expenditure of Rs. 41,349 over Rs. 1 lakh on the ground that the work was executed by it on behalf of the Government at their request. But Government having refused to accept any liability in excess of Rs. 1 lakh, the Company finally decided in February 1967 to bear the excess expenditure (Rs.41,349) as the Company's contribution to the work in order to save the situation arising out of the irregular procedure adopted from the beginning of the work.

92. *Avoidable expenditure*: Tenders were invited for supply of 100 metric tons of Sodium Aluminate Powder with 50/51 per cent. of aluminium content for the water works at Durgapur. Of the ten offers received, samples of two tenderers @ Rs.1,430 per metric ton (free delivery) and @ Rs.1,578 per metric ton, F.O.R. Alwaye (Kerala), were only found suitable on chemical analysis. The higher tenderer, however, reduced their rate to Rs.1,450 per metric ton and the order was placed on them. Had the lowest tender been accepted, the Company could have avoided an extra expenditure of Rs.0.21 lakh including transport charges.

Government stated (December 1968) that it was always advantageous for industrial consumers to take supply from the actual manufacturers rather than from the traders or stockists in the market and there could not be any comparison between them.

### **Durgapur Chemicals Limited**

93. *Avoidable expenditure*: Provision for construction of North Light Shells over the roof of cell house of Electrolysis Plant buildings was not made in the original scope drawing furnished by the Technical Consultants of the Company on the ground that there was no imperative necessity therefor in view of the fact that the cells were covered and the process was automatic, and that for purpose of instrument reading and working of pumps the required lumen could be provided by artificial lighting. In spite of this North Light Shells were constructed as per design of the Civil Engineering Consultant of the Company without the approval of the Board of Directors at an extra cost of about Rs.1.25 lakhs.

Reply from the management is still awaited (March 1969).

94. *Injudicious purchase*: One Crash Tender (fire fighting equipment) of French-make was imported in February 1965 at a cost of Rs.1.71 lakhs. The machine reached Durgapur on 6th May 1965 and remained idle till September 1965 when some repairs were found necessary. It was then sent to the West Bengal Fire Services Workshop for repairs and trial runs. But the trial runs made with water and indigenous foam compound were not found satisfactory even after repairs. On further enquiry from the suppliers it was ascertained that the French Crash Tender was designed to be operated with synthetic foam compound not available in India.

Another Crash Tender to be operated with water or indigenous foam compound was purchased in December 1967 from an Indian firm at a total cost of Rs.1.36 lakhs to replace the former one. The imported machine has not yet been disposed of (October 1968) and the total expenditure of Rs.1.73 lakhs including cost of the imported machine and repairs, trial runs, etc., has thus proved fruitless.

95. *Loss on account of devaluation*: According to the agreement with a French supplier 99 per cent. of the cost of plants and equipments valuing Francs 222.68 lakhs was payable in 10 yearly instalments in rupee currency with interest, credit insurance charges, etc., on 4th June every year. For payment of the instalment of principal and interest amounting to Francs 10,46,479.50 advice was sent to the Bank on 6th June 1966, while that for credit insurance charges amounting to Francs 50,246.67 was sent on 14th June 1966. In the meantime, Indian Rupee was devalued on 5th June 1966 (midnight). Thus, on account of the delay in making the payment (on the due date, i.e., 4th June 1966), the foreign supplier had to be paid Rs.16.95 lakhs as against Rs.10.72 lakhs payable at the pre-devaluation rate, resulting in a loss of Rs.6.23 lakhs.

Further, payments on account of credit insurance charges amounting to Francs 1.55 lakhs were due between 4th February 1965 and 4th April 1966 for which advice was sent to the Bank on 1st December 1965 and 14th May 1966 respectively. But the remittance was made as late as on 10th June 1966 at post-devaluation rate which again resulted in a loss to the Company to the extent of Rs.0.88 lakh. Company did not pursue the matter for this delayed remittance by the Bank.

No responsibility for the delay in payment and consequential loss has yet been fixed (November 1968).

## COMMERCE AND INDUSTRIES DEPARTMENT

### **Kalyani Spinning Mills Limited**

96. *Idle machinery*: Machinery for the second unit of the mills at Habra were partly to be imported and partly to be procured from indigenous sources. Orders on indigenous suppliers were, however, placed in 1963 before importing the machinery. In June 1964 the Government of India expressed their inability to sanction free foreign exchange. In the meantime the Textile Commissioner's Office had enquired whether the Company wanted to participate in the package deal with Messrs. Platts initiated by the State Trading Corporation of India under which a complete set of Textile Mill Machinery with spares, would be made available on deferred payment terms (20 years). The Company participated in the deal and as a result machinery worth Rs.12.02 lakhs out of the entire machinery of Rs.33.62 lakhs procured from indigenous sources became surplus and are still (January 1969) lying idle.

## SECTION IV—STATE GOVERNMENT COMMERCIAL AND QUASI-COMMERCIAL DEPARTMENTS

97. *Non-submission of Pro forma Accounts*: During the year 1967-68, 32 Commercial and Quasi-Commercial Schemes/Centres were operated departmentally. The financial results of the working of these undertakings are to be ascertained annually by preparing statement of accounts on a *pro forma* basis outside the general accounts of Government. Even though the importance of furnishing *pro forma* accounts in time has been stressed in successive Audit Reports since 1953 and the Government had issued instructions in May 1960 (on recommendation of the Public Accounts Committee on the Appropriation Accounts of 1954-55) for immediate preparation of arrear accounts and their timely submission to Audit, the position has not improved 14 undertakings/centres have not submitted *pro forma* accounts since inception and the preparation of the accounts in 18 undertakings is in arrears for different periods (details given in appendix IX).

The financial results of two schemes as shown in the *pro forma* accounts which were audited during 1968-69 are summarised below:—

Serial No.	Name of the Scheme	Year of Accounts	Turnover	Profit(+) Loss(-)
(In lakhs of rupees)				
1.	Brick and Tile Board ..	1961-62	0.15	(-)0.58
		1962-63	3.49	(-)0.43
		1963-64	2.95	(-)1.81
		1964-65	5.20	(-)0.97
2.	Central Engineering Organisation ..	1964-65	19.86	(-)2.12

Individual accounts of the above schemes for 1964-65 have been set forth in appendix X to the Report.

The following are some of the important points noticed during audit of the *pro forma* accounts for 1964-65:—

### *Brick and Tile Board*

- (i) Audit fee has not been charged in the Profit and Loss Account.
- (ii) Physical verification of closing stock has not been done.
- (iii) No uniform system of valuation of closing stock has been adopted. The basis of such valuation has not also been indicated.
- (iv) Expenditure relating to the Mechanised Brick Factory at Palta has not been included in the accounts.

### *Central Engineering Organisation*

- (i) Sundry Debtors' balance understated by Rs.5,142 in the accounts for 1960-61 has not been reconciled.
- (ii) Confirmation of balances from Debtors and Creditors at the year-end has not been obtained.
- (iii) Raw materials issued to constituent units undercharged to the extent of Rs.1 lakh in the accounts for 1961-62 remains yet to be reconciled.
- (iv) The Register of Fixed Assets was not produced to Audit. The correctness of depreciation, addition to assets, etc., could not, therefore, be verified.

**DEPARTMENT OF ANIMAL HUSBANDRY AND VETERINARY SERVICES**

**Greater Calcutta Milk Supply Scheme**

98. (1) The initial object of the scheme launched in October 1954 was to supply milk and milk products only; its scope was enlarged subsequently and the Scheme remained in April 1961 as "Greater Calcutta Milk Supply Scheme—Scheme for establishment of colonies, distribution of milk and milk products, etc.," accommodating all ancillary schemes with the object—

- (a) to evacuate about 40,000 cattle from the City Khatalas and to settle 28,000 milch animals at the Milk Colony at Haringhata along with calves and the owners;
- (b) to provide facilities in a Dry Stock Farm for 12,000 animals (not in milk);
- (c) to establish a 2,700 acres fodder farm at Kalyani;
- (d) to build up a second dairy at Belgachia in addition to the existing one at Haringhata for combined output of 6,000 maunds of processed milk for distribution in the greater Calcutta area; and
- (e) to establish chilling stations for procurement of milk at different milk receiving centres.

(2) *Pro forma Accounts*: The *pro forma* accounts of the Scheme up to March 1961 were checked in audit but could not be certified owing to defective maintenance/non-maintenance of certain accounts records. The revised accounts have not yet been received back from Government (November 1968) while those from 1961-62 onwards have not been received at all (November 1968).

(3) *Schedule of completion of works programme*: The Scheme was planned to be implemented in three phases but no time schedule for works programme under phase III was formally fixed for implementation. Subsequently, however, it was decided to complete the Scheme by 1960-61 which could not be achieved in full. The estimated/revised costs, actuals, due date of completion/actual date of completion of the different works programmes are given below—

Name of the Works Programme.	Estimated cost.	Actuals.	Due date of completion.	Remarks.
	Revised cost.		Actual date of completion.	
(In lakhs of rupees.)				
<i>Phase I—</i>				
Construction of one Unit of Milk Colony at Haringhata	18.61	23.79	March 1956	Government stated that the extra cost was attributable mainly to abnormal rise in the cost of building materials and labour charges. The increase in the cost appears to be partly due to delay in execution.
	Nil		1956-57	

Name of the Works Programme.	Estimated cost.	Actuals.	Due date of completion.	Remarks.
	Revised cost.		Actual date of completion.	
(In lakhs of rupees.)				
<i>Phase II—</i>				
(i) 3 more Units of Milk Colony at Haringhata, quarters for supervisory staff and internal road in the Haringhata Farm	69.67	75.35	March 1956	The delay was due to procedural bottlenecks, lack of planning, coordination and proper execution.
(ii) Establishment of a Fodder Farm on 679 acres of land at Kalyani.	Nil		1958-59	
(iii) Construction of a new road connecting Haringhata with Kalyani.				
<i>Phase III—</i>				
(i) 18 Units of Milk Colony at Haringhata, quarantine sheds, Veterinary Hospital, Water Supply and Equipment.				In order to suit the reduced financial resources, the original estimates were reduced by remodelling the Works Programme and at the same time by keeping it within the basic objective and ambit originally conceived. According to the revised estimate it was decided to:— (a) construct 12 more Milk Colonies and one dry Stock wing; (b) establish Fodder Farm of 2,250 acres; (c) expand Haringhata Dairy to handle 1,500 maunds of milk daily; (d) establish Central Dairy at Belgachia with a capacity to handle 5,000 maunds of milk per day; and (e) construct Workshop, administrative Block, Rest House and other ancillary structures.
(ii) Fodder Farm on 2,321 acres of land at Kalyani.				
(iii) Dry Cattle Farm near Mankar.	504.99	573.95	1960-61	
(iv) Establishment of a new Dairy Factory and expansion of Milk Transport and Milk Sales Organisation.	719.49	(up to March 1968).	August 1966.	
(v) Officers' and Staff Quarters and a workshop at Haringhata.	534.51			

Out of the remodelled works programme only Milk Colony Units No. V to VIII were completed within the scheduled time. It was stated that the time schedule of the scheme could not be adhered to for want of foreign exchange and credit facilities from the countries producing dairy equipments.

(4) *Working results:* (a) The investments on Capital Account pertaining to the Scheme for the period ending 31st March 1968, are as follows:—

	1965-66	1966-67	1967-68
	(In lakhs of rupees)		
Opening Balance ..	628.57	673.43	707.03
Additions during .. the year.	44.86	33.60	15.53
Total ..	673.43	707.03	722.56

(b) The income and expenditure position of the Scheme for the three years ending 31st March 1968, as intimated by the management is indicated below:—

	Income.	Expenditure Profit (+)/Loss (-).
	(In lakhs of rupees)	
1965-66 .. ..	332.42	368.97 (-)36.55
1966-67 .. ..	586.98	628.06 (-)41.08
1967-68 .. ..	505.70	586.74 (-)81.04

(c) *The production (milk)*—performance of the Scheme for the three years ended 1967-68 is detailed below:—

	Target			Achievement		
	1965-66	1966-67	1967-68	1965-66	1966-67	1967-68
	(In lakhs of litres)					
(a) From the Firm's Cattle	145.50	145.50	145.50	102.78	141.88	98.09
(b) By collection from outsiders.	135.80	242.50	174.60	130.85	236.90	150.50
(c) Processed milk ..	720.00	720.00	527.04	342.00	481.15	494.10
Total ..	1,001.30	1,108.00	847.14	575.63	859.93	742.69

The shortfall in production has been attributed to (i) poor procurement of milk from outsiders due to low procurement price, (ii) non-implementation of khatal removal scheme, (iii) absence of sufficient number of milk co-operatives for ensuring steady supply of milk to dairy and (iv) non-availability of sufficient quantity of milk.

(d) The capacity of plants *vis-a-vis* actual production of milk at the dairies (Haringhata and Central Dairy) is indicated below:—

Year.	Capacity of plants.	Actual performance.	Percentage of short fall.
(In lakhs of litres)			
1965-66 .. ..	1.99	0.94	53
1966-67 .. ..	1.99	1.32	34
1967-68 .. ..	1.99	1.17	41

The shortfall was attributed to non-availability of adequate raw milk.

(5) *Poor procurements*: To increase the procurement of milk 15 collection-cum-chilling stations were established in remote rural areas. Actual procurement of milk, however, fell far below the receiving capacity of such stations ranging from 17 per cent. to 99.87 per cent. during 1967-68. The reasons for such unsatisfactory procurement were stated to be due to reluctance on the part of suppliers to supply milk at the prevailing Government rate which was lower than the price offered by outside parties.

Two chilling stations opened in August 1965 and December 1965 costing Rs.5,800 and Rs.16,700 respectively were closed down in April 1966; the areas being dry, no procurement was possible.

(6) *Colonisation of Animals*: As already stated the scheme aimed *inter alia*, at housing 28,000 milch animals and their calves and 12,000 dry animals due for calving. The daily average number of animals as against the above target was as follows:—

	1965-66	1966-67	1967-68
Milch animals ..	3,645	5,020	6,000
Dry animals ..	508	804	200

The reasons for shortfall in the target were low procurement price of milk and non-implementation of khatal removal scheme.

(7) *Non-accountal of milk and butter*: The following are some instances in which milk and butter were either received short from Chilling Plants/Depots or returned to the Central Dairy where any evidence of final disposal was not available.

Units.	Year/ month.	Product and quan- tity.	Valuc. Rs.	Remarks.
Chilling Plant	.. 1966-67	Milk 10,757 Kg. ..	11,000	} Action taken in respect of the short receipt of stock is not known.
Ditto	.. 1967-68	Milk 29,814 Kg. ..	34,000	
Depots	.. March 1968	Milk 31,599 litres	33,078	This represents unsold stock of milk returned to the Central Dairy. Records in support of final disposal could not be shown to Audit.
Ditto	.. May 1966 to June 1967.	Butter 1,030 Kg.	10,300	Short receipt of stock; action taken is not known.

(8) *Loss*: (a) During 1965-66 and 1966-67 about 8.25 lakh kgs. of cow-milk (valued Rs.8.25 lakhs) received at the Haringhata Centre from (chilling Plants were found unfit for human consumption. Subsequently about 0.45 lakh kgs. of butter valued at Rs.4.45 lakhs were obtained and the separated milk (7.88 lakh kgs.) was sent to a piggery at 4.4 paise per kg. The loss on this account amounted to about Rs.3.45 lakhs.

Similarly during 1966-67 and 1967-68 milk of different varieties weighing 5.60 lakh kgs. and 2.28 lakh kgs. valued at about Rs.6.18 lakhs and Rs.2.52 lakhs were separated at the Belgachia Centre; out of which 0.41 lakh kgs. and 0.13 lakh kgs. of cream, valued at Rs.3.53 lakhs and Rs.1.16 lakhs were obtained resulting in loss of about Rs.2.65 lakhs and Rs.1.36 lakhs respectively.

(b) During 1966-67 and 1967-68 cow and buffalo milk valued at Rs.6.09 lakhs and Rs.1.27 lakhs received at the Central Dairy (5.84 lakh litres) and the Haringhata Farm (0.94 lakh kgs.) respectively were totally rejected as unfit for human consumption.

Management attributed (in December 1968) the rejection to breakdown of machines, power failure, gherao, strike, etc. The loss has, however, not yet (March 1969) been written off.

(9) *Non-reconciliation of accounts of sale-proceeds*: In the course of a test-check of the records for March 1968 it was noticed that 42.39 lakh litres of different varieties of milk and 762 kgs. of butter valued at about Rs.43.63 lakhs were sold from the Central Dairy but the relative Sales Register and Cash Collection Register accounted for only Rs.43.21 lakhs leaving a difference of about Rs.0.42 lakh. In the absence of proper reconciliation the reasons for deficiency could not be located.

(10) *Idle plant and machinery*: The following plant and machinery costing Rs.3.10 lakhs were acquired between February 1962 and June 1964. These were not commissioned till July 1968 due to non-availability of sufficient quantity of milk, thus resulting in unnecessary blocking up of Government money:—

Particulars.	Date of receipt/ acquisition.	Value.
		Rs
(1) Double Drum American Dry Milk Machine ..	February 1962 ..	33,500
(2) Butter Making Plant ..	.. May 1964 ..	2,30,000
(3) Pilot Size Plant for production of cheese ..	.. June 1964 ..	46,927
	Total ..	3,10,427

(11) *Miscellaneous irregularities*: (a) Stores valued at Rs.0.64 lakh were found short during 1967-68 at Haringhata. The shortage has neither been investigated nor written off (July 1968).

(b) Sizable loss is incurred annually on account of breakage of milk bottles at the Central Dairy. Total loss on this account during the period 1965-66 to 1967-68 amounted to Rs.19.35 lakhs, the percentage of breakage ranging from 1.9 per cent. to 2.9 per cent. per day. No permissible limit for breakage has been laid down (July 1968).

(c) Although the scheme is operated on commercial basis, double entry system of book-keeping has not been introduced.

(d) No accounting procedure has so far been finalised. Even the percentage of handling loss on milk remains yet to be fixed (July 1968).

(e) Internal audit has not been introduced.

(f) No stock verification report has been prepared.



## DEVELOPMENT AND PLANNING DEPARTMENT

## Brick and Tile Board

99. (1) *Mechanised Brick Factory at Palta*: In February 1962 Government sanctioned Rs.28.59 lakhs (including recurring expenditure of Rs. 4.22 lakhs) for the establishment of a mechanised brick factory at Palta with an annual production capacity of 150 lakh first class bricks during the first phase (on 8 hours shift). The factory started production from June 1966 and the second phase of the factory with similar capacity is still under construction (January 1969), the scheduled date of completion being 31st March 1969.

(2) *Production and sales-cum-costs*. The production and sales in the last two years as stated by Government are given below:

Year	Production		
	Target	Achievement	Percentage
	(In lakhs of pieces)		
June 1966 to March 1967	.. 125 (1st class)	.. 72.60	58
1967-68 .. ..	.. 150 (1st class)	.. 70.62	47
	Sales		
1966-67 .. ..	.. 41.43		
1967-68 .. ..	.. 63.01		

The shortfall in production was attributed to non-availability of adequate number of dried bricks due to defects in the natural drier [vide sub-para 5(a) below].

(3) *Loss due to undersale of production*: Selling prices fixed by Government had no relation to the cost of production. Although according to the Government the cost of production per thousand of bricks was Rs.159.20 and Rs.195.30 during 1966-67 (10 months) and 1967-68 respectively, the selling price fixed by them was as low as Rs.110 per thousand. Thus there was a net loss of Rs.9.43 lakhs during these two years.

(4) *Pro forma Accounts*: The accounts of the factory for 1961-62 to 1965-66 submitted to Audit have been returned with observations as those were not drawn up in proper form. The accounts for 1966-67 and 1967-68 as submitted to Audit only in January 1969 have not also been prepared in proper form.

(5) *Financial irregularities*: (a) Infructuous expenditure due to faulty design: One natural drier with drying capacity of 23,000 bricks per day was constructed at a cost of Rs.2.94 lakhs. As however, it could dry only 3,000 bricks per day due to faulty design of plant and machinery supplied by the contractor, the rated and guaranteed production fell short. In order to increase the production construction of another six units of artificial drier at a cost of Rs.2.08 lakhs has been taken up (September 1967) by dismantling a portion of the natural drier. The department could, however, recover only Rs.0.60 lakh from the contractor against this loss.

(b) Loss due to damage: The factory which started production from June 1966 purchased 20,000 Nos. of pallets in 1965 at a cost of Rs.1.15 lakhs; 10,366 Nos. of pallets costing Rs.59,500 were found (October 1967)

damaged due to storage in the open yard. The damaged pallets (depreciated value Rs.0.44 lakh) were disposed off by auction at Rs.3,897 resulting in a loss of Rs.0.40 lakh.

(c) Idle staff: The press shop where green bricks are manufactured, remained idle for want of pallets for about 4,428 hours as against 9,097 available working hours between June 1966 to May 1968. Payment made for the idle hours amounted to Rs.24,570.

(6) *Miscellaneous irregularities:* (a) Excess staff: Against the requirement of 86 personnel "(8-hours' shift—Czechoslovakian standard)", as provided in the project report, 157 personnel had been entertained up to 31st March 1968.

(b) Discrepancy in stock: No physical verification of stock was conducted up to the end of 1967-68. A discrepancy of 2.10 lakh bricks noticed between the records of the Special Officer and those of the Assistant Engineer (attached to the factory) relating to the period from June 1966 to October 1966 is yet to be reconciled (September 1968).

### FOOD AND SUPPLIES DEPARTMENT

100. *Avoidable expenditure on account of hiring of unnecessary godown space:* The Department hired a godown at a monthly rental of Rs.1.24 lakhs (from April to August 1966) and Rs.0.78 lakh (from September to December 1966) for storing rice and paddy. Against the storage capacity of 0.40 lakh and 0.25 lakh metric tons, food grains actually stored during April 1966 to November 1966 ranged between 6,280 metric tons and 770 kilograms only. The godown was handed over to the Food Corporation of India on 12th December 1966. As there was a Government godown at Behala (only 11 km. away) where all the food grains stored in the hired godown during April to December 1966 could have been easily stored, the maintenance of a hired godown at a cost of Rs.8.80 lakhs lacked justification.

Government stated (March 1969) that in consonance with the procurement policy of the State for 1966 hiring of further additional storage was necessary.

### COTTAGE AND SMALL SCALE INDUSTRIES DEPARTMENT

101. *Integrated scheme for Training-oum-production in Wood Industries:* (1) Introduction: The scheme was sanctioned by Government in November 1956 with the object of providing training facilities to local people in carpentry work and to manufacture quality furniture in three units at Durgapur, Kalyani and Siliguri.

(2) Training scheme: An year-wise analysis for the last three years revealed that the achievement attained in this respect was very poor.

Name of Centre	Number of Trainees admitted			Number of Trainees completed training			Expenditure on Training		
	1965-66	1966-67	1967-68	1965-66	1966-67	1967-68	1965-66	1966-67	1967-68
							Rs.	Rs.	Rs.
Kalyani ..	36	29	Nil	22	23	Nil	8,209	6,214	Nil
Siliguri ..	6	6	Nil	6	Nil	Nil	942	50	Nil
Durgapur ..	43	27	8	20	12	4	5,940	3,902	1,580

There has been no corresponding reduction in staff even after shrinkage of training programme. The justification for retaining the centres need be considered afresh.

(3) Targets and achievements: The monetary target of production fixed for 2 centres in 1962 did never materialise.

Name of Centre	Target of production	Value of production and percentage of achievement					
		1965-66		1966-67		1967-68	
(In lakhs of rupees)							
Kalyani	.. 5.40	3.19	(59%)	4.53	(84%)	2.53	(47%)
Siliguri	.. 3.00	2.65	(88%)	2.31	(77%)	....	
Durgapur	.. . .	2.76	..	4.29	..	3.30	..

The shortfall in production rendered a large number of machinery idle, for which no Log Book could be produced.

(4) Delay in submission of accounts: Revised *pro forma* Accounts for the year 1960-61 to 1964-65 and the *pro forma* Accounts for the year 1965-66 to 1967-68 have not been finalised and made available to Audit (November 1968). Consequently, the working results of the organisation could not be ascertained.

(5) Sundry debtors: The amount outstanding for recovery on account of sales on credit as on 31st March 1968 was Rs.20.44 lakhs out of which Rs.1.32 lakhs were due from non-Government parties in respect of which no authority for sale on credit could be furnished to Audit. Some of the debts relate to the year from 1957-58 onwards.

(6) Accumulation of stores and rejected finished products: (a) Finished products valued at Rs.1.21 lakhs manufactured in 1956-57 and subsequent years against orders of outside parties are lying in stock as rejections on account of manufacturing defects. Articles are still awaiting disposal.

(b) The Kalyani Centre procured timber much in excess of its requirements resulting in heavy accumulation of sawn timber and logs. This involved blocking of Government funds besides normal wear and tear.

Though there was an opening balance of 34,180 cft. (Rs.6.33 lakhs) of scantlings in 1966-67, and though the actual consumption during the period was 13,000 cft. only still additional 13,000 cft. of scantlings were purchased in 1966-67.

(c) Logs and sawn timber valued at Rs.9.66 lakhs had been stored in open space for several years rendering them unfit for any economic use. The extent of the loss has not yet been worked out.

(7) Shortages of timber: Physical verification at the Kalyani Centre disclosed shortages of timber valued at Rs.16,000 in the year 1965-66 and 1966-67.

(8) Idle machines: 12 machines costing Rs.1.26 lakhs (approximately) received at the three centres between 1958 and July 1967 remained unutilised (September 1968) due to

- (a) non-receipt of complete parts;
- (b) non-installation for want of space; and
- (c) being uneconomical to use.

This has resulted in blocking up of capital besides normal depreciation.

One timber treatment plant purchased at Rs.13,200 in April 1957 for the Kalyani Centre was installed and commissioned as late as in December 1965 after repair of the defects arising from long storage at a cost of Rs.3,100.

(9) Fixation of selling price: Up to February 1966 the sale price of manufactured articles was fixed by adding 10 per cent. of prime cost as overhead charges and another 10 per cent. of prime cost for profit. But such charges fell far short of indirect charges even after excluding depreciation, interest on capital and audit fee, etc. All these centres had been running at a loss which was stated to be Rs.16.96 lakhs up to the end of 1964-65. From February 1966, the formula of costing has been revised for absorption of indirect charges.

The exact amount of loss and the adequacy of present formula could not be ascertained in Audit due to non-submission of *pro forma* accounts.

(10) Internal audit: Internal audit has not been introduced in any of the centres so far.

## DEPARTMENT OF CO-OPERATION

### Miscellaneous

102. *Outstanding loans*: Scrutiny of loans advanced by Government to 1272 co-operative societies in 12 districts disclosed that recovery of Rs.1,65.28 lakhs as principal and of Rs.12.08 lakhs as interest was overdue on 31st March 1967. Out of the outstanding loan Rs.1.60 lakhs are stated to be "bad debts".

## ANNEXURE I

(Referred to in paragraph 73)

**Government Commercial and Trading Activities—Statutory Corporations/Board***The Financial results of the Statutory Corporations/Board*

Period of Accounts	1965-66	1967-68	1967-68	1966-67
(1) Name of the Corporation/Board	Calcutta State Transport Corporation	West Bengal State Electricity Board	West Bengal Financial Corporation	West Bengal State Warehousing Corporation
(2) Name of the Department	Home (Transport) Department	Commerce and Industries Department (Power Branch)	Commerce and Industries Department	Agriculture and Community Development Department
<i>(In lakhs of rupees excepting items 9 and 12)</i>				
(3) Date of incorporation	15-6-60	1-5-55	1-3-54	31-3-58
(4) Total Capital invested	*891.39	8,642.50	816.35	58.65
(5) Profit(+) Loss(-) ..	(-)117.58	**(+487.52	(+)15.91	(+)6.78
(6) Total interest charged to profit and loss account	72.45	Nil	31.36	0.01
(7) Interest on long-term loans	13.68	Nil	31.36	Nil
(8) Total return on capital invested (5+7)	(-)103.90	487.52	47.27	6.78
(9) Percentage of total return on capital invested	(-)11.52	5.64	5.79	11.56
(10) Capital employed†† ..	804.77	7,461.54	..	62.31
(11) Total return on capital employed	(-)45.13	487.52	..	6.78
(12) Percentage of total return on capital employed	(-)3.34	6.53	..	10.88
(13) Remarks ..	.. (including the Central Workshop).			

\*Capital invested represents paid up capital *plus* long term loans *plus* free reserves at the close of the year.

\*\*As per the Consolidated Revenue Account before charging interest (Rs 391.24 lakhs).

††Capital employed represents net fixed assets (excluding capital work-in-progress) *plus* or *minus* working capital.

## ANNEX

(Referred to in

The financial results of Government companies as shown in their Accounts received

Period of Accounts	1967-68	1967-68
(1) Name of the company .. ..	Durgapur Projects Ltd.	Kalyani Spinning Mills Limited
(2) Name of the Department .. ..	Commerce and Industries Department (Durgapur Industries Branch)	Commerce and Industries Department
<i>(In lakhs of rupees except-</i>		
(3) Date of Incorporation .. ..	6-9-61	13-1-60
(4) Total Capital invested .. ..	5,707.75	297.62†
(5) Profit (+)—Loss (—) .. ..	(—)257.60	(—)39.67
(6) Total interest charged to Profit and Loss Account .. ..	226.94	9.36
(7) Interest on long-term loans .. ..	226.94	6.27
(8) Total return on capital invested (5+7) .. ..	(—)30.66	(—)33.40
(9) Percentage of total return on capital invested .. ..	..	..
(10) Capital employed .. ..	4,559.95	341.84
(11) Total return on capital employed (5+6) .. ..	(—)30.66	(—)30.31
(12) Percentage of total return on capital employed .. ..	..	..
(13) Remarks .. ..	..	†Excluding Cash Credit Account (Rs.59.99 lakhs)

*Note.—(1) "Capital invested" (vide item 4 above) represents paid up Capital plus long term loans plus Free Reserves (all figures at the close of the year).*

## URE II

paragraph 89)

so far are summarised below :—

1967-68	6-1-67 to 31-3-68	1967-68	1967-68	1-7-67 to 30-6-68.
West Bengal Small Industries Corporation Limited	West Bengal Industrial Development Corporation Limited	Durgapur Chemicals Limited	State Fisheries Development Corporation Limited	Electro-Medical and Allied Industries Ltd.
Cottage and Small Scale Industries Department	Commerce and Industries Department	Commerce and Industries Department (Durgapur Industries Branch)	Fisheries Department	Department of Health

ing items 9 and 12)

29-3-61	6-1-67	31-7-63	30-3-66	29-6-61
(*)69.03	37.44	707.00	15.05	19.41
(- )4.25	(- )0.94	(+ )1.00	**Nil	(- )1.94
1.85	....	0.77	Nil	Nil
0.82	....	0.77	Nil	Nil
(- )3.43	(- )0.94	1.77	Nil	(- )1.94
....	....	(+ )0.25	Nil	....
90.80	37.04	174.51	10.02	19.35
(- )2.40	(- )0.94	1.77	Nil	(- )1.94
....	....	1.01	Nil	....
(*)Excluding Bank loan against stock (Rs.21.87 lakhs)	....	....	**Rs.87,660.75 being the net debit balance of Profit and Loss Account Capitalised, no loss for the year exhibited.	

(2) "Capital employed" (vide item 10 above) represents fixed assets (excluding capital Works-in-Progress) plus or minus working capital (all figures at the close of the year).

## CHAPTER X

## Outstanding Objections and Inspection Reports

103. *Outstanding Audit objections*: Irregularities and defects noticed in Audit are reported to the departmental authorities. Half-yearly reports of outstanding audit objections are also forwarded to the heads of departments for taking necessary steps to expedite their settlement. The Sub-Committee of the Public Accounts Committee formed to consider the large accumulation of outstanding audit objections recommended (meeting held on 16th January 1968) that (1) the procedure and instructions issued by Finance Department from time to time should be scrupulously followed, (2) all objections outstanding over 2 years should be reviewed by each department and submitted to the departmental Secretary and (3) a vigilance cell should also be set up in Finance Department to see how far the recommendations of the Public Accounts Committee have been implemented. No information on implementation of above recommendations has been furnished to Audit.

7,413 audit objections (money value: Rs.38.01 crores) raised up to 31st March 1968 were outstanding at the end of September 1968. The objections (Rs.63.15 crores in 8,163 cases) on account of (i) want of sanctioned estimates, (ii) excess over sanctioned estimates and (iii) unvouched outlay on works have been dealt with in paragraph 47 of Chapter V.

Year-wise analysis of audit objections issued up to 31st March 1968 which were not settled up to 30th September 1968 is given below:—

Year of issue*	Number of objections	Amount (In crores of rupees)
1964-65 and earlier years ..	1,773	12.47
1965-66 ..	1,433	17.44
1966-67 ..	1,534	3.81
1967-68 ..	2,673	4.29
Total ..	7,413	38.01

Departments with heavy outstandings and the nature of objections are given below:—

Departments	For want of payees' stamped receipts and sub-vouchers	For want of detailed contingent bills	Other reasons	Total
	(In lakhs of rupees)			
Food and Supplies .. ..	5.44	1.81	23,04.17	23,11.42
Agriculture and Community Development .. ..	54.14	63.86	7,10.18	8,28.18
Commerce and Industries ..	1,50.21	1,58.98	0.03	3,09.22
Relief and Social Welfare ..	5.45	43.88	..	49.33
Education .. ..	20.84	24.30	0.64	45.78
Irrigation and Waterways ..	0.77	..	40.05	40.82
Refugee Relief and Rehabilitation ..	0.22	0.03	28.81	29.06
Development and Planning ..	0.21	..	10.54	10.75
Medical .. ..	8.50	0.33	1.39	10.22
Animal Husbandry and Veterinary Services .. ..	7.56	90.96	0.70	99.22

\*The oldest objection dates back to 1949-50.



In the absence of payees' receipts and sub-vouchers full audit could not be done. Delay in submission of these documents may result in serious irregularities remaining undetected for long.

It would be seen from the following that the amount of outstanding objections of this class has been on the increase:—

Audit Report		Amount
		(In lakhs of rupees)
1967	..	1,06.83
1968	..	1,11.74
1969	..	2,89.13

The objections for want of detailed contingent bills represent the amounts drawn as advances by disbursing officers on abstract bills for contingent expenditure for which detailed bills (countersigned by the controlling authority, where necessary, in token of approval of expenditure) have not been furnished to Audit. The rules require that detailed contingent bills should reach the Audit Office not later than the last day of the month succeeding that in which the amount was drawn on abstract bills. Non-submission of the detailed bills in time results in the expenditure remaining unaudited for long.

The amounts of outstanding objections of this class shown in successive Audit Reports are as follows—

Audit Report		Amount
		(In lakhs of rupees)
1967	.. .. .	3,47.34
1968	.. .. .	2,94.77
1969	.. .. .	3,95.40

104. *Outstanding Inspection Reports*: Financial irregularities and defects in the accounts noticed during local audit and inspections are included in Inspection Reports which are sent to departmental officers and also to the heads of departments. It is necessary that the points raised in the reports should be settled expeditiously if the object of inspection is to be fully achieved. Unless such reports receive prompt attention, the irregularities are likely to persist.

Under the departmental orders, a head of office is required to submit to the head of his department his replies to an inspection report within three weeks of its receipt. The head of the department is to transmit to the Audit Office the replies of the head of office with his remarks thereon within two months of the date of receipt of the replies in his office.

7,039 inspection reports (containing 52,080 paragraphs) issued up to the end of March 1968 remained unsettled on 30th September 1968. The number of inspection reports and paragraphs which have remained unsettled for long are given below:—

	Number of reports out-standing	Number of paragraphs out-standing in the reports
Issued not later than March 1963 (i.e., more than 5 years ago)	2,705	8,364
Issued between April 1963 and March 1966 (i.e., more than 2 years but less than 5 years ago).	2,629	11,843

The departments with heavy outstandings for more than five years/two years at the end of September 1968 are shown below :—

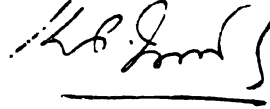
Department	Number of reports and paragraphs therein out-standing for more than five years		Number of reports and paragraphs therein out-standing for more than two years but less than five years	
	Rep rts	Para-graphs	R p rts	Para-graphs
	(1) Home (General Administration)	134	570	100
(2) Relief and Social Welfare (Relief)	132	336	93	348
(3) Agriculture and Community Development	511	1,567	655	3,715
(4) Health .. . . .	159	436	140	560
(5) Refugee Relief and Rehabilitation	557	1,227	181	635
(6) Education .. . . .	207	578	242	593
(7) Commerce and Industries ..	219	1,145	310	1,451
(8) Cottage and Small Scale Industries	56	173	57	286
(9) Public Works (Roads) ..	47	124	69	363
(10) Public Works .. . . .	89	208	120	514
(11) Public Works (Construction Board)	92	352	57	204
(12) Irrigation and Waterways ..	60	150	71	268

Even the first replies have not been furnished (December 1968) to 683 inspection reports (5,371 paragraphs) issued up to the end of March 1968.

The matter has been reported to Government from time to time. It would be seen from the following that the outstandings have been on the increase (except in 1968) :—

	Number of inspection reports and paragraphs in the reports shown outstanding in Audit Report					
	1964	1965	1966	1967	1968	1969
Number of inspection reports	4,251	5,108	5,993	6,411	5,856	7,039
Number of paragraphs in the reports	17,657	23,278	24,966	28,716	27,194	32,080

The important types of irregularities noticed in local audit and inspection during 1967-68 are mentioned in appendix XI.



(K. P. JOSEPH),


*Accountant-General, West Bengal.*

CALCUTTA,

*The....., 1969.*

**17 JUN 1969**

Countersigned



(S. RANGANATHAN),

*Comptroller and Auditor-General of India.*

NEW DELHI,

*The..23 JUN 1969....., 1969.*



## LIST OF APPENDICES

	Page
APPENDIX I : Utilisation certificates awaited in January 1969 for grants-in-aid paid by Government up to 31st March 1967	92-93
APPENDIX II : Cases of large amounts/long delay where acceptances of balances were awaited on 31st March 1968	94
APPENDIX III : Grants/appropriations in which supplementary provisions were obtained and the extent to which they were utilised	96-97
APPENDIX IV : Savings exceeding Rs. 1 lakh in each case under voted grants/charged appropriations	98-99
APPENDIX V : Unutilised provision due to non-implementation/partial implementation of Development Schemes	100-107
APPENDIX VI : Cases of loss, etc.                    ..                    ..                    ..	108-110
APPENDIX VII : Cases of misappropriation pending finalisation as on 31st March 1968	112-113
APPENDIX VIII : Cases of works executed without sanctioned estimates/in excess of sanctioned estimates	114-116
APPENDIX IX : List of wanting <i>pro forma</i> accounts    ..                    ..	117-120
APPENDIX X : <i>Pro forma</i> Accounts of certain Government commercial undertakings	122-127
APPENDIX XI : Important types of irregularities noticed in local audit and inspections during 1967-68	128

**APPEN**

(Reference : Para

**Utilisation certificates awaited in January 1969 for grants-in-aid paid by**

Name of the Department	Year of Distribution			
	Up to 1962-63		1963-64	
	Number of certificates	Amount	Number of certificates	Amount
	<i>(Amounts in lakhs)</i>			
(1) Agriculture and Community Development	..	..	..	..
(2) Co-operation .. ..	77	44.56	48	20.97
(3) Cottage and Small Scale Industries	..	..	..	..
(4) Education .. ..	216	21.90	180	38.81
(5) Health (Medical Branch) ..	..	..	..	..
(6) Health (Public Health Branch)	53	40.76	15	10.04
(7) Information and Public Relations	3	0.32	1	0.36
(8) Public Works .. ..	..	..	..	..
(9) Refugee Relief and Rehabilitation	..	..	..	..
Total .. ,	349	1,07.54	244	70.18

**DIX I**

graph 13, page 15)

**Government up to 31st March 1967****of Grants-in-aid**

1964-65		1965-66		1966-67		Total	
Number of certificates	Amount	Number of certificates	Amount	Number of certificates	Amount	Number of certificates	Amount
<i>(of rupees)</i>							
..	..	..	..	101	19.89	101	19.89
58	27.51	74	25.77	70	23.00	327	1,41.81
..	..	..	..	4	0.31	4	0.31
422	94.55	345	2,20.99	2,368	7,97.14	3,531	11,73.39
..	..	..	..	161	54.49	161	54.49
7	0.84	44	31.71	66	24.11	185	1,07.46
..	..	..	..	4	0.31	8	0.99
..	..	..	..	169	50.50	169	50.50
..	..	2	2.75	2	1.31	4	4.06
487	1,22.90	465	2,81.22	2,945	9,71.06	4,490	15,52.90

## APPENDIX II

(Reference : Paragraph 15, page 16)

**Cases of large amounts/long delay where acceptances of balances were awaited on 31st March 1968**

Head of Account	Number of acceptances awaited	Year from which acceptances are awaited	Balances as on 31st March 1968 <i>(In lakhs of rupees)</i>
<b>O—Public Debt—</b>			<b>Cr.</b>
(1) Loans from the Central Government	50	1964-65	4,70,85-60
<b>IV—Other Loans—</b>			
(2) Loans from the National Co-operative Development Corporation	1	1964-65	3,25-28
(3) Loans from the National Agricultural Credit Fund of the Reserve Bank of India	15	1964-65	78-76
(4) Loans from the Life Insurance Corporation of India	11	1964-65	8,32-42
(5) Loans from the Heavy Engineering Corporation of India.	1	1964-65	35-00
<b>Q—Loans and Advances by the State-Union Territory Governments—loans to local funds, private parties, etc.—</b>			<b>Dr.</b>
(1) Loans to Calcutta Corporation ..	14	1965-66	1,69-05
(2) Loans to District and Other Local Fund Committees	61	1962-63	47-97
(3) Loans and Advances under Community Development Project	6	1962-63	3,77-11
(4) Loans to displaced persons ..	8	1948-49	40,10-59
(5) Advances under Special Loans ..	12	1966-67	58,65-72
(6) Miscellaneous Loans and Advances	23	1962-63	46,35-41
<b>T—Deposits and Advances—</b>			
Deposits for work done for public bodies or private individual	18	1966-67	1,52-10



## **APPENDIX III**

## APPEN

(Reference :

**Grants/appropriations in which supplementary provisions were obtained and the**

Particulars of Grants/appropriations	Voted or <i>Charged</i>
<b>(i) Grants/appropriations in which the supplementary provisions proved entirely unnecessary—</b>	
9—Interest on Debt and Other Obligations ..	<i>Charged</i> ..
44—Miscellaneous—Other Miscellaneous Expenditure ..	<i>Charged</i> ..
52—Loans and Advances by State/Union Territory Governments	<b>Voted</b> ..
<b>(ii) Grants/appropriations in which the supplementary provisions proved excessive—</b>	
2—Land Revenue .. .. .	<i>Charged</i> ..
3—State Excise Duties .. .. .	<b>Voted</b> ..
38—Famine Relief .. .. .	<b>Voted</b> ..
43—Miscellaneous—Contributions .. .. .	<b>Voted</b> ..
45—Miscellaneous Expenditure on Displaced Persons	<i>Charged</i> ..
49—Capital Outlay on Public Works .. .. .	<i>Charged</i> ..
Public Debt .. .. .	<i>Charged</i> ..
<b>(iii) Cases where supplementary Grants/appropriations proved inadequate—</b>	
8—Registration Fees .. .. .	<b>Voted</b> ..

**DIX III**

Paragraph 18, page 21).

**extent to which they remained unutilised or proved inadequate**

Amount of grant/ appropriation		Total.	Actual expenditure	Saving— Excess+	Percentage of saving/excess to the total grant/ appropriation
Original	Supple- mentary				
<i>(In lakhs of rupees)</i>					
22,24.61	90.17	23,14.78	11,05.21	-12,09.57	53
6.05	0.68	6.73	1.29	-5.44	81
17,31.07	1,08.84	18,39.91	17,19.28	-1,20.63	7
5.75	2.26	8.01	6.93	-1.08	13
82.53	12.67	95.20	88.97	-6.23	7
5,44.28	4,55.22	9,99.50	8,79.59	-1,19.91	12
2,49.71	99.26	3,48.97	3,11.70	-37.27	11
1,27.30	23.48	1,50.78	1,39.57	-11.21	7
1.30	7.55	8.85	2.71	-6.14	69
30,04.74	17,96.56	48,01.30	35,44.06	-12,57.24	26
52.29	6.60	58.89	66.34	+7.45	13

## APPENDIX IV

(Reference: Paragraph 21, page 25)

**Savings exceeding Rs.1 lakh in each case under voted grants/charged appropriations***A—Voted grants*

Serial number and name of the grant	Total grant	Expenditure	Saving	Percentage of saving
<i>(In lakhs of rupees)</i>				
<b>I—Cases where the savings were 20 per cent. or more of the total grant—</b>				
(1) 9—Interest on Debt and Other Obligations	60.00	36.40	23.60	39
(2) 22—Agriculture—Agriculture ..	21,31.00	16,86.95	4,44.05	21
(3) 23—Agriculture—Fisheries ..	94.54	50.37	44.17	47
(4) 26—Industries—Industries ..	5,94.64	3,69.14	2,25.50	38
(5) 33—Irrigation .. ..	18,22.16	11,89.67	6,32.49	35
(6) 34—Public Works .. ..	18,04.88	13,95.96	4,08.92	23
(7) 35—Greater Calcutta Development Scheme	2,99.26	1,40.71	1,58.55	53
(8) 47—Expenditure connectd with the National Emergency	4,19.23	2,69.67	1,49.56	36
(9) 49—Capital Outlay on Public Works	10,15.47	6,31.50	3,83.97	38
(10) 50—Capital Outlay on Schemes of Government Trading	24,52.68	17,30.23	7,22.45	30
<b>II—Cases where the saving exceeded 10 per cent. but were less than 20 per cent. of the total grant—</b>				
(1) 2—Land Revenue .. ..	9,39.84	7,98.04	1,41.80	15
(2) 6—Other Taxes and Duties ..	21.97	18.88	3.09	14
(3) 16—Miscellaneous Departments—Fire Services	79.78	70.75	9.03	11
(4) 21—Public Health .. ..	9,31.69	8,25.21	1,06.48	11
(5) 25—Co-operation .. ..	1,16.64	95.36	21.28	18
(6) 31—Miscellaneous Social and Developmental Organisations—Welfare of Scheduled Tribes and Castes and other Backward Classes	1,99.78	1,74.52	25.26	13

## APPENDIX IV—Contd.

Serial number and name of the grant	Total grant	Expenditure	Saving	Percentage of saving
	<i>(In lakhs of rupees)</i>			
(7) 37—Road and Water Transport Schemes	82·17	67·08	15·09	18
(8) 38—Famine Relief .. ..	9,99·50	8,79·59	1,19·91	12
(9) 41—Stationery and Printing ..	1,15·32	1,01·96	13·36	12
(10) 43—Miscellaneous—Contributions	3,48·97	3,11·70	37·27	11

*B—Charged Appropriations.*

Serial number and name of the appropriation	Total appropriations	Expenditure	Saving.	Percentage of saving
	<i>(In lakhs of rupees)</i>			
(1) 2—Land Revenue .. ..	8·01	6·93	1·08	14
(2) 9—Interest on Debt and Other Obligations	23,14·78	11,05·21	12,09·57	52
(3) 29—Community Development Projects, etc.	84·40	34·32	50·08	59
(4) 44—Miscellaneous—Other Miscellaneous Expenditure	6·73	1·29	5·44	81
(5) 49—Capital Outlay on Public Works	8·85	2·71	6·14	69
(6) Public Debt .. ..	48,01·30	35,44·06	12,57·24	26

**APPEN**

(Reference :

**Unutilised provision due to non-implementation/***A—Development Schemes in the State Sector (Other than Centrally-sponsored*

Serial No.	Schemes	Provision in 1967-68
<i>(In lakhs of rupees)</i>		
1.	Improvement of conditions of service of staff in secondary schools (Spill-over Scheme)	1,48·00
2.	Greater Calcutta Milk Supply Scheme (Spill-over Scheme)	1,08·00
3.	Free and Compulsory Primary Education (Universal) (Spill-over Scheme)	1,00·00
4.	West Bengal Industrial Development Corporation Ltd.—Investment in Share Capital	60·16
5.	Mochanised Brick Factory .. .. .	55·30
6.	Minor Irrigation (Spill-over Scheme) .. .. .	55·00
7.	Development of Higher Secondary Schools (conversion and new)—Upgrading of High Schools into Higher Secondary Schools (Spill-over Scheme)	54·00
8.	Development of Universities (Spill-over Scheme) ..	53·00
9.	Kanchrapara Area Development Scheme (Kalyani Town) (Spill-over Scheme)	51·25
10.	Junior Technical Schools (Age Group 14-17) ..	45·00

## DIX V

Paragraph 23, page 28)

**partial implementation of development schemes***Schemes and committed portion of Third Five-Year Plan)*

Saving in 1967-68 (and its percentage)	Remarks	Saving during the previous years and its percentage	
<i>(In lakhs of rupees)</i>			
73·80 (50)	Reasons for saving are awaited	..	..
72·43 (67)	Mainly curtailment of plan expenditure, non-availability of plants, etc., and non-finalisation of expansion programme	1962-63	72·85 (57)
		1963-64	36·16 (43)
		1964-65	57·71 (38)
		1965-66	22·30 (28)
		1966-67	43·70 (49)
65·59 (66)	Reasons for saving are awaited	..	1966-67 62·87 (70)
26·78 (45)	Mainly diversion of funds to other expenditure owing to financial stringency	..	..
48·68 (88)	Mainly non finalisation of two schemes, non-completion of expansion work and postponement of certain works as per decision of Government	1966-67	60·00 (100)
48·38 (88)	Mainly non-finalisation of detailed schemes after completion of technical formalities (Rs.22·00 lakhs)	..	..
25·74 (48)	Reasons for saving are awaited	..	1966-67 36·82 (43)
24·64 (47)	Reasons for saving are awaited	..	1966-67 63·26 (70)
26·73 (52)	Mainly less volume of work consequent on reorganisation of the executing agency	..	..
38·91 (87)	Reasons for saving are awaited	..	1966-67 41·44 (82)

## APPEN

Serial No.	Schemes	Provision in 1967-68
		<i>(In lakhs of rupees)</i>
11.	Polytechnics—Diploma Courses .. ..	42·87
12.	Tank Irrigation (Renovation of tanks) .. ..	41·90
13.	Village Panchayats (Spill-over Scheme) .. ..	41·17
14.	Engineering Colleges—Degree and Post-Graduate (Spill-over Scheme)	32·00
15.	Integrated subsidised Housing Scheme for Industrial Workers and Weaker Section of the Community	30·00
16.	Establishment of Seed Farms .. ..	30·00
17.	Development of Digha (Spill-over Scheme) .. ..	29·00
18.	Local Development works—Rural Water Supply (transferred from Centrally-sponsored Schemes)	28·24
19.	Provision of terminal benefits for teachers in Primary Schools	25·20
20.	Improved Agricultural Implements .. ..	22·00
21.	Expansion of Kalyani Spinning Mills Ltd.—Investment in Share Capital	20·00
22.	Provision of Free books, etc., for Children of Primary Schools	20·00
23.	Development of Teachers' Training facilities (including Basic)	20·00



**DIX V—(contd.)**

Saving in 1967-68 and its percentage	Remarks		Saving during the previous years and its percentage
<i>(In lakhs of rupees)</i>			
25·34 (59)	Reasons for saving are awaited	..	1966-67 36·29 (81)
21·07 (50)	Mainly change over in the procedure for execution of the scheme	..	..
36·54 (89)	Mainly postponement of programmes for administrative reasons	..	1966-67 36·46 (72)
25·01 (78)	Reasons for saving are awaited	..	1966-67 20·23 (67)
24·18 (81)	Partly slow progress of work	..	..
15·07 (50)	Mainly non-payment of land compensation for acquired lands	..	..
15·13 (52)	Mainly non-execution of the targeted Development Works by Public Works (Construction Board) Directorate	..	1965-66 3·85 (39) 1966-67 15·10 (46)
28·24 (100)	Non-receipt of sites due to requisition difficulties (Rs.10·24 lakhs)	..	1966-67 40·00 (100)
25·20 (100)	Reasons for saving are awaited	..	1966-67 10·00 (100)
18·36 (84)	Deferment of the programme of purchase of implements	..	..
20·00 (100)	Investment kept in abeyance due to financial stringency	..	..
19·85 (99)	Reasons for saving are awaited	..	..
18·28 (91)	Reasons for saving are awaited	..	1966-67 20·67 (67)

Serial No.	Schemes	Provision in 1967-68
<i>(In lakhs of rupees)</i>		
24.	Scheme for Intensive Development of Fisheries in Community Development Block (Spill-over Scheme)	20.00
25.	Underground Drainage Scheme for part of Cossipur-Dum Dum area (Spill-over Scheme transferred from Centrally-sponsored Schemes)	17.50
26.	Investment in Share Capital of State Fisheries Development Corporation (Spill-over Schemes)	15.00
27.	Multiple Cropping .. .. .	15.00
28.	Mid-day meals for children .. .. .	15.00
29.	Tollygunge Drainage and Sewerage Scheme (Spill-over Scheme)	13.00
30.	Integrated Subsidised Housing Scheme for Industrial Workers and Weaker Section of the Community (Private Employers' Project)	12.00
31.	Setting up of Large Industrial Areas .. .. .	12.00
32.	Evaluation of European Zebu Cross as a means of developing suitable Dairy Cattle	12.00
33.	Kona Township (Transferred from Centrally-sponsored Schemes)	10.00
34.	Scheme for Work-cum-living Centre at Manicktolla (Transferred from Centrally-sponsored schemes)	10.00

**DIX V—(contd.)**

Saving in 1967-68 and its percentage	Remarks	Saving during the previous years and its percentage	
<i>(In lakhs of rupees)</i>			
15.43 (77)	Mainly reduction of provision by Govern- ment and non-filling up of posts	1964-65	8.00 (100)
		1966-67	9.18 (77)
14.97 (86)	Reasons for saving are awaited ..	1965-66	22.25 (74)
		1966-67	20.31 (81)
15.00 (100)	Postponement of programme as per Government decision	1966-67	15.00 (100)
14.70 (98)	Non-finalisation of an integrated pro- gramme in place of the existing pattern	..	..
11.28 (75)	Reasons for saving are awaited ..	..	..
11.97 (92)	Reasons for saving are awaited ..	..	..
12.00 (100)	Reasons for saving are awaited. ..	..	..
11.90 (99)	Mainly late issue of sanction, financial stringency and non-payment of land acquisition cost	..	..
10.44 (87)	Mainly delayed starting of the Scheme ..	..	..
10.00 (100)	Non-execution of the scheme as a post- budget decision of Government	..	..
9.67 (97)	Delay in according administrative approval (Rs.4.56 lakhs)	1966-67	10.00 (100)

## APPEN

*B—Centrally-sponsored*

Serial No.	Schemes	Provision in 1967-68
<i>(In lakhs of rupees)</i>		
1.	Family Planning, Maternity and Child Welfare (Spill-over Scheme)	2,56.97 (including State Share)
2.	Expansion of Craftsman Training (Spill-over Scheme)	.. 1,10.57 (including State Share)
3.	Rehabilitation of Displaced Goldsmiths (Spill-over Scheme)	35.16
4.	Intensive Health and Family Planning Programme ..	26.00 (including State Share)
5.	Improvement of feeder roads and approaches in coal-field areas (Spill-over Scheme)	25.00
6.	Rural Manpower Project (Spill-over Scheme) ..	25.00
7.	Improvement of traffic conditions near Howrah Railway Station area (Spill-over Scheme of Third Five-Year Plan)	25.00 (including State Share)
8.	Intensive Development of Small Industries in Rural Areas (Spill-over Scheme)	23.63
9.	Kalyani Bridge .. .. .	21.00 (including State Share)
10.	Community Development Projects, Local Development Works (Spill-over Scheme)	12.00
11.	National Apprenticeship Training (Spill-over Scheme) ..	10.00 (including State Share)
12.	Providing Harbour facilities to coastal fishermen to continue fishing operation for longer period (Spill-over Scheme)	10.00

**DIX V—(concl'd.)***Schemes (New Schemes)*

Saving in 1967-68 and its percentage to the provision	Remarks	Saving during the previous years and its percentage	
<i>(In lakhs of rupees)</i>			
1,07.70 (42)	Reasons for the major portion of the saving are awaited.	1965-66	25.31 (88)
		1966-67	59.93 (47)
79.80 (72)	Mainly cut in expenditure imposed by Government and non-receipt of sanction of the Government of India for establishment of new institution.	1965-66	30.81 (88)
		1966-67	86.16 (67)
20.64 (59)	Reasons for the saving are awaited	..	..
25.31 (97)	Reasons for the saving are awaited	..	1966-67 24.00 (100)
18.58 (74)	Reasons for the saving are awaited	..	1965-66 35.40 (53)
		1966-67	35.80 (81)
14.92 (60)	Preoccupation of Block Staff in Relief Work, Food Procurement and Deboarding Drive.	1965-66	7.12 (36)
14.11 (56)	Mainly non-finalisation of revised drawing and design.	1965-66	24.53 (41)
13.05 (55)	Mainly cut in expenditure imposed by the Rural Industries Projects Committee, New Delhi.	1966-67	7.61 (46)
21.00 (100)	Cut in expenditure due to financial stringency	..	..
7.40 (62)	Lack of sufficient response from the public by whom 50 per cent. of the cost was to be borne.	1965-66	20.81 (69)
10.00 (100)	Non-receipt of sanction of the Government of India.	1966-67	12.50 (100)±
10.00 (100)	Delay in finalising details of the scheme	..	1964-65 3.00 (100)
		1965-66	10.00 (100)
		1966-67	10.00 (100)

## APPEN

(Referred to in

## PART II—

(a) Cases of loss, etc. (each item not exceeding

Serial No.	Department	Write-off of losses, irrecoverable revenue, duties, advances, etc.	
		No. of cases	Amount Rs.
1.	Agriculture and Community Development	57	30,497
2.	Animal Husbandry and Veterinary Services	8	6,862
3.	Board of Revenue .. ..	1	13
4.	Commerce and Industries .. ..	19	14,986
5.	Cottage and Small Scale Industries .. ..	10	7,578
6.	Education .. ..	8	2,263
7.	Food and Supplies .. ..	33	34,530
8.	Forest .. ..	31	5,141
9.	Health (Public Health) .. ..	1	435
10.	Home (Transport) .. ..	1	141
11.	Home(Defence) .. ..	18	293
12.	Information and Public Relations .. ..	3	1,658
13.	Local Self-Government .. ..	1	26
14.	Land and Land Revenue .. ..	14	2,323
15.	Public Works .. ..	1	222
16.	Public Works (Roads) .. ..	1	127
17.	Relief and Social Welfare (Relief) .. ..	2	3,239
18.	Relief and Social Welfare (Social Welfare)	--	..
19.	Refugee Relief and Rehabilitation .. ..	11	2,333
		<u>220</u>	<u>1,12,667</u>

**DIX VI**

paragraph 42, page 42)

**OTHER CASES***Rs.5,000) written off during 1967-68*

Ex-gratia payment.		Waiver of recovery.		Remission of revenue and abandonment of claims to revenue (other than land revenue)	
Number of cases	Amount	Number of cases	Amount	Number of cases	Amount
	Rs.		Rs.		Rs.
..	..	..	..	..	—
..	..	..	..	..	..
..	..	..	..	..	..
23	3,976	1	96	..	..
..	..	..	..	..	..
..	..	..	..	..	..
..	..	..	..	..	..
..	..	..	..	2	1,014
..	..	..	..	..	..
..	..	..	..	..	..
..	..	..	..	..	..
..	..	..	..	..	..
..	..	2	50	..	..
..	..	..	..	..	..
..	..	..	..	..	..
..	..	..	..	..	..
3	4,300	..	..	..	..
..	..	..	..	..	..
<b>26</b>	<b>8,276</b>	<b>3</b>	<b>146</b>	<b>2</b>	<b>1,014</b>

## APPENDIX VI—(concl'd.)

(b) Cases of loss, etc. (each item exceeding Rs.5,000) written off during 1967-68

Serial No.	Department	Write-off of losses, irrecoverable revenue, duties, advances, etc.		Ex-gratia payment	
		No. of cases	Amount	Number of cases	Amount
			Rs.		Rs.
1.	Agriculture and Community Development	1	20,438	..	..
2.	Animal Husbandry and Veterinary Services	1	5,137	..	..
3.	Commerce and Industries ..	2	20,548	..	..
4.	Cottage and Small Scale Industries	1	5,099	..	..
5.	Finance .. ..	1	21,771	..	..
6.	Food and Supplies ..	6	1,31,133	..	..
7.	Home (Defence) .. ..	2	94,390	..	..
8.	Irrigation and Waterways ..	1	6,000	..	..
9.	Land and Land Revenue ..	1	7,829	..	..
10.	Relief and Social Welfare (Social Welfare) ..	..	..	1	71,100
..	.. Total ..	16	3,12,343	1	71,100



## **APPENDIX VII**

(Referred to in para

**Cases of misappropriation pending finalisation as on 31st**

Serial No.	Department				
1.	Agriculture and Community Development	..	..	..	..
2.	Animal Husbandry and Veterinary Services	..	..	..	..
3.	Board of Revenue	..	..	..	..
4.	Commerce and Industries	..	..	..	..
5.	Education	..	..	..	..
6.	Excise	..	..	..	..
7.	Food and Supplies	..	..	..	..
8.	Finance	..	..	..	..
9.	Health (Public Health)	..	..	..	..
10.	Home (General Administration)	..	..	..	..
11.	Home (Police)	..	..	..	..
12.	Information and Public Relations	..	..	..	..
13.	Irrigation and Waterways	..	..	..	..
14.	Judicial	..	..	..	..
15.	Land and Land Revenue	..	..	..	..
16.	Panchayat	..	..	..	..
17.	Public Works (Construction Board)	..	..	..	..
18.	Refugee Relief and Rehabilitation	..	..	..	..
19.	Relief and Social Welfare (Relief)	..	..	..	..
20.	Cottage and Small Scale Industries	..	..	..	..
	<b>Total</b>	..	..	..	..

## DIX VII

graph, 43 page 43)

March 1968

Cases pertaining to 1961-62 and earlier years		Cases pertaining to 1962-63 to 1967-68		Total	
Number of cases	Amount Rs.	Number of cases	Amount Rs.	Number of cases	Amount Rs.
13	29,808	22	1,86,062	35	2,15,870
1	5,000	..	..	1	5,000
..	..	4	18,702	4	18,702
6	14,569	9	55,597	15	70,166
1	300	2	4,977	3	5,277
1	418	1	39,120	2	39,538
4	12,123	8	77,226	12	89,349
1	1,695	..	..	1	1,695
4	15,628	4	5,470	8	21,098
..	..	2	12,983	2	12,983
9	62,841	1	24,000	10	86,841
2	399	..	..	2	399
..	..	3	2,841	3	2,841
..	..	1	3,718	1	3,718
109	2,12,824	81	2,06,859	190	4,19,683
..	..	1	6,065	1	6,065
..	..	1	797	1	797
1	11,212	1	18,268	2	29,480
..	..	25	73,905	25	73,905
2	23,388	1	49,231	3	72,619
154	3,90,205	167	7,85,821	321	11,76,026

## APPENDIX VIII

(Referred to in paragraph 47, page 46)

*A.—Works, each costing more than Rs 10 lakhs, executed without sanctioned estimates*

Department/work	Year from which expenditure is being incurred	Expenditure up to March 1968
		<i>(In lakhs of rupees)</i>
<b>Development and Planning—</b>		
(1) Construction of Mechanised Brick factory (PL II) at Palta	1966-67	16·18
(2) Development of 375 acres of land excluding 'D' Block phase	1962-63	11·19
<b>Housing—</b>		
(3) Construction of I. H. S. phase II at Durgapur ..	1962-63	35·89
(4) Construction of I. H. S. phase IV at Durgapur ..	1963-64	23·23
<b>Irrigation and Waterways—</b>		
(5) Installation of B. S. T. plant .. ..	1960-61	36·06
(6) Construction of Drainage Works .. ..	1966-67	43·06
(7) Construction of Sewerage Works in Sector I ..	1966-67	19·03
(8) Construction of roads in North Salt Lake City extension area	1967-68	1,39·27
(9) Reclamation of additional 2 sq. miles in North Salt Lake City extension area	1967-68	26·49
(10) Construction of Sewerage and Drainage works ..	1966-67	28·76
<b>Health (Public Health Engineering)—</b>		
(11) Budge Budge Emergency W. Scheme ..	1964-65	12·39
(12) South Suburban W. S. Scheme, PL. I Public Works	1959-60	14·58
(13) Construction of Bridges with well foundation ..	1962-63	76·45
(14) Construction of Sector headquarters—Border Security Force	1962-63	44·88
<b>Public Works (Roads)—</b>		
(15) Construction of bridge over river Darakeswar on BSR Road	1964-65	12·84

## APPENDIX VIII—(contd.)

*B.—Important works on which expenditure exceeded the sanctioned estimate are given below.*

Serial No.	Work	Sanctioned estimate	Actual expenditure up to March 1968	Percentage of excess over sanctioned estimate	Year in which excess first occurred
		Rs.	Rs.	Per cent.	
1.	Construction of Darjeeling Pulbazar Section of Darjeeling-Bijanbari-Pulbazar Road (Darjeeling Construction Division)	21,49,600	28,63,300	33	1967-68
2.	Construction of Panighata-Merick Road from 4-mile up to Merick (Darjeeling Construction Division)	25,12,300	32,39,300	29	
3.	Construction of Uluberia-Panpur Road (Howrah Construction Division)	7,88,800	13,47,300	70	
4.	Improvement to Mayna-Paramanandapur - Pingla Road (Midnapore Construction Division)	13,79,000	20,45,000	47	1966-67
5.	Improvement to Nadanghat-Kusumeswar Road (Hooghly Construction Division)	7,83,000	10,73,000	37	1967-68
6.	Saharajore Irrigation Scheme (Irrigation and Waterways Directorate)	20,64,000	30,41,000	47	1966-67
7.	Expansion of M. R. Bangur Hospital at Tolligunge	6,73,000	13,25,000	97	1962-63
8.	Construction of bridges and culverts with block foundation on L. R. P. Job No. IRP/WB/52 (North Bengal Construction Division)	9,47,000	12,05,000	27	1966-67
9.	Construction of Dehati bridge (Rupnarayan Bridge Special Roads Division)	11,32,000	16,95,000	50	1966-67
10.	Construction of syphon aqueduct over river Kharna at ch. 193 of Damodar Branch Canal (Damadar Canal Division)	7,37,000	10,98,000	49	1965-66

## APPENDIX VIII—(concl'd.)

## C.—Department-wise and year-wise analysis of the unvouched outlay on 31st March 1968

## (a) Department-wise analysis

Department	Number of items	Amount (In lakhs of rupees)
(1) Agriculture and Community Development .. .. .	237	7.38
(2) Development and Planning .. .. .	12	5.86
(3) Health .. .. .	94	4.41
(4) Housing .. .. .	46	32.77
(5) Irrigation and Waterways .. .. .	250	21.34
(6) Public Works .. .. .	153	19.08
(7) Public Works (Roads) .. .. .	104	3.22
(8) Public Works (Construction Board) .. .. .	47	11.93
(9) Refugee Relief and Rehabilitation .. .. .	14	0.55
<b>Total</b> .. .. .	<b>957</b>	<b>97.54</b>

## (b) Year-wise analysis

Year of objection	Number of items	Amount (In lakhs of rupees)
Up to 1963-64 .. .. .	51	2.62
1964-65 .. .. .	14	4.86
1965-66 .. .. .	34	7.77
1966-67 .. .. .	123	18.32
1967-68 .. .. .	735	63.97
<b>Total</b> .. .. .	<b>957</b>	<b>97.54</b>

## APPENDIX IX

(Referred to in paragraph 97, page 73)

List of wanting *Pro Forma* Accounts(a) In the following cases *pro forma* accounts have not been prepared since inception :—

Serial No.	Name of the Scheme/ Concern	Periods for which accounts are due for submission	Remarks
1.	Durgapur Industries Board	1955-56 to 1961-62 (up to pre-company period i. e. 14th September 1961)	
Scheme for Production Centres :			
2.	Midnapur (Transferred to the Home Social Wel- fare Department from April 1963)	} 1954-55 to 1967-68	
3.	Titagarh		
4.	Uttarpara		
5.	Habra		
6.	Dharampur		
7.	Oriental Gas Company's Undertaking	November 1960 to 1967-68	
Government Sales Emporia :			
8.	Howrah	} 1951-52 to 1967-68	
9.	Calcutta		
10.	Government Sales Empo- ria other than those at Howrah and Calcutta	1957-58 to 1961-62 (up to 31st May 1961)	Transferred to the West Bengal Small Industries Corporation (a Govern- ment Company).
11.	Industrial Centres	.. 1956-57 to 1964-65	The Scheme was merged with another scheme in April 1965. Outstanding accounts have not been prepared as yet (Decem- ber 1968).

## APPENDIX IX—(contd.)

Serial No.	Name of the Scheme/ Concern	Period for which accounts are due for submission	Remarks
12.	Dental Factory	.. 1960-61 to 1967-68	Government stated (October 1966) that they faced difficulties in preparing accounts prior to 1963-64 for want of suitable records. No firm decision has yet been communicated (December 1968).
13.	Fulia Township	.. 1961-62 to 1967-68	
14.	Kanchrapara Development Area (Kalyani Township Scheme)	1949-50 to 1967-68	
<p>(b) In the following cases <i>pro forma</i> accounts have been received for the period noted against each and are under audit or <i>pro forma</i> accounts have not been received for the period noted against each :—</p>			
1.	Central Engineering Organisation	1966-67 to 1967-68	Accounts for 1965-66 were received in August 1968 but audit could not be conducted as the books of accounts were incomplete.
2.	Hospital Appliances Scheme of the Central Engineering Organisation	1967-68	.. Accounts for 1961-62 to 1966-67 received for the first time in August 1968 are under examination.
3.	Integrated Wood Industries Scheme at Durgapur, Kalyani and Siliguri	1960-61 to 1967-68	Accounts up to 1964-65, originally submitted could not be checked for want of complete records/documents and required revision. The revised accounts from 1956-57 to 1959-60 have, however, been received in November 1968 and are under examination.
4.	Brick and Tile Board	.. 1966-67 to 1967-68	Accounts for 1965-66 were received in audit. The accounts require revision as some irregularities were detected in course of scrutiny. The revised accounts have not yet been received (Decem 1968)



## APPENDIX IX—(contd.)

Serial No.	Name of the Scheme/ Concern	Period for which accounts are due for submission	Remarks
5.	Mechanised Brick Factory at Palta	1961-62 to 1967-68	Accounts from 1961-62 to 1965-66 received for the first time in audit could not be checked as the accounts were not drawn up in proper form. The accounts required revision. The revised accounts have not yet been received in audit (December 1968).
6.	Brooklyn Ice Plant and Cold Storage	1967-68	.. Accounts for 1965-66 and 1966-67 have been recei- ved (December 1968) and are under examination.
7.	Scheme for Production of Shark Liver Oil, Fish meal, etc.	1963-64 to 1967-68	Accounts for 1963-64 were received in audit and the same required revision as found on scrutiny. The revised accounts have not yet been received (De- cember 1968).
8.	Durgapur State Transport Service	1965-66 to 1967-68	....
9.	Silk Reelers Co-operative Organisation	1955-56 to 1967-68	Revised accounts for 1955-56 have not been received so far (December 1968).
10.	Scheme for Distribution of tonned and cows' milk (inception year 1950-51)	....	The scheme was reorganised and merged with the Grea- ter Calcutta Milk Supply Scheme from 1961-62. The accounts from inception to 1960-61 have been received in audit and are under examination.
11.	Greater Calcutta Milk Supply Scheme (incep- tion year 1954-55)	1954-55 to 1967-68	Revised accounts from 1954- 55 to 1960-61 have been received in November 1968 from the Manage- ment but not through Government. The receipt of the same from the Gov- ernment is awaited (Dec- ember 1968).

## APPENDIX IX—(concl'd.)

Serial No.	Name of the Scheme/ Concern	Period for which accounts are due for submission	Remarks
12.	Government Cinchona Plantations	1963-64 to 1967-68	Accounts for 1962-63 re- quired revision. The re- vised accounts have not yet been received (Dec- ember 1968).
13.	Government Quinine Factory, Mungpoo		
14.	Quinine Sales Depot, Calcutta		
15.	Government Saw Mills, Siliguri	....	Accounts for 1967-68 re- ceived in November 1968 awaiting audit checks.
16.	Consolidated <i>pro forma</i> accounts of Hats under the management of Government	1966-67 to 1967-68	....
17.	Scheme for State Trading in rice and paddy	1963-64 to 1966-67	....
18.	Scheme for State Trading in wheat and wheat- products	1964-65 to 1966-67	....

## **APPENDIX X**

**APPEN**

(Referred to in para-

**Brick and Tile***Trading and Profit and Loss Account (excluding***Dr.**

1963-64				1964-65
Rs.				Rs.
10,00,806	To Opening Stock	..	..	11,86,278
4,44,221	„ Purchase	..	..	4,58,919
1,23,708	„ Salary, Wages, Travelling Allowance and Contingencies, etc.			1,28,606
57,721	„ Interest	..	..	65,705
40,283	„ Depreciation	..	..	20,409
..	„ Rent, etc.	..	..	3,000
6,750	„ Royalty	..	..	2,000
16,73,489	Total	..	..	18,64,917

*Balance sheet (excluding Durga***Capital and Liabilities—**

18,75,538	To Capital	..	..	23,09,982
81,806	„ Current Liabilities	..	..	42,547
19,57,344	Total	..	..	23,52,529

**DIX X**

graph 97, page 73)

**Board***Durgapur Unit) for the year ending the 31st March 1965*

1963-64					Cr.
Rs.					1964-65
					Rs.
2,94,905	By Sales	..	..	..	5,20,449
1,280	„ Departmental consumption	..	..	..	4,147
10,339	„ Miscellaneous Income	..	..	..	4,523
11,86,278	„ Closing Stock	..	..	..	12,38,978
1,80,687	„ Net Loss	..	..	..	96,820
16,73,489	Total	..	..	..	18,64,917

*pur Unit) as on the 31st March 1965***Assets and Properties**

1,88,945	By Fixed Assets	..	..	..	1,91,917
15,84,542	„ Current Assets	..	..	..	20,60,622
3,170	„ Investments	..	..	..	3,170
1,80,687	„ Net Loss	..	..	..	96,820
19,57,344	Total	..	..	..	23,52,529

**APPEN****Central Engineering***Manufacturing Trading and Profit and**Dr.*

1963-64				1964-65
Rs.				Rs.
15,79,426	To Opening Stock	..	..	18,74,088
3,38,376	„ Purchases	..	..	3,97,164
46,503	„ Factory Expenses	..	..	38,106
33,421	„ Depreciation	..	..	22,872
1,92,285	„ Administrative, Selling and Distributing expenses			1,71,095
2,000	„ Audit Fee	..	..	2,000
1,08,004	„ Interest on Government Capital		..	1,41,464
8,90,401	„ Fabrication charges	..	..	10,06,202
13,576	„ General Reserve	..	..	14,940
40,730	„ Constituents' Lump Fund Account		..	44,820
16,151	„ Preliminary Expenses	..	..	16,150
<b>32,60,873</b>	<b>Total</b>	..	..	<b>37,28,901</b>

**DIX X—(Contd.)****Organisation***Loss Account for the year ending the 31st March 1965*

1963-64		1964-65	
Rs.		Rs.	
11,41,831	By Sales .. .. .	19,85,832	
100	„ Miscellaneous receipts		
..	Component parts issued to Hospital Appliances Scheme	-	
18,74,088	„ Closing Stock .. .. .	15,02,231	
2,44,854	„ Net Loss .. .. .	2,12,009	
<b>32,60,873</b>	<b>Total .. .. .</b>	<b>37,28,901</b>	

## APPEN

## Central Engineering

## Balance Sheet as on the

Dr.

1963-64

1964-65

Rs.

Rs.

To Capital and Liabilities			
	Government Capital	26,05,856	
..	.. Add withdrawals during the year	1,83,950	
		<u>27,89,806</u>	
..	.. Less remittances during the year	1,53,804	
		<u>26,36,002</u>	
..	.. Add interest on capital ..	1,41,464	
26,05,856	.. Add adjustments ..	48,418	
		<u>26,13,875</u>	26,13,875
7,12,588	.. Personal Ledger Account (in the name of the Works Manager)		9,98,116
1,45,435	.. Reserves and Surplus .. ..		1,60,375
5,63,650	.. Current Liabilities and Provisions ..		5,52,005
4,24,347	.. Outstanding with the constituent units for manufacture of C. U. Product		4,83,852
44,51,876	Total .. ..		48,08,223



**DIX X—(Concl.)****Organisation***31st March 1965*

1963-64	Cr.
Rs.	1964-65
Rs.	Rs.
<b>Assets and Properites</b>	
5,19,462 By Fixed Assets .. .. .	5,05,042
23,55,180 ,, Current Assets .. .. .	23,85,098
4,360 ,, Loans and Advances .. .. .	15,156
10,51,623 ,, Cash and Bank Balance .. .. .	13,05,118
96,904 ,, Preliminary Expenses .. .. .	80,753
4,24,347 ,, Outstanding with the constituent units for manufacture of C. U. Product	4,83,852
.. ,, Hospital Appliances Scheme .. .. .	33,204
44,51,876 Total .. .. .	48,08,223

**APPENDIX XI**

(Reference : Paragraph 104, page 87)

**Important types of irregularities noticed in local audit and inspection during 1967-68**

Nature of irregularities	Number of offices in which irregularities were noticed
(i) Non-observance of rules/defective maintenance of cash book	16
(ii) Defective maintenance of initial records relating to loans and advances	12
(iii) Delay in remittance of Government revenue (Rs. 0.19 lakh)	15
(iv) Account records of stores/stock not maintained ..	15
(v) Security deposit not furnished/inadequate security deposit furnished ..	15