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AUDIT REPORT

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PREFATORY REMARKS

This Audit Report relates to matters arising from the Appropriation Accounts and Finance Accounts for 1966-67 and other points arising from the audit of financial transactions of the Union Territory.

The financial irregularities, losses, etc., commented upon in the Report relate to cases which came to the notice of Audit during the year 1966-67 as well as those which had come to notice earlier but could not be included in the earlier Audit Reports; matters relating to the period subsequent to 1966-67 have also been included, wherever considered necessary.

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

CHAPTER I

General

Budget and Actuals—The budget estimates and the actuals in respect of revenue receipts and expenditure met from revenue for the year 1966-67 are given below along with the corresponding figures for 1964-65 and 1965-66:—

Year	Budget (In lakhs of rupees)	Actuals	Variations		
			Amount	Percentage	
<i>Revenue Receipts</i>					
1964-65	13,85.59	15,44.96	+1,59.37	11.50	
1965-66	15,66.96	17,21.65	+1,54.69	9.87	
1966-67	17,57.06	25,62.04	+8,04.98	45.81	
					Revenue surplus (+)/deficit (—) Year Budget Actuals (In lakhs of rupees)
<i>Expenditure met from revenue</i>					
1964-65	13,85.59	15,22.82	+1,37.23	9.90	1964-65 .. +22.14
1965-66	15,66.96	18,02.40	+2,35.44	15.02	1965-66 .. -80.75
1966-67	17,57.06	23,88.75	+6,31.69	35.95	1966-67 .. +1,73.29

The significant increase in the revenue receipts and expenditure during 1966-67 was mainly due to transfer of hilly areas of Punjab to the Union Territory under the Punjab Reorganisation Act, 1966.

2. *Revenue receipts*—(a) The revenue receipts during 1966-67 (Rs. 25.62 crores) showed an increase of 48.78 per cent compared with 1965-66 (Rs. 17.22 crores) and 65.82 per cent compared with those in 1964-65 (Rs. 15.45 crores). The increase is analysed below:—

	1964-65	1965-66	1966-67	Increase + Decrease— since 1964-65
	(In lakhs of rupees)			
(i) <i>Revenue raised by the Union Territory Government—</i>				
(a) Taxes, Duties and other Principal Heads of Revenue	1,04.55	1,17.38	2,39.89	+1,35.34
(b) Other receipts, such as fares and freight of passengers and goods traffic, sale proceeds of forest timber and other produce, etc.	6,47.91	7,08.31	8,26.28	+1,78.37
(ii) <i>Receipts from Central Government—</i>				
Grants-in-aid	7,92.50	8,95.96	14,95.87	+7,03.37
Total	15,44.96	17,21.65	25,62.04	+10,17.08

Grants-in-aid from the Government of India accounted for 58.39 per cent of the total revenue receipts during 1966-67 as against 52.04 per cent in 1965-66. The revenue raised by the State Government from Taxes, Duties

and Other Principal Heads of Revenue during 1966-67 accounted for 9.36 per cent of the total receipts. The corresponding percentage for the year 1965-66 was 6.82.

The increase in the revenue raised by the State Government since 1964-65 occurred mainly under the following heads and was attributed generally to realisation of more revenue on the transfer of hilly areas of composite Punjab State to Himachal Pradesh, consequent upon the reorganisation of Punjab State with effect from the 1st November, 1966. Other specific reasons for the increase are indicated against each head:

Head	Receipts during		Increase since 1964-65		Remarks
	1964-65	1966-67 (In lakhs of rupees)	Amount	Percentage	
Land Revenue	25.87	40.30	14.43	55.78	
State Excise Duties	41.91	1,15.49	73.58	175.57	Due to sale of excise contracts at higher rates.
Sales Tax	12.68	25.70	13.02	102.68	
Other Taxes and Duties	12.99	32.11	19.12	147.19	Due to realisation of more taxes as a result of better control and implementation of the rules by the field staff.
Education	9.10	20.35	11.25	123.63	Due to receipt of contributions from the University Grants Commission for meeting non-recurring expenditure on Three year Degree Courses, realisation of more fees as a result of increase in the number of students, etc.
Electricity Schemes	21.30	30.31	9.01	42.30	Due to sale of more power as a result of increased electrification in the State.
Road and Water Transport Schemes	1,68.50	1,89.06	20.56	12.20	
Forest	3,54.61	4,60.17	1,05.56	29.77	Due to increased sale proceeds of products of the Rosin and Turpentine Factory, Nahan.

No new taxes were levied during the year 1966-67. Sales tax on general goods and foodgrains was reduced from 6 per cent to 3 per cent and from $1\frac{1}{2}$ per cent to $\frac{1}{2}$ per cent respectively in January, 1967, resulting in decrease in revenue of Rs. 3.50 lakhs during 1966-67.

(b) *Arrears in the collection of revenue*—According to the information furnished by certain departments, the arrears in the collection of some of the more important items of revenue amounted to Rs. 3,34.04 lakhs as on the 31st March, 1967, as shown below:—

Department	Amount outstanding (In lakhs of rupees)	Earliest year to which outstanding amount relates	Remarks
Forest	2,59.12*	1940-41	Rs. 3.61 lakhs was reported to be irrecoverable.
Transport	68.81	1949-50	Represents outstanding recoveries of fare and freight charges, service charges, cost of stores and petrol supplied, etc., to Defence authorities (Rs. 25.02 lakhs), Beas-Sutlej Link Project and Hydel authorities (Rs. 16.41 lakhs), Mandi-Kulu Road Transport Corporation (Rs. 4.43 lakhs), etc.
Excise and Taxation	4.38	1951-52	A sum of Rs. 0.19 lakh was reported to be irrecoverable.
Industries	0.99	1961-62	
Co-operative	0.74	1958-59	Rs. 0.02 lakh was reported to be irrecoverable.

3. *Expenditure on Revenue Account*—The Expenditure on Revenue account during 1966-67 (Rs. 23.89 crores) showed an increase of 32.58 per cent as compared with 1965-66 (Rs. 18.02 crores) and 56.86 per cent compared with 1964-65 (Rs. 15.23 crores). The increase was explained as mainly due to (i) expenditure on hilly areas of composite Punjab State merged with Himachal Pradesh as a result of reorganisation of Punjab State with effect from the 1st November, 1966, (ii) grant of enhanced rates of dearness allowance to the staff, grant of compensatory allowance throughout Himachal Pradesh and (iii) more expenditure on works, etc.

The increase is analysed below:—

	1964-65	1965-66	1966-67	Increase since 1964-65	
				Amount	Percentage
	(In lakhs of rupees)				
<i>Collection of Taxes, Duties and other Principal Heads of Revenue—</i>					
Land Revenue	30.82	35.37	41.53	10.71	34.75
Other heads	3.86	4.41	6.11	2.25	58.29
<i>Total—Collection of Taxes, Duties and other Principal Heads of Revenue</i>	34.68	39.78	47.64	12.96	37.37
Debt Services	18.41	41.65	93.68	75.27	408.85

*Does not include figures for Simla Circle and Logging Circle, which are awaited.

Increase is mainly due to larger payment of interest consequent upon progressive increase in the balance of loans received from the Government of India for financing capital expenditure and for disbursement to third parties as loans and advances. A part of the increase was also due to payment of interest on the share of loans taken by the composite State of Punjab from Central Government allocated to Himachal Pradesh on re-organisation.

Administrative Services—

General Administration	64.24	74.95	96.64	32.40	50.43
Police	1,07.57	97.74	1,38.54	30.97	28.79
Other heads	18.14	20.62	27.85	9.71	53.53
<i>Total—Administrative Services</i>	1,89.95	1,93.31	2,63.03	73.08	38.47

The expenditure on Administrative Services constituted 11.01 per cent of the total expenditure on Revenue account as against 10.72 per cent in 1965-66.—

Social and Developmental Services—

Education	2,06.08	2,64.69	4,01.38	1,95.30	94.77
Community Development Projects, National Extension Service and Local Developmental Works	99.98	93.96	1,05.51	5.53	5.53
Agriculture	1,06.81	1,19.44	1,38.10	31.29	29.30
Medical	75.02	86.23	1,11.56	36.54	48.71
Other heads	1,49.60	1,73.52	2,05.65	56.05	37.47
<i>Total—Social and Developmental Services</i>	6,37.49	7,37.84	9,62.20	3,24.71	50.93

The expenditure on Social and Developmental Services constituted 40.28 per cent of the total expenditure on Revenue account during 1966-67 as against 40.94 per cent in 1965-66.

Multi-purpose River Schemes, Irrigation and Electricity Schemes	52.76	90.16	1,11.52	58.76	1,11.37
Public Works (including Roads) and Schemes of Miscellaneous Public Improvements	1,10.33	1,47.37	2,60.74	1,50.41	1,36.33
Transport and Communications	1,59.84	1,43.76	1,84.51	24.67	15.43
Miscellaneous—					
Forest	2,15.84	2,97.83	3,46.74	1,30.90	60.47
Other heads	1,02.83	1,07.93	1,17.92	15.09	14.67
<i>Total—Miscellaneous</i>	3,18.67	4,05.76	4,64.66	1,45.99	45.81
Extraordinary items	0.69	2.77	0.77	0.08	11.59

4. *Expenditure outside the Revenue Account*—The expenditure recorded outside the Revenue account includes, besides capital expenditure, the amount disbursed by the Government as “Loans and Advances”.

The expenditure outside the Revenue account during 1964-65, 1965-66 and 1966-67, as compared with the budget estimates, is shown below

('Loans and Advances' are dealt with in para 5).

Year	Budget	Actuals	Variations Increase+ Decrease—	
			Amount	Percentage
	(In lakhs of rupees)			
1964-65	4,46.01	4,25.61	-20.40	4.57
1965-66	4,75.61	5,82.20	+1,06.59	22.41
1966-67	4,58.50	4,68.12	+9.62	2.10

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

Head of Account	During 1966-67	Progressive total upto 1966-67 (In lakhs of rupees)
<i>I—Capital expenditure on—</i>		
(i) Social and Developmental Services—		
(a) Improvement of Public Health	32.47	1,51.88
(b) Industrial and Economic Development	5.29	1,11.13
(c) Agricultural Improvement and Research	4.69	69.96
(d) Miscellaneous	..	71.80
(ii) Electricity Schemes	71.36	3,63.91
(iii) Public Works (including Roads) and Schemes of Miscellaneous Public Improvement—		
(a) Public Works	3,60.44	30,74.84
(b) Schemes of Government Trading	-47.85	50.05
(iv) Transport and Communications, Road and Water Transport Schemes	27.02	2,65.31
(v) Miscellaneous	14.70	1,09.62
<i>II—Net disbursement under "Loans and Advances", that is, after taking into account recoveries of loans and advances</i>	43.15	5,02.42
Total	5,11.27	47,71.42*

The total expenditure of Rs. 5,11.27 lakhs outside the Revenue account was met from loans granted by the Government of India.

5. *Loans and Advances by the Union Territory Government—*(a) The disbursements under "Loans and Advances" and the recoveries thereof during the three years ending with 1966-67, as compared with the

*Includes progressive capital expenditure of composite State of Punjab allocated to Himachal Pradesh under the Punjab Reorganisation Act, 1966 and adopted *pro forma*.

corresponding budget estimates, are given below:—

	Year	Budget	Actuals	Variations	
				Increase+	Decrease—
				Amount	Percentage
		(In lakhs of rupees)			
Disbursements	1964-65	44.08	41.95	-2.13	4.83
	1965-66	42.86	58.51	+15.65	36.51
	1966-67	33.75	72.79	+39.04	115.69
Recoveries	1964-65	9.40	11.92	+2.52	26.80
	1965-66	8.47	13.58	+5.11	60.33
	1966-67	7.90	29.64	+21.74	275.19
Net	1964-65	34.68	30.03	-4.65	13.40
	1965-66	34.39	44.93	+10.54	30.65
	1966-67	25.85	43.15	+17.30	66.92

(b) The total amount of loans and advances given by the State Government and outstanding on the 31st March, 1967 was Rs. 5.02* crores, as indicated below:—

Category of loans and advances	(In lakhs of rupees)
(i) Loans to municipalities	24.06
(ii) Loans to land holders and other notabilities	0.02
(iii) Advances to cultivators	1,10.62
(iv) Loans and advances to displaced persons	6.78
(v) Loans and advances under Community Development Programme	11.42
(vi) Miscellaneous loans and advances	3,44.20
(vii) Loans to Government servants, etc.	5.32
Total	5,02.42

A sum of Rs. 5.68 lakhs was received by the Union Territory Government during the year 1966-67 as interest on loans and advances.

Complete information regarding recoveries in arrears at the end of 1966-67 in respect of the loans, the detailed accounts of which are maintained by the departmental officers, has not been supplied by the Government. According to the information made available (January, 1968), the recoveries in arrears were Rs. 22.78 lakhs (Rs. 12.92 lakhs towards principal and Rs. 9.86 lakhs towards interest). The details are given below:—

Head of Account	Amount of arrears	
	Principal	Interest
(In lakhs of rupees)		
(i) Loans and Advances to Displaced Persons	3.35	0.25

*Includes *pro forma* adjustment of balances transferred to Himachal Pradesh under the Punjab Reorganisation Act, 1966.

(ii) Miscellaneous Loans and Advances—		
(a) Loans under Low Income Group Housing Scheme	6.85	7.92
(b) Loans under Middle Income Group Housing Scheme	0.09	0.27
(c) Loans to Co-operative Societies	0.25	0.19
(d) Loans under Village Housing Scheme	0.60	0.49
(iii) Loans and Advances under the Community Development Programme	1.78	0.74
Total	12.92	9.86

Arrears amounting to Rs. 8.52 lakhs (Principal: Rs. 5.11 lakhs and Interest: Rs. 3.41 lakhs) were more than 3 years old.

6. *Debt position*—(a) The total debt outstanding at the end of the 31st March, 1966 was Rs. 30.29 crores; of this, Rs. 29.73 crores represented loans from the Central Government, out of which Rs. 7 crores were received during the year 1966-67.

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

	1966-67 (Rs. lakhs)
(i) Interest paid on loans received from the Central Government	93.68
(ii) <i>Deduct</i> —Interest realised on loans and advances by the State Government	5.68
(iii) Net interest charges	88.00
	percentage
(iv) Percentage of gross interest to total revenue receipts	3.66
(v) Percentage of net interest to total revenue receipts	3.43

There were in addition certain other receipts and adjustments totalling Rs. 21.11 lakhs, such as interest received from commercial departments. If these are also taken into account, the net burden of interest on the revenue will be Rs. 66.89 lakhs working out to 2.61 per cent of the revenues.

7. *Guarantees*—The Governments of the Union Territories have no power to give guarantees on the security of their Consolidated Funds. Guarantees, if any, in connection with the administration of the Union Territory are given by the Government of India. In the event of guarantees being invoked,

the necessary payments will, in the first instance, be a charge on the Consolidated Fund of India, and the amount will subsequently be recovered from the Union Territory concerned.

Prior to the formation of the Union Territory of Himachal Pradesh, the Government of India had guaranteed the repayment of paid-up capital of the Punjab Financial Corporation and a minimum annual dividend of 3 per cent thereon and repayment of redeemable bonds (together with interest thereon) issued by the Corporation.

The guarantees are in the nature of contingent liabilities. Brief particulars of the maximum amounts of contingent liabilities are given below. (Further details are given in statement No. 6 of the State Finance Accounts for 1966-67).

	Maximum amount guaranteed	Amount guaranteed outstanding on the 31st March, 1967 (In lakhs of rupees)
(i) Guarantee for share capital (and minimum dividend) raised by the Punjab Financial Corporation	11.76	11.76
(ii) Guarantee for repayment of redeemable bonds (with interest thereon) issued by the Punjab State Financial Corporation	22.12	22.12

8. *Investments*—The Union Territory of Himachal Pradesh had invested a sum of Rs. 7.87 lakhs (Rs. 4.90 lakhs in the share capital and Rs. 2.97 lakhs in bonds) in the Punjab Financial Corporation and a sum of Rs. 25.40 lakhs in the Mandi-Kulu Road Transport Corporation to the end of 1966-67. The Punjab Financial Corporation declared dividend for the year 1965-66 and a sum of Rs. 7,644 was credited to the account of the Himachal Pradesh Government. No dividends are declared by the Mandi-Kulu Road Transport Corporation under the Roads Transport Act, 1950; the net profits, which are shared equally by the Punjab and Himachal Pradesh Governments, have not been distributed till March, 1967. During 1966-67, Rs. 1.70 lakhs and Rs. 0.90 lakh were invested in “Himachal Pradesh Mineral and Industrial Development Corporation” and “Himachal Pradesh State Small-Scale Industries Corporation” respectively.

The investment made by the Union Territory Government in the share capital of Kulu Valley Transport Limited stood, at the end of 1966-67, at Rs. 3.08 lakhs; the Company went into voluntary liquidation from May,

1963. Rs. 40 lakhs also stood invested in the share capital of Nahan Foundry Limited.

The investment made by the Union Territory Government in the share capital of co-operative banks/other societies at the end of March, 1967 amounted to Rs. 23.83 lakhs. Dividend of Rs. 0.10 lakh was received on investments during the year. In addition, share of investments of the composite State of Punjab allocated to Himachal Pradesh on reorganisation in November, 1966, stood at Rs. 96.34 lakhs.

9. *Financial results of Electricity Schemes*—The table below compares the net return (revenue receipts less working expenses) during the three years ending 1966-67 on the outlay on Electricity Schemes for which Capital and Revenue accounts are kept:—

	1964-65	1965-66	1966-67
Number of works	30	30	30
Progressive capital outlay (in lakhs of rupees)	2,75.27	2,87.02	3,58.38
Total revenue receipts (in lakhs of rupees)	21.30	23.23	30.31
Direct working expenses (in lakhs of rupees)	33.05	50.89	69.28
Net revenue without taking into account interest charges (in lakhs of rupees)	-11.75	-27.66	-38.97
Return as percentage of outlay	-4.27	-9.64	-10.87
Interest on capital (in lakhs of rupees)	10.03	10.72	12.40
Net Profit +/Loss — after meeting interest (in lakhs of rupees)	-21.78	-38.38	-51.37
Net return +/deficit— after meeting interest as percentage of capital outlay	-7.91	-13.37	-14.33

The working expenses increased from Rs. 33.05 lakhs in 1964-65 to Rs. 69.28 lakhs in 1966-67 without showing corresponding increase in receipts which were Rs. 21.30 lakhs in 1964-65 and Rs. 30.31 lakhs in 1966-67.

10. *Grants-in-aid*—(i) During 1966-67, grants-in-aid amounting to Rs. 52.87 lakhs were paid by 12 departments to panchayats, municipalities, co-operative societies, educational institutions, etc.

Certificates of proper utilisation of grants are required to be furnished by departmental officers to audit within a reasonable time. The utilisation certificates for grants amounting to Rs. 14.74 lakhs were awaited (August, 1967), as indicated below:—

Year in which grants were paid	Number of cases	Amount in lakhs of rupees
1962-63 and earlier years	25	1.93
1963-64	12	1.59
1964-65	13	1.94
1965-66	76	5.38
1966-67	53	3.90
Total	179	14.74

The outstandings related mainly to Welfare Department (Rs. 4.16 lakhs), Panchayat Department (Rs. 3.15 lakhs), Local Self-Government Department (Rs. 2.69 lakhs) and Education Department (Rs. 2.36 lakhs).

(ii) Out of the grant of Rs. 67,000 paid by the Education Department during 1959-60 and 1960-61 to Shri Guru Ram Rai College, Nahan through the Punjab University for the introduction of Three Year Degree Course, a sum of Rs. 25,563 remained unutilised. Although the institution was closed as early as 1963, the amount has not been recovered so far (October, 1967).

The Director of Education intimated in July, 1967 that all-out efforts are being made to get this amount refunded by the management of the college, failing which steps would be taken to get the amount adjusted against the property of the defunct college.

(iii) Audit of the accounts of the panchayat fund is arranged by the Director of Panchayats and is conducted through the District Audit Officer of the Panchayat Department. The department had no information about the number of objections raised, settled and those awaiting settlement. Replies to the audit notes were not being sent to the Director of Panchayats within three months, as required under the rules. This resulted in ineffective financial control by Government over panchayats.

(iv) No consolidated records of cases of misappropriation of funds noticed in various districts were available with the Director of Panchayats. A test-check of two districts of Mahasu and Nahan, however, revealed 40 cases of misappropriation of funds involving an amount of Rs. 1,08,605 during the period from 1961-62 to 1966-67.

CHAPTER II

Appropriation Audit and Control over Expenditure

11. *Summary*—The following table compares the total expenditure during the year 1966-67 with the total of voted grants and charged appropriations for that period:—

		Total grants/ appropriations	Actual expenditure	Saving — Excess +	Percentage of the saving/ excess
(Rs. lakhs)					
Voted—					
Original	29,80.04	39,09.43	38,05.06	—1,04.37	2.66
Supplementary	9,29.39				
Charged—					
Original	57.89	90.70	177.90	+87.20	96.14
Supplementary	32.81				
Total—					
Original	30,37.93	40,00.13	39,82.96	—17.17	0.43
Supplementary	9,62.20				

The total saving of Rs. 17.17 lakhs was the net result of savings in 39 grants and 6 appropriations amounting to Rs. 1,65.18 lakhs and excess in 9 grants and 5 appropriations amounting to Rs. 1,48.01 lakhs.

12. *Supplementary grants/appropriations*—Supplementary provision totalling Rs. 9,62.20 lakhs was obtained during the year under 41 grants and 10 appropriations. The details given in Appendix I indicate the following points:—

- (i) The supplementary provision amounting to Rs. 5.60 lakhs obtained in 2 cases proved entirely unnecessary, the expenditure in 1 case did not come even upto the original grant and in the other, there was no expenditure at all.
- (ii) In the case of 7 grants, the supplementary provision proved largely excessive. Against the supplementary provision of Rs. 1,67.06 lakhs in these cases, the amount actually utilised was Rs. 69.20 lakhs.
- (iii) The supplementary provision obtained proved inadequate in 7 cases. In these cases while the additional provision was Rs. 2,53.27 lakhs, the actual expenditure exceeded the total grants (including supplementary provision) by Rs. 1,42.59 lakhs.

13. *Excesses over grants*—(a) The excesses over voted grants in the following 9 cases require to be regularised under section 30 of the Government of Union Territories Act, 1963:—

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

Serial No.	Particulars of grant	Total grant	Expenditure	Excess	
				Amount Rs.	Percentage
1.	2—State Excise Duties (Voted)— O 2,34,000 S 40,000	2,74,000	Rs. 2,88,931	Rs. 14,931	5.45
2.	16—Medical (Voted)— O 92,29,000 S 14,58,000	1,06,87,000	1,11,56,189	4,69,189	4.39
The excess, which occurred mainly under the group head 'B-1—Rural and Urban Dispensaries', was explained as due to additional expenditure on Stores and Staff on account of transfer of hilly areas of Punjab State, on reorganisation.					
3.	17—Public Health (Voted)— O 42,30,000 S 7,70,000	50,00,000	52,83,894	2,83,894	5.68
The excess, which occurred under the group head 'A-1—Directorate', was attributed to adjustment of debits of store and payment of arrears of pay and allowances of the staff transferred to Himachal Pradesh, on reorganisation.					
4.	25—Irrigation, Navigation, Embankment and Drainage Works—Non-Commercial (Voted)— O 6,73,000 S 3,64,000	10,37,000	10,53,937	16,937	1.63
5.	27—Public Works—Communications (Voted)— O 48,97,000 S 1,11,88,000	1,60,85,000	1,94,91,948	34,06,948	21.18
Reasons for the excess, which occurred under the group head 'Construction of Border Roads', are awaited.					
6.	28—Other Public Works (Voted)— O 4,15,50,000 S 45,60,000	4,61,10,000	4,71,62,086	10,52,086	2.28
Reasons for the excess, which occurred under group heads 'Suspense' and 'Repairs', are awaited.					
7.	29—Road and Water Transport Schemes (Voted)— O 1,56,00,000 S 44,50,000	2,00,50,000	2,03,03,935	2,53,935	1.27
The excess occurred mainly under the group head 'A-2—Operations', which was explained as due to adjustment of debits for the purchase of vehicles pertaining to the year 1965-66.					
8.	37—Capital Outlay on Improvement of Public Health (Voted)— O 16,50,000 S 15,00,000	31,50,000	32,47,622	97,622	3.10

9.	47—Loans and Advances by the State/Union Territory Governments (Voted)—						
	O	33,75,000	}	69,16,100	72,78,660	3,62,560	5.24
	S	35,41,100					

Reasons for the excess, which occurred mainly under the group head 'A-3—Advances to Cultivators', are awaited.

(b) *Excesses over charged appropriations*—The excesses over charged appropriations in the following 3 cases require regularisation:—

1.	Interest on Debt and Other Obligations (Charged)—						
	O	55,33,000	}	82,39,500	93,67,738	11,28,238	13.69
	S	27,06,500					

The excess occurred mainly under the group head 'B-1—Interest paid to Central Government'; it was explained that exact assessment of interest payable on the share of loans taken by the composite State of Punjab and transferred to Himachal Pradesh in November, 1966 on reorganisation, could not be made in advance.

2.	41—Capital Outlay on Public Works—Communications (Charged)—						
	O	..	}	1,51,400	1,92,943	41,543	27.44
	S	1,51,400					
3.	Public Debt (Charged)—						
	O	..	}	1,93,900	78,59,325	76,65,425	(About 40 times of the provision)
	S	1,93,900					

The excess was due to non-provision of funds for meeting proportionate debt liability of the composite State of Punjab allocated to Himachal Pradesh as a result of reorganisation. As the capital expenditure including loans of the Union Territory Government is met by loans from the Central Government, a reference was made by the State Government for grant of loans to meet the debt liability. A loan of Rs. 72.52 lakhs was sanctioned by the Government of India at the flag end of March, 1967, when it was not possible to obtain supplementary appropriation.

(c) *Expenditure without provision*.—The charged expenditure incurred without appropriations in the following 2 cases also requires regularisation:—

1.	27—Public Works—Communications (Charged)—					
	O	..	}	..	1,072	1,072
	S	..				

The charged expenditure represents payment of certain decretal amounts.

2. 30—Pensions and other Retirement Benefits (*Charged*)—

O	..	}	..	5,928	5,928
S	..				

The expenditure represents payments on account of pensions as a result of merger of new areas on reorganisation of Punjab State.

14. *Savings in grants/appropriations*—(a) The details given in Appendix II bring out that among voted grants, there were 14 cases and among charged appropriations, there were 2 cases in which the savings exceeded 10 per cent of the total provision; in 9 of these cases (including 2 appropriations), the savings exceeded 20 per cent (ranging between 23.54 to 100 per cent).

(b) Some of the items, the provision for which remained wholly or substantially unutilised, are mentioned below:—

Serial No.	Grant number and group head	Name of the scheme or group head	Provision	Saving and (percentage)	Remarks
				(In lakhs of rupees)	
1.	1—Land Revenue B-4	Strengthening of Primary and Supervisory Land Record Agencies	3.59	3.59 (cent per cent)	Mainly due to non-implementation of the scheme with a view to effect economy in expenditure.
2.	8—Parliament, State/Union Territory Legislatures C-1	Other Election Charges	9.75	4.94 (50.67 per cent)	Mainly due to non-adjustment of travelling allowance claims of staff deputed on election duty due to late raising of debits by the departments.
3.	15—Education F-3	Scholarships	17.28	5.14 (29.75 per cent)	Mainly due to non-receipt of sanction from the Government of India for the award of scholarships, and less receipt of applications for scholarships.
4.	16—Medical D-2	Medical College	13.18	9.00 (68.29 per cent)	Mainly due to non-availability of teaching staff, non-purchase of equipment, etc.
5.	18—Agriculture E	Agricultural Demonstration and propaganda including Public Exhibitions and Fairs	41.21	12.75 (30.94 per cent)	Mainly due to non-maturity of cases of construction of <i>kuhls</i> , less purchase of equipment, etc. (Rs. 2.81 lakhs). Reasons for saving of Rs. 10.23 lakhs are awaited.
6.	26—Electricity Schemes A-7	Interest	15.55	4.19 (26.94 per cent)	Mainly due to less expenditure on interest consequent upon increase in the capital receipts, which are taken in reduction of expenditure, the net capital expenditure on which interest is charged was less than anticipated.

7.	38—Capital Outlay on Schemes of Agricultural Improvement and Research A-1	Construction of <i>kuhls</i>	11.84	9.21 (77.79 per cent)	Mainly due to non-completion of codal formalities required for implementation of certain works and economy measures.
8.	39—Capital Outlay on Industrial and Economic Development A-1	Investment in the share of Mandi-Kulu Road Transport Corporation	3.00	3.00 (cent per cent)	Due to non-sanctioning of investment in the share capital of Corporation as a result of Government policy to effect overall economy in expenditure.
9.	43—Capital Outlay on Road and Water Transport Schemes B-1	Water Transport Services	3.00	3.00 (cent per cent)	Due to non-finalisation of the scheme during the year.
10.	44—Capital Outlay on Forests B	Livestock, Stores and Tools and Plant.	8.00	7.75 (96.87 per cent)	Mainly due to economy measures. Reasons for the final saving of Rs. 3.38 lakhs are awaited.
11.	46—Capital Outlay on Schemes of Government Trading B-1	Purchase of Fertilizers	54.52	36.82 (67.53 per cent)	Mainly due to non-supply of fertilizers by the firms (Rs. 14.72 lakhs). Reasons for the final saving of Rs. 22.10 lakhs are awaited.

15. *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 reappropriations for the transfer of funds from sub-heads of grants/appropriations where a saving is anticipated to other sub-heads in the same grant/appropriation where there is need for provision of additional funds,
- (ii) obtaining supplementary grants or appropriations, where necessary, and
- (iii) effecting surrender of surplus funds under any sub-head as soon as the savings can be foreseen.

(b) It will be seen from paragraph 13 above that excesses amounting to Rs. 1,48.01 lakhs remained uncovered by supplementary provisions or by an advance from the Contingency Fund in 9 grants and 5 appropriations.

(c) Cases where the additional funds provided in the course of the year by supplementary provision proved unnecessary, excessive or inadequate have been indicated in paragraph 12 above.

(d) The following points were noticed in connection with the surrender or unutilised amounts:—

- (i) Although the rules require that the unutilised amounts should be surrendered as soon as the possibility of savings is envisaged, the surrenders were made in all cases only in the last month of the year; the surrenders amounted to Rs. 1,33.52 lakhs.
 - (ii) In the case of 9 grants, a total amount of Rs. 36.15 lakhs was surrendered. In 3 cases, no amount eventually became available for surrender and in 6 cases, the savings ultimately found to be available, were less than the amounts surrendered.
- (e) Important instances of defective control over expenditure in respect of individual group heads within the grants/appropriations have been indicated in the Appropriation Accounts.

CHAPTER III

Civil Departments

PANCHAYATS

16. *Scheme for establishment of Panchayati Raj Training Centres*—Under this centrally sponsored scheme, one training centre was set up at Salogra in May, 1962; management of which was entrusted to a non-official organisation (Parvatiya Adamjatiya Sewak Sangh). During 1961-62 to 1966-67, grants amounting to Rs. 1.81 lakhs (non-recurring Rs. 0.63 lakh, recurring Rs. 1.18 lakhs) were disbursed by Government. The table below compares the number of candidates actually trained at this centre to the end of 1965-66 with the target numbers:—

Year	Institutional		Peripatetic	
	Target	Actuals	Target	Actuals
1962-63	250	194	1,000	674
1963-64	583	154	1,790	1,306
1964-65	631	146	2,661	1,369
1965-66	428	141	1,495	1,064
1966-67	150	115	1,000	420
Total	2,042	750	7,946	4,833

The shortfall in the training programme was attributed to lack of interest on the part of panchayats, low rates of diet money and of travelling allowance and unsatisfactory arrangements for accommodation.

17. *Training of Panchayat Secretaries*—With a view to enable the panchayats to play their role effectively, an institute for training Panchayat Secretaries was opened at Mashobra in March, 1962. The scheme envisaged the training of 200 trainees annually at an estimated cost of Rs. 55,000. A sum of Rs. 2.61 lakhs was spent on the scheme to the end of March, 1967.

Although nearly 95 per cent of the estimated cost has been incurred during 1962-63 to 1966-67, only 653 trainees representing 65 per cent of the target were trained in the institute; the number of trainees varied from 187 in 1963-64 to 27 in 1966-67. There was no trainee during the period from the 22nd August, 1966 to the 31st August, 1967; a sum of Rs. 30,768 was, however, incurred on the staff during this period.

The department stated in October, 1967 that due to reorganisation of the State, the work in the Directorate had increased considerably and the staff of the institute was utilised to dispose of the increased work in the Directorate during the 1st October, 1966 to the 31st August, 1967. The shortfall in the training programme was attributed to non-filling of good number of posts of Panchayat Secretaries as a result of stoppage of recruitment and failure on the part of some of the District Panchayat Officers to report for training.

AGRICULTURE

18. *Ghee Grading Laboratory*—With a view to ensure supply of pure, graded and tested *ghee*, a *Ghee Grading Laboratory* was started in Chamba district during 1961-62. During the first 2½ years of its working, the scheme anticipated an income of Rs. 19,875 against an estimated expenditure of Rs. 27,204; the gap in expenditure and income was expected to be reduced in subsequent years as more supplies of *ghee* were expected to be diverted to the *Ghee Grading Laboratory* from other parts of Chamba and Mandi districts. The total expenditure incurred during March, 1961 to March, 1967 amounted to Rs. 83,122 including Rs. 49,347 on the staff. No income was, however, received from the scheme during the above period.

The non-achievement of the targets was attributed to procedural and technical difficulties, such as, delay in the hiring of building for the laboratory till October, 1962, delay in the procurement of equipment, training of staff in the Regional Agmark Laboratory, Kanpur and *Ghee Grading Station*, Shikohabad during the years 1961-62 and 1962-63, etc.

Government stated in October, 1967 that after the regional standard of *ghee* was fixed and the *ghee* laboratory started functioning on commercial scale the scheme would become profit-yielding.

EDUCATION

19. *Avoidable expenditure*—A lady teacher in Government Girls Middle School, Chowari proceeded on leave with the permission of the Headmistress from the 1st December, 1960 in anticipation of sanction to the grant of leave by the competent authority. The leave application was rejected by the department in December, 1960 and she was asked to resume duty immediately. She did not join duty and applied for further extension duly supported by a medical certificate. In February, 1961, orders were issued that she should not be allowed to join her duties till her leave case was finally decided. On the teacher seeking legal remedy, the Court held that “the orders issued in February, 1961 were arbitrary, illegal and against the principles of natural justice”. The Government went in appeal but in March, 1966, the higher court upheld the earlier decision and observed that “the Government

had behaved in a highly irresponsible manner in not taking final decision on the leave case". The teacher was permitted to rejoin duty in June, 1966 and the entire period of unauthorised absence (1st December, 1960 to the 15th June, 1966) was treated as a period spent on duty for all purposes; a sum of Rs. 9,594 (including Rs. 4,050 as decretal amount) was payable to the teacher on account of her pay and allowances from December, 1960 to June, 1966 along with the cost of suit. The lady teacher resigned from service in December, 1966. The department informed Audit in June, 1967 that an Enquiry Officer was being appointed to investigate the reasons for which the leave case could not be decided for about 27 months (1st December, 1960 to the 28th February, 1963) and for fixing responsibility against the defaulting persons.

INDUSTRIES

20. *Establishment of Industrial Estates*—2 rural estates were set up under the Industrial Estates (Rural) Scheme, at Jowali and Dehra Gopipur in Kangra district at a cost of Rs. 2.60 lakhs. Although possession of these estates was taken over by the Industries Department from the Public Works Department in March, 1964 and July, 1965, no industries have so far been set up by private parties because no party came forward to claim allotment of sheds in these estates. Of the 16 sheds constructed, 6 remained vacant (May, 1967) and 10 sheds were occupied by Government institutes/offices at different times. The loss of revenue due to sheds remaining vacant works out to Rs. 57,535 upto May, 1967.

Similarly, 1 urban industrial estate was set up at Kangra at a cost of Rs. 4.15 lakhs (excluding cost of land and fittings), the possession of which was taken over by the department in December, 1963. Of the 20 sheds constructed, 6 sheds were allotted to private parties, 7 sheds were occupied by Government institutes and remaining 7 sheds are lying vacant (May, 1967). The loss of revenue on account of vacant sheds works out to Rs. 71,987 upto May, 1967. The number of sheds which remained vacant varied from 7 to 14 during the period from December, 1963 onwards. The sheds were reported to be lying vacant because of high rents and non-availability of controlled raw materials.

The amount of rent outstanding for recovery on the 31st May, 1967 in respect of these 3 estates was Rs. 40,510 including Rs. 18,676 from Government institutions.

Government stated in January, 1968 that various remedial measures, such as subsidising the rent upto the extent of 75 per cent as a measure of incentive for a period of 5 years, liberal supply of raw materials, etc. had been taken for bringing the industrial estates on proper footing.

21. *Tanning Centre, Ganai*—This centre was established in July, 1961 as a training centre. The expenditure incurred during 1961 to August, 1967 was Rs. 58,417.

During the period from July, 1961 to July, 1965, only 29 persons were trained as against the target of 40. The shortfall in training programme was attributed to non-availability of trainees. In August, 1965, the centre was converted into training-cum-production centre to provide work for the staff rendered surplus due to close of certain centres. Targets of production were, however, not fixed. During August, 1965 to December, 1966, there were no trainees, goods valued at Rs. 2,697 were produced in the centre against an expenditure of Rs. 12,426 (including Rs. 9,872 on staff consisting of 4 officials). The uneconomical working of the centre was attributed to insufficient financial allotment (limiting the activities of the centre) and to over-staffing.

Government stated in August, 1967 that the production of bone-meal was undertaken in the centre from August, 1965 merely on experimental basis. The centre was converted into an extension centre in January, 1967.

22. *Working of Himachal Handicrafts Emporia*—In order to provide for the marketing of goods produced under the common facility-cum-production scheme and also by local artisans and small industries, 6 State Emporia, 1 in each district are being run by Industries Department. A financial review on the working of 4 of these Emporia at Simla, Mandi, Nahan and Chamba districts from their inception to 1966-67 revealed that:—

- (i) the net income derived from sale of private products (Rs. 49,367) and notional income (Rs. 94,815) determined at the rate of $6\frac{1}{4}$ per cent on sale of Government products fell short of the working expenses (Rs. 4,16,873) excluding depreciation on fixed assets, pensionary charges, etc. by Rs. 2,72,691. Incidence of working expenses to total sales works out to 19 per cent (approximately) against the prescribed commission fixed by Government in 1957 ranging between $6\frac{1}{4}$ per cent to $12\frac{1}{2}$ per cent on sale of private products and $6\frac{1}{4}$ per cent on Government products;
- (ii) goods of the value of Rs. 1,06,700 produced at Government training-cum-production centres and received for marketing were found to be of substandard type and sale price had to be reduced by 20 to 50 per cent. This has resulted in loss to the extent of Rs. 4,807 on the sale of such goods of the value of Rs. 27,027 and a further loss of Rs. 31,348 is anticipated on goods remaining to be sold;
- (iii) direct expenditure incidental to sale, that is, portorage, freight, octroi, etc. to the extent of Rs. 4,130 were not included in the sale price; and

- (iv) the products manufactured at Government centres accounted for 69 per cent of total sales effected by the Emporia.

As regards uneconomical working of the Emporia, the department stated in August, 1967 that they had not been established to earn profit but to sell the products of Government centres and to encourage the sale of goods of local artisans and small industrialists.

WELFARE

23. *Excess payment of grant*—Voluntary organisations of an all India character selected for financial aid, are entitled to grants-in-aid upto Rs. 10,000 per annum towards administrative expenditure subject to the condition that the grant-in-aid should not exceed 25 per cent of the approved administrative expenditure on pay and allowances of their personnel.

- (i) Grants amounting to Rs. 24,844 for meeting the entire administrative expenditure (including contingent expenditure) of Rs. 12,970 were, however, paid to the Adam Jatiya Sewak Sangh, during 1962-63 to 1964-65 resulting in excess payment of Rs. 21,602.

Government intimated in July, 1967 that the excess grant was paid to the Sangh to meet the administrative expenditure in anticipation of the approval of the Government of India, keeping in view the poor financial condition of the Sangh and the good work it was doing for the welfare of scheduled tribes in the remote areas of Kinnaur and Chamba districts.

Government of India in April, 1967 expressed their inability to regularise the excess payment as the grants were released by the State Government in violation of the rules and directed the State Government to adjust the over-payments against future grants to the Sangh. The department stated in July, 1967 that no grant was paid to the Sangh during 1966-67.

- (ii) Grants amounting to Rs. 12,477 for meeting administrative expenditure (Rs. 19,701) were paid to the Bharat Sewak Samaj during 1962-63 to 1965-66, resulting in excess payment of Rs. 7,551.

The proposal of the State Government for meeting the entire administrative expenses of the Bharat Sewak Samaj was not accepted by the Government of India (December, 1965). It was desired by the Government of India that the voluntary organisations should themselves raise funds at least for meeting their administrative charges. Intimation regarding action taken to get the excess amount of grant-in-aid refunded, is awaited (August, 1967).

CHAPTER IV

Works Expenditure

24. *Infructuous expenditure/uneconomical working of kühls*—In the following 5 cases, *kühls* constructed to provide irrigation facilities, did not irrigate any land or the area irrigated was far below the anticipated commanded area, resulting in unfruitful expenditure or uneconomical working of these *kühls*:—

(i) In Kinnaur division, construction of Sangla *kuhl* (estimated cost Rs. 2,11,600) was undertaken in October, 1961 to irrigate 505 acres of land. After an expenditure of Rs. 2.53 lakhs had been incurred, the Executive Engineer recommended abandonment of the work and write-off of the expenditure in August/October, 1966, on the following considerations:—

- (a) the span of the Tong Tong *nullah* has increased to 250 feet against the original span of 50 feet;
- (b) the entire *kuhl* runs in the strata of soil containing admixture of mica and sand, which is open to severe damage due to rains;
- (c) the *kuhl* is crossed by many torrential *nullahs*, whose discharge varies abruptly causing damage to its existence during rains and winter; and
- (d) the actual culturable command area of the *kuhl* is 383 acres, of which 289 acres was served by the existing *kühls*, that the scheme would bring only 94 acres of land under irrigation and thus, the benefit likely to accrue after its completion was quite disproportionate to the total outlay thereon.

Obviously, proper survey was not conducted before the construction of the *kuhl* was taken up.

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

(ii) In Banikhet Division, Balana *kuhl* (estimated cost Rs. 33,300) was completed in June, 1960 at a cost of Rs. 31,534; it was intended to irrigate 157 acres of cultivable land. A joint inspection by the officials of the Public Works and Revenue Departments recommended in July, 1965 that the *kuhl* be abandoned. The Executive Engineer reported to the Superintending Engineer in July, 1966/September, 1966 that:—

- (a) the *kuhl* had not been in commission for the last 5 years due to the fact that the *kuhl* crossed several *nullahs* and was damaged due to flood;

- (b) at many places, there was no trace of any *kuhl*, as the bed and retaining walls had been washed away;
- (c) the alignment of the *kuhl* was also not proper;
- (d) at places there was tendency of erosion and the *kuhl* was likely to be damaged, in case it was reconstructed;
- (e) the local people were not particular to keep this *kuhl* in commission; and
- (f) reconstruction of the *kuhl* estimated to cost Rs. 30,000 would be uneconomical.

Apparently, the construction of *kuhls* was not taken up after proper survey; the expenditure of Rs. 31,534 on the construction of the *kuhl* has proved to be infructuous.

Orders to abandon the *kuhl* have not been passed so far (July, 1967).

(iii) In Solan Division, 2 *kuhls* (intended to irrigate 256 acres) were constructed during 1954 at a cost of Rs. 18,598. An expenditure of Rs. 1,207 was incurred upto March, 1967 on the maintenance of the *kuhls*, which have not been commissioned so far.

Inspection of the *kuhls* conducted in November, 1966 by the Executive Engineer, indicated that:—

- (a) the source of water was about 8 and 10 feet lower than the heads of the *kuhls*;
- (b) of the total length of 3,700 feet of one *kuhl*, length from 1,100 to 3,700 feet was in reverse grade and unless the grade was improved the *kuhl* could not be utilised; and
- (c) the water in the source of another *kuhl* was not sufficient for irrigation purposes.

The *kuhls* had been abandoned and were not being maintained.

Apparently, the construction of the *kuhls* was not taken up after proper survey. Intimation regarding fixing of responsibility for the infructuous expenditure is awaited. The matter was reported to the Chief Engineer in March, 1967 and to Government in July, 1967; their reply is awaited (December, 1967).

(iv) With a view to provide irrigation facilities to 1963 acres of land, an expenditure of Rs. 8.35 lakhs was incurred in Chamba Division on the construction/improvement of 10 *kuhls* during 1954-55 to 1959-60. The expenditure on maintenance and repairs to these *kuhls* during 1958-59 to 1966-67 amounted to Rs. 72,725.

Though all the *kuhls* had been constructed in their full lengths as envisaged, the area actually irrigated by the *kuhls* was only about 74 acres (February, 1964). One of these *kuhls* was not used at all for irrigation while water of another *kuhl* was utilised for drinking purposes only.

The Chief Engineer intimated in March, 1967 that the *kuhls* were running according to the designed discharge and were capable of irrigating the envisaged area under command, but the facility was not being fully utilised by the cultivators for the following reasons:—

- (a) the cultivators had not yet prepared their sloping lands for irrigation by terracing and constructing water courses;
- (b) the cultivators were not used to irrigation and are hesitant to change the crop pattern; and
- (c) the villagers are not constructing feeder channels to draw water from the *kuhls* for want of consolidation of holdings and lack of collective incentive.

The Chief Engineer further stated in December, 1967 that according to the assessment made by the Executive Engineer, Chamba Division, the area under irrigation at present stood at 103 acres; no detailed survey of the area irrigated had, however, been conducted since February, 1964.

(v) In Mahasu district, Sackrury *kuhl* was completed in May, 1962 at a cost of Rs. 9,446. It was meant to irrigate 106 acres of land out of which, 48 acres were previously being irrigated by a *kuchha kuhl*. The *kuhl* has so far irrigated only 48 acres of land. The shortfall was attributed to inadequate water supply in the *kuhl* due to unauthorised diversion of water by the local villagers for irrigating their lands and for running a flour mill.

The Chief Engineer stated in September, 1967 that the Revenue authorities were being requested to prevent unauthorised diversion so that irrigation facilities could be made available through the entire length of the *kuhl*.

25. *Locking up of capital*—In Irrigation/Public Health Division (defunct), Bilaspur, construction of 2 *kuhls* and 2 water supply schemes was taken up during 1954 to 1958 without issuing prior notification for the acquisition of connected water sources under the provisions of Himachal Pradesh Minor Canals Act, 1955. This resulted in disputes over the sources of water. The construction work, which was to be completed within a period of 1½ months to 6 months, remained suspended since June, 1955 to May, 1959.

The Chief Engineer intimated in April, 1967 that of the 3 disputes referred to the Deputy Commissioners, Mandi and Bilaspur for settlement

in June, 1955, January, 1959 and December, 1961, no settlement could be arrived at in 2 cases, while in the third case, only interim settlement of the dispute had been reached. A fourth case was pending with the High Court. Meanwhile, expenditure of Rs. 1,12,464 (estimated cost Rs. 1,64,584) incurred on the scheme remains infructuous.

CHAPTER V

Stores and Stock Accounts

26. *Synopsis of important accounts*—A synopsis of the important stores and stock accounts (other than those relating to Government commercial and quasi-commercial departmental undertakings) for 1966-67 is given below:—

Serial No.	Department and nature of stores	Opening Balance	Receipts	Issues	Closing Balance
			(In lakhs of rupees)		
1.	Printing and Stationery—				
	(i) Paper and binding material	1.88	3.59	2.91	2.56
	(ii) Miscellaneous stores and spare parts	3.11	0.49	0.36	3.24
	(iii) Stationery	2.43	4.12	2.92	3.63
	(iv) Publication and Gazettes	0.28	0.17	0.10	0.35
2.	Forest—				
	(i) Timber and other produce collected departmentally	1,15.88	3,09.65	1,05.59	3,19.94
	(ii) Livestock	1.03	0.40	0.53	0.90
	(iii) Other stores	5.89	21.76	15.55	12.10
3.	Public Works Department—				
	(i) Electricity Branch—Iron, steel, electrical equipment, poles, etc.	1,18.82	2,13.24	1,56.95	1,75.11
	(ii) Buildings and Roads Branch—Iron, cement, pipes, bricks, timber, etc.	1,55.89*	2,56.98	2,72.43	1,40.44
	(iii) **Irrigation Branch—Cement, iron, bricks and miscellaneous stores	1.07	1.98	3.00	0.05

27. *Non-completion of stock registers*—The rules require that the stock registers in the Public Works Divisions should be closed at the end of each year (prior to April, 1963, stock registers were closed at the end of each half-year) and be reviewed by the Divisional Officers to see that stocks consist only of serviceable and necessary articles and that the stores are priced at the prevailing market rates. Registers have, however, not been closed in 24 Buildings and Roads Divisions and 5 Electricity Divisions, although Government had granted relaxation in June, 1961 in the matter of indicating value of stores in the stock registers pertaining to the period prior to September, 1959 with a view to expedite clearance of arrears. The total number of stock registers in arrears was 213 for the period from September, 1957 to March, 1967.† Of this, 6 stock registers pertaining to the period from March, 1958 to March, 1959 are in arrears in respect of quantity accounts.

*Includes balances of Public Works Divisions transferred from Punjab to Himachal Pradesh, consequent upon reorganisation of Punjab State from November, 1966.

**This has appeared for the first time.

†It includes Divisions transferred to Himachal Pradesh as a result of reorganisation of the Punjab State in November, 1966.

The arrears have continued despite the recommendation of the Public Accounts Committee in para 57 of their Third Report of August, 1966 that the stock registers should be brought upto date by the 31st December, 1966 and a report sent to them.

PUBLIC WORKS DEPARTMENT

28. *Shortages of stores*—3 cases of shortages of stores of the value of Rs. 2.10 lakhs, noticed in 2 Public Works Divisions during physical verification/handing over charge of stores, are mentioned below:—

- (i) Stores valued at Rs. 85,333 (inclusive of storage and supervision charges) were found short in Rampur Division while handing over charge of stores by a Sectional Officer in August, 1964 (Rs. 39,584) and on physical verification in April, 1965 (Rs. 45,749). The shortages were neither reported to Audit nor immediately accounted for in accordance with the prescribed procedure (shortages of stores of Rs. 39,584 were accounted for only in July, 1965/April, 1966).

In October, 1967, Government stated that the Superintending Engineer had been directed to investigate the shortages and to initiate disciplinary proceedings against the defaulting officials.

- (ii) In the same Division, physical verification of stores conducted in March, 1966, revealed shortages of stores valued at Rs. 42,568 (inclusive of storage and supervision charges).

Government intimated in January, 1968 that responsibility for the loss had since been fixed on the Sectional Officers concerned and that disciplinary proceedings were under way.

- (iii) In Jubbal Division, physical verification of stores conducted in March, 1966, revealed shortages (Rs. 81,741) and surpluses (Rs. 46,609) of stores. These were not immediately adjusted in accounts in March, 1966, as required under the rules.

Responsibility for the shortages has not been fixed so far. The Chief Engineer stated in September, 1967 that the matter was under investigation.

HOME DEPARTMENT

29. *Shortages of stores*—(a) An audit of the accounts of the Superintendent of Police, Border, Peo, conducted by departmental auditors in December, 1964 revealed shortages (Rs. 6,389) and losses (Rs. 3,203) of medicines. These related to the period from April, 1961 to October, 1964.

The Superintendent of Police, after conducting an enquiry in December, 1966, reported that the actual loss, after adjustment of excess quantities noticed, amounted to Rs. 7,917. The shortages were attributed to "sheer negligence and carelessness exhibited in maintaining the proper accounts of receipts, issues and consumption of medicines in the Out Post Dispensaries". In December, 1966, the Superintendent of Police issued orders for recovery of the amounts of shortages from doctors, compounders and clerks who were held responsible for the negligence. The recoveries have not yet (August, 1967) been effected.

(b) In May, 1965, shortages of miscellaneous stores valued at Rs. 2,119 were noticed during a scrutiny of the list of articles received back from Out Posts with reference to the main Stock Register maintained at the Base Headquarters. The departmental enquiry was stated to be in progress and responsibility for the part amount of Rs. 1,493 had been fixed and the defaulters asked to deposit their share of the loss (October, 1967).

PUBLIC WORKS DEPARTMENT

30. *Delay in investigation and fixing responsibility in cases involving loss of stores*—In Chamba Buildings and Roads Division, there has been considerable delay in the investigation of the following cases of loss of stores, valued at Rs. 48,241. The loss was facilitated due to non-observance of the rules which require that all store articles received should be examined, counted or measured and a record thereof kept in the Measurement Book and Stock Register and that all payments to suppliers should be based on the quantities recorded in the Measurement Book.

(i) Receipt of G.I. pipes was accounted for in the Measurement Book by a Sectional Officer on the basis of inspection notes of May, 1956, without verification of receipt of the pipes which were reported to be lying at Banikhet in the custody of the Himachal Government Transport. The pipes actually received in the Division were subsequently accounted for piecemeal in the stock registers, which showed shortages of the value of Rs. 39,591 (inclusive of storage and supervision charges). The shortages came to notice only in June, 1964, at the time of verification of paid vouchers received for adjustment in August, 1963.

(ii) M.S. tubes of the value of Rs. 4,330 were supplied by a firm in January, 1959; 90 per cent advance payment was made to the firm at the time of release of railway receipt. The receipt of the tubes is reported to be not traceable in the stock registers of the Division (July, 1967). The non-accountal of stores came to notice in May, 1965 at the time of verification of the bill of the suppliers for the balance 10 per cent.

(iii) Shortages of 610 bags of cement valued at Rs. 4,320 were detected in April, 1957 at the time of verification of paid vouchers received from

the Pay and Accounts Officer, Department of Supplies, New Delhi, for adjustment in March, 1954. The bags had been despatched in October, 1953 by "The Cement Marketing Company of India Limited", but their receipt is reported to be not traceable in the stock registers of the Division.

The department stated in July, 1967 that the relevant records were seized by the Special Police Establishment in November, 1964 in connection with the investigation of the shortages and that the shortages were being investigated departmentally; the intimation regarding results of Police investigation and fixing of responsibility for the losses is awaited (December, 1967).

INDUSTRIES DEPARTMENT

31. *Idle machinery*—5 cases involving delays between 2 and 8 years in the utilization of machinery (costing Rs. 1.21 lakhs) are mentioned below:—

(i) Carding work in the Government Woollen Industries Development Centre, Kulu had to be stopped in August, 1963 for want of a Mechanic. Carding machinery costing Rs. 39,008 is lying idle since then.

Government stated in January, 1968 that as the machinery had been found to be very old and as one carding plant had already been installed at Kulu by the Khadi Board, it was not considered worthwhile to commission the plant and that steps for the disposal of machinery were being initiated.

(ii) One off-set printing machine (costing Rs. 22,897) purchased in October, 1961 for the Government Press, Simla has not been utilised except for a brief spell of 114 hours during March, 1964 to May, 1966 when it was operated by the officer-in-charge of the Press; this was attributed to non-appointment of an Operator. Government stated in October, 1967 that the post of Operator could not be sanctioned till September, 1965 due to delay in completing the preliminaries and codal formalities and thereafter, it could not be filled in due to ban on filling up of such posts.

(iii) One process camera purchased for the Government Press in March, 1965 at a cost of Rs. 27,377, has not been used so far (October, 1967). This was attributed to lack of accommodation and late sanction of the post of Camera Operator in May, 1967.

(iv) A new pre-fabricated wood seasoning kiln was purchased in September, 1962 at a cost of about Rs. 20,000 (including installation charges of Rs. 2,000 which are yet to be paid) for installation in the Rural Artisan Training Centre at Dharampur (erstwhile Punjab State). Ever since then, the kiln has been lying idle (July, 1967) for want of repairs, non-appointment of operating staff and shortage in the area of water required to run the boiler. According to the report made by the Foreman Incharge of the centre to the

Assistant District Industries Officer, Simla in April, 1967, the kiln is not suitable for any industrial activity except for the seasoning of certain items which are not being manufactured in the centre.

The Joint Director (Administration), Punjab Government had earlier directed the District Industries Officer in October, 1965 to fix responsibility for the bad planning; the responsibility has not been fixed so far. Government stated in August, 1967 that the matter was under investigation.

(v) Machinery valued at Rs. 11,584 purchased for the Government Wool Spinning and Weaving Demonstration Centre, Keylong during October, 1959 (Rs. 8,456) and November, 1963 (Rs. 3,128) has not been utilised (August, 1967) due to lack of electricity and building.

The department stated in August, 1967 that the machinery would be utilised as soon as the wiring for the installation of machinery in a newly constructed building was completed by the Public Works Department.

CHAPTER VI

Government Commercial and Trading Activities

SECTION—A

(GENERAL)

32. This Chapter deals with the results of audit of:—

- (i) Government Companies, and
- (ii) Government Commercial/Quasi-Commercial Departmental Undertakings.

SECTION—B

(GOVERNMENT COMPANIES)

33. Kulu Valley Transport Ltd., Simla in which Government investment stood at Rs. 3.08 lakhs, had gone into voluntary liquidation on May 14, 1963. A sum of Rs. 1.45 lakhs has since been realised.

SECTION—C

(GOVERNMENT COMMERCIAL/QUASI-COMMERCIAL DEPARTMENTAL UNDERTAKINGS)

34. There are two commercial undertakings of the Himachal Pradesh Government, namely Rosin and Turpentine Factory and Himachal Government Transport including Central Workshop and Central Stores. The Rosin and Turpentine Factory earned a profit of Rs. 24,000 which worked out to 0.51 per cent on the aggregate capital outlay of Rs. 47.02 lakhs. The financial results of the Himachal Government Transport are not available as the *pro forma* accounts have not been finalised by the department so far. A summary of the financial results of the working of Rosin and Turpentine Factory is given in Appendix IV.

FOREST

Review on the working of the Himachal Pradesh Government Rosin and Turpentine Factory, Nahan

(1) *Introduction*—The factory which started production in January, 1949 is being run departmentally by the Forest Department with effect from April, 1959. The Rosin Board, set up in January, 1949, lays down the policy for the working of the factory.

(2) *Financial results*—The table below summarises the financial position of the factory for the last three years:—

	1964-65	1965-66	1966-67
	(In lakhs of rupees)		
(i) Capital as on the 31st March	41.52	41.38	47.02
(ii) Block Assets	4.37	5.38	6.36
(iii) Depreciation	4.08	4.44	4.89
(iv) Income/Out-turn	35.08	53.50	42.61
(v) Profit (+)/Loss (—)	(+)3.23	(+)5.74	(+)0.24*
(vi) Percentage of profit on mean capital	10.29	13.85	0.55

The fall in profits during 1966-67 was attributed to decline in the sale of rosin due to less demand and to steep rise in the cost of production on account of rising prices.

(3) *Pricing and sales performance*—Selling prices of the items manufactured by the factory are fixed by the Rosin Board on the basis of rough estimates of cost and keeping in view the market trend. There is no costing system in existence to determine the correct manufacturing cost. In the sale of turpentine oil, the factory suffered a loss of Rs. 1.38 lakhs during 1966-67.

(4) *Excess purchase of printed tins*—An order for the supply of 1.03 lakhs tins at a cost of Rs. 1.57 lakhs was placed in March, 1966 against which, 39,744 tins costing Rs. 0.61 lakh were received in the factory during 1966-67. Out of this quantity, only 8,763 tins were actually used for packing subsidiary products in 1966-67. On the basis of average consumption for the year 1965-66 (7,151 tins) and 1966-67 (9,175 tins), the bulk purchase of 1.03 lakhs tins was considerably in excess of normal requirements. Government stated in January, 1968 that except 61,371 tins, order for the remaining tins was cancelled in March, 1967.

(5) *Sundry debtors*—Out of the sum of Rs. 19.43 lakhs outstanding under sundry debtors as on the 31st March, 1967, Rs. 3.67 lakhs were considered to be bad and doubtful debts. The outstandings due from private parties as on the 31st March, 1967 amounted to Rs. 16.82 lakhs.

(6) *Physical verification*—Shortage of turpentine oil worth Rs. 1.05 lakhs was detected as a result of physical verification of stock during 1965-66 (Rs. 51,006) and 1966-67 (Rs. 54,357).

*The profit was over-stated to the extent of (i) Rs. 1,21,241, due to non-provision of liability of a disputed claim of rosin pertaining to the year 1952-53 and not paid during the year 1966-67 and (ii) Rs. 46,722, representing an old liability, written back during the year, as the exact particulars thereof were not known to the management.

Shortage was attributed to (i) heavy accumulation of stocks, (ii) defective storage arrangements, (iii) wastage in handling and (iv) leakage of the containers.

Annual physical verification of the stock of raw material (resin) was not conducted during 1966-67.

Simplified *pro forma* accounts of the concern are appended in Appendix V.

CHAPTER VII

Outstanding Audit Objections and Inspection Reports

35. *Outstanding Audit Objections*—The irregularities and defects noticed in audit are reported to the departmental authorities. Periodical reports of outstanding audit objections are forwarded to the Heads of Departments for taking necessary steps to expedite their settlement. The financial rules of Government require the departmental officers to attend to the audit objections promptly; the Public Accounts Committee have also been repeatedly stressing the need for quick disposal of the objections. The number of outstanding objections and amounts involved (excluding certain categories of objections relating to works expenditure, viz., want of sanctioned estimates and excess over sanctioned estimates) are given below:—

	Number of objections shown as outstanding in the Audit Reports of		
	1966	1967	1968
Number of items outstanding	8,614	9,456	21,969
Amount involved (In lakhs of rupees)	3,20.01	3,85.88	7,00.92

Increase of about 82 per cent in the amount of outstanding objections in this Audit Report over that of last year is due to inclusion of objections pertaining to hilly areas of Punjab State merged with Himachal Pradesh in November, 1966.

A year-wise analysis of audit objections issued upto the 31st March, 1967 which were not settled upto the 30th November, 1967 is given in Appendix III.

3,038 items of objections involving Rs. 95.02 lakhs are over three years old. An analysis of the outstanding objections under the main categories is given below:—

Serial No.	Department	Want of detailed contingent bills	Want of sanctions	Want of payees' stamped receipts and/or vouchers (In lakhs of rupees)	Other items	Total
1.	Forest	..	60.52	50.98	69.54	1,81.04
2.	Agriculture	..	1.27	78.10	45.48	1,24.85
3.	Community Development	..	1.50	9.11	36.27	46.88

4. Civil Supplies	17.63	0.67	18.30
5. Medical	..	1.20	14.77	1.52	17.49
6. General Administration	..	0.12	14.85	1.17	16.14
7. Industries	..	0.12	10.04	1.65	11.81
8. Animal Husbandry	0.25	0.95	9.55	0.95	11.70
9. Education	0.42	1.33	6.27	2.24	10.26
10. Public Works—					
(i) Buildings and Roads	..	0.45	35.03	1,75.98	2,11.46
(ii) Electricity	..	0.01	5.02	9.61	14.64
11. Others	0.17	4.90	22.40	8.88	36.35
Total	0.84	72.37	2,73.75	3,53.96	7,00.92

Detailed Contingent Bills—The amount held under objections for want of detailed contingent bills represents expenditure incurred from advances for contingent expenditure in respect of which detailed accounts, duly countersigned by the controlling authority, have not been furnished; of the outstanding amount of Rs. 0.84 lakh drawn during the year 1962-63 to 1966-67, Rs. 0.67 lakh had been drawn upto 1965-66. Inordinate delay in furnishing the detailed accounts to Audit results in the entire expenditure in question escaping audit for long periods.

Want of vouchers and/or payees' stamped receipts—The objections pertain to expenditure which could not be checked in audit owing to non-submission by the disbursing officers of vouchers and/or payees' receipts for payments made to the suppliers and others for supplies or services provided by them to Government. It will be seen that about 39.06 per cent of the total amount of outstanding objections is for want of vouchers and payees' receipts (Rs. 2,73.75 lakhs). The delay in the submission of these documents to Audit may result in frauds, unauthorised expenditure, etc. remaining undetected for unduly long periods.

Other items—These comprise mainly the following types of objections:—

- (1) Advances pending adjustments.
- (2) Excess payments and short recoveries.

36. *Outstanding Inspection Reports*—Important irregularities and defects in accounts noticed during local audit and inspections are included in the inspection reports which are sent to the departmental officers for necessary action. The points mentioned therein are required to be settled expeditiously so that irregularities may not persist or recur. That adequate action was not taken by the departmental officers on these inspection reports, is indicated by the fact that as many as 2,222 inspection reports containing 11,490 paragraphs issued upto 1966-67 (some of which date back to 1949-50) remained undisposed of at the end of November, 1967.

From the following table, it will be seen that the number of outstanding inspection reports has continued to be heavy:—

Number of inspection reports
shown as outstanding in the
Audit Reports
of

1966 1967 1968

Number of inspection reports out- standing	1,179	1,642	2,222*
Number of paragraphs in these reports	5,928	8,117	11,490

The departments in whose case the outstandings are heavy, are indicated below:—

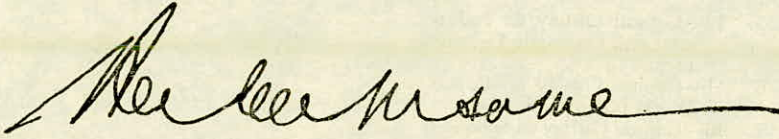
Department	Number of reports	Outstand- ing para- graphs in the reports	Year of issue of the ear- liest outstan- ding reports
Education	274	1,122	1950-51
Public Works—			
(i) Buildings and Roads	274	1,865	1950-51
(ii) Electricity	40	354	1956-57
Agriculture	244	1,104	1951-52
Industries	217	808	1951-52
Development	173	1,087	1957-58
Forest	165	1,043	1949-50
Medical	113	519	1951-52

Although Government have prescribed a time limit of four weeks for submission of the first replies to the inspection reports, these were considerably delayed. The total number of inspection reports to which the first replies were not received was 95 as on November 30, 1967, of which the first replies to 13 reports had not been furnished for two years and over and to 43 reports for over one year. The position has shown no improvement despite the fact that the details of such inspection reports were reported monthly to Government and the Heads of Departments; some of the departments in which there has been considerable delay in sending the first replies to the inspection reports, are shown below:—

*Includes outstanding inspection reports/paragraphs pertaining to hilly areas of Punjab merged with Himachal Pradesh in November, 1966.

Department	Number of Inspection Reports to which the first replies were awaited for			Total
	6 months	1 year	2 years	
Community Development	3	10	8	21
Agriculture	6	2	1	9
Animal Husbandry	7	2	..	9
Medical and Public Health	4	2	..	6
Education	5	1	..	6
Revenue	..	3	1	4
Public Works—				
(i) Buildings and Roads	4	1	..	5
(ii) Electricity	..	18	1	19

The important types of irregularities noticed during local audit and inspection in 1966-67 are mentioned in Appendix VI.

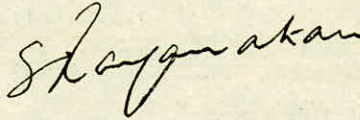


(H. S. SAMUEL)

SIMLA: Accountant General, Punjab, Haryana and Himachal.
The

310 MAY 1968

Countersigned.



(S. RANGANATHAN)

NEW DELHI: Comptroller and Auditor General of India.

The

6 JUN 1968

APPENDIX I

(Referred to in paragraph 12 page 11)

STATEMENT SHOWING THE CASES IN WHICH SUPPLEMENTARY GRANTS PROVED ENTIRELY UNNECESSARY/EXCESSIVE/INADEQUATE

Serial No.	Number and name of grant	Original grant	Supplementary grant	Final grant	(Rupees lakhs)		Percentage of saving/ <i>in %</i>
					Expenditure	Excess + Saving—	
<i>I—Cases in which supplementary grants proved entirely unnecessary</i>							
<i>Social and Developmental Services</i>							
1.	21—Industries	42.54	5.00	47.54	40.82	—6.72	14.13
		<i>Other Services</i>					
2.	34-A—Other Miscellaneous Compensations and Assignments	..	0.60	0.60	..	—0.60	100
<i>II—Cases in which supplementary grants proved to be substantially excessive</i>							
<i>Other Services</i>							
1.	8—Parliament, State/Union Territory Legislatures	5.72	9.86	15.58	9.54	—6.04	38.77
2.	9—General Administration	71.57	36.79	1,08.36	95.49	—12.87	11.88
3.	32—Stationery and Printing	8.95	4.90	13.85	11.55	—2.30	16.61
<i>Social and Developmental Services</i>							
4.	18—Agriculture	1,14.49	54.69	1,69.18	1,38.10	—31.08	18.37
<i>Capital—Miscellaneous</i>							
5.	39—Capital Outlay on Industrial and Economic Development	6.51	2.20	8.71	6.66	—2.05	23.54
6.	41—Capital Outlay on Public Works (Communications)	2,40.40	42.12	2,82.52	2,49.17	—33.35	11.80
7.	46—Capital Outlay on Schemes of Government Trading	1,19.70	16.50	1,36.20	1,26.03	—10.17	7.47
<i>III—Cases in which supplementary grants proved to be substantially inadequate</i>							
<i>Debt Services</i>							
1.	Interest on Debt and other Obligations (Charged)	55.33	27.07	82.40	93.68	+11.28	13.69
<i>Social and Developmental Services</i>							
2.	16—Medical	92.29	14.58	1,06.87	1,11.56	+4.69	4.39
3.	17—Public Health	42.30	7.70	50.00	52.84	+2.84	5.68
<i>Public Works</i>							
4.	27—Communications	48.97	1,11.88	1,60.85	1,94.92	+34.07	21.18
5.	28—Other Public Works	4,15.50	45.60	4,61.10	4,71.62	+10.52	2.28
<i>Transport and Communications</i>							
6.	29—Road and Water Transport Schemes	1,56.00	44.50	2,00.50	2,03.04	+2.54	1.27
<i>Debt</i>							
7.	Public Debt (Charged)	..	1.94	1.94	78.59	+76.65	(About 40 times of the provision)

APPENDIX II

(Referred to in paragraph 14 page 14)

STATEMENT SHOWING SAVING UNDER GRANTS

Serial No.	Number and name of grant or appropriation	Original/Supplementary	(Rupees lakhs)		Saving	Percentage of saving
			Total grant	Expenditure		
<i>I—Cases where the saving amounted to 20 per cent or more of the total grant</i>						
<i>Other Services</i>						
1.	7—Registration Fees	0.02	0.08	0.04	0.04	50.00
		0.06				
2.	8—Parliament, State/Union Territory Legislatures	5.72	15.53	9.54	6.04	38.77
		9.86				
3.	34-A—Other Miscellaneous Compensations and Assignments	—	0.60	..	0.60	100.00
		0.60				
4.	45—Payments of Commuted value of Pensions	0.15	0.15	0.06	0.09	60.00
<i>Social and Developmental Services</i>						
5.	18—Agriculture (Charged)	—	0.48	..	0.48	100.00
		0.48				
<i>Capital—Miscellaneous</i>						
6.	38—Capital Outlay on Schemes of Agricultural Improvement and Research	12.84	12.84	4.69	8.15	63.47
		6.51				
7.	39—Capital Outlay on Industrial and Economic Development	2.20	8.71	6.66	2.05	23.54
		..				
8.	42—Capital Outlay on Public Works—Buildings (Charged)	0.81	0.81	0.57	0.24	29.63
9.	44—Capital Outlay on Forests	18.00	18.00	13.36	4.64	25.78
<i>II—Cases where the savings were more than 10 per cent but not exceeding 20 per cent of the total grant</i>						
<i>Other Services</i>						
10.	9—General Administration	71.57	1,08.36	95.49	12.87	11.88
		36.79				
		3.70				
11.	13—Miscellaneous Departments	1.72	5.42	4.68	0.74	13.65
		8.95				
12.	32—Stationery and Printing	4.90	13.85	11.55	2.30	16.61
<i>Social and Developmental Services</i>						
13.	18—Agriculture	1,14.49	1,69.18	1,38.10	31.08	18.37
		54.69				
		42.54				
14.	21—Industries	5.00	47.54	40.82	6.72	14.14
		10.32				
15.	24—Miscellaneous Social and Developmental Organisations	7.40	17.72	14.90	2.82	15.91
<i>Capital—Miscellaneous</i>						
16.	41—Capital Outlay on Public Works (Communications)	2,40.40	2,82.52	2,49.17	33.35	11.80
		42.12				

APPENDIX III*(Referred to in paragraph 35 page 34)***STATEMENT SHOWING A YEAR-WISE ANALYSIS OF AUDIT OBJECTIONS**

Year of issue	Number of objections	Amount (In lakhs of rupees)
1960-61 and earlier years	1,087	37.44
1961-62	516	32.88
1962-63	539	11.75
1963-64	896	12.95
1964-65	1,980	45.19
1965-66	5,208	1,55.10
1966-67	11,743	4,05.61
Total	21,969	7,00.92

APPENDIX IV

(Referred to in paragraph 34 page 31)

SUMMARY OF THE FINANCIAL RESULTS OF THE WORKING OF COMMERCIAL/
QUASI-COMMERCIAL DEPARTMENTAL UNDERTAKINGS

Serial No.	Name of commercial/ quasi-commercial concern	Capital as on 31st March, 1967	Block assets (Net)	Depre- ciation	(Rupees lakhs)		Percentage of profit on mean capital
					Income out-turn	Profit+ Loss—	
1.	Rosin and Turpentine Factory	47.02	6.36	4.89	42.61	0.24*	0.51

*Please see note below para 34.

APPENDIX

(Referred to in paragraph

PRO FORMA ACCOUNTS OF GOVERNMENT
HIMACHAL PRADESH GOVERNMENT
BALANCE SHEET AS ON

<i>As on 31st March, 1966</i>	<i>Capital and Liabilities</i>	<i>As on 31st March, 1967</i>
Rs.		Rs.
41,38,103	Capital	47,02,474
2,10,319	Liabilities for expenses and supplies	3,73,782
8,531	Security of staff	9,064

43,56,953	Grand Total	50,85,320
TRADING AND PROFIT AND LOSS ACCOUNT FOR		
<i>As on 31st March, 1966</i>	<i>Particulars</i>	<i>As on 31st March, 1967</i>
Rs.		Rs.
	To	
18,17,349	Opening stocks of finished goods	12,69,694
38,84,522	Finished goods transferred from Manufacturing Accounts	40,36,279
10,862	Depreciated value of barrels sold and rejected tins transferred from Manufacturing Accounts	21,315
9,07,353	Gross profit carried down	4,51,529
66,20,086	Total	57,78,817
1,31,193	Salaries and other expenses	1,94,615
21,999	Depreciation	33,488
1,46,466	Interest on Capital Outlay	1,77,254
3,523	Audit Fee	6,994
43,792	Miscellaneous	68,872
50,940	Loss of turpentine oil in storage found short at the time of physical checking	54,895
5,74,295	Net profit carried down to Balance Sheet	24,458
9,72,208	Total	5,60,576

V

34 page 31)

COMMERCIAL DEPARTMENT

ROSIN AND TURPENTINE FACTORY, NAHAN
31st MARCH, 1967

As on 31st March, 1966 Rs.	<i>Property and Assets</i>	As on 31st March, 1967 Rs.
	<i>Fixed Assets</i>	
3,96,908	Buildings	4,44,686
20,632	Machinery	61,763
4,511	Vehicles	1,041
8,814	Electric Lines and Fittings	10,818
11,130	Furniture	12,369
582	Books	548
..	Typewriters	1,084
5,887	Laboratory Apparatus and Fittings	5,238
2,757	Tools and Implements	3,032
36,368	Barrels	36,220
10,203	Jeep	8,915
18,905	Weigh Bridge	16,858
6,278	Water Supply Lines and Fittings	5,580
11,090	Turpentine Oil Storage Tanks	20,265
3,532	Fire-fighting Equipment	3,583
..	Vats	3,636
	<i>Closing stocks</i>	
7,38,632	Raw Material (Resin)	6,70,026
12,96,260	Finished Products/Rejected Tins	15,34,799
1,47,099	Stores	3,55,625
1,823	Postage Stamps and Stationery	1,752
15,02,867	Sundry Debtors	16,05,786
1,500	Securities	1,500
1,22,643	Cheques under Collection	2,71,131
1	Cash and Other Balance	1
8,531	Securities of Employees and Contractors as per <i>Contra</i>	9,064
43,56,953	Grand Total	50,85,320

THE YEAR ENDING 31st MARCH, 1967

As on 31st March, 1966 Rs.	<i>Particulars</i>	As on 31st March, 1967 Rs.
53,50,392	By	
12,69,694	Sale effected during the year	42,61,102
	Stock of finished goods	15,17,715
66,20,086	Total	57,78,817
9,07,353	Trading gross profit brought down	4,51,529
13,915	Miscellaneous receipts	7,430
..	Amount on account of excess liability on resin for previous years written back	46,722
50,940	Loss of turpentine oil in storage found short at the time of physical checking	54,895
9,72,208	Total	5,60,576

STORES ACCOUNT FOR THE YEAR ENDING 31ST MARCH, 1967

Serial No.	Particulars	Raw material Rs.	Stores Rs.	Finished products Rs.	Total Rs.
1.	Value of opening balance of stores on 1st April, 1966	7,38,632	1,47,099	12,58,634	21,44,365
2.	Value of stores received during the year	30,51,590	8,61,582	39,16,403	78,29,575
	Total	37,90,222	10,08,681	51,75,037	99,73,940
3.	Value of goods sold during the year	36,63,039	36,63,039
4.	Value of goods utilised during the year	31,20,196	6,53,056	..	37,73,252
	Total	31,20,196	6,53,056	36,63,039	74,36,291
5.	Value of closing balance of stores on 31st March, 1967	6,70,026	3,55,625	15,11,998	25,37,649

APPENDIX VI

*(Referred to in paragraph 35 page 37)*IMPORTANT TYPES OF IRREGULARITIES NOTICED DURING LOCAL AUDIT AND
INSPECTION CONDUCTED DURING 1966-67

	Number of offices in which the irregularity was noticed
I—CIVIL OFFICES—	
(i) Non-observance of rules regarding reconciliation of withdrawals from and remittances into treasury	61
(ii) Improper maintenance of General Provident Fund Accounts of Class IV employees	54
(iii) Non-realisation of security deposits from officials handling cash, stores, etc.	51
(iv) Non-observance of rules relating to posting and maintenance of cash book and physical verification of cash	33
(v) Non-observance of rules regarding annual physical verification of stores	26
(vi) Defective maintenance of log books, store registers	18
(vii) Drawal of money from treasury in advance of requirement to avoid lapse of budget grant	12
II—PUBLIC WORKS OFFICES—	
(i) Losses and shortages of stores	17
(ii) Non-accountal of stores	17
(iii) Avoidable expenditure on carriage/interest/demurrage	12
(iv) Unauthorised financial aid to contractors	6
(v) Delay in effecting recoveries due from contractors	6
(vi) Fictitious adjustment of stores	6

