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GOVERNMENT OF MADHYA PRADESH

REPORT
OF THE
COMPTROLLER
AND
AUDITOR GENERAL OF INDIA
FOR THE YEAR 1975-76
(CIVIL)



GOVERNMENT OF MADHYA PRADESH

REPORT
OF THE
COMPTROLLER
AND
AUDITOR GENERAL OF INDIA

FOR THE YEAR 1973-74

(PART I)

PREFATORY REMARKS

This Report has been prepared both in Hindi and English for submission to the Governor under Article 151 of the Constitution. It relates mainly to matters arising from the Appropriation Accounts for the year 1975-76 together with other points arising from the audit of the financial transactions of the Government of Madhya Pradesh. It also includes certain points of interest arising from the Finance Accounts for the year 1975-76.

2. The Report containing the observations of Audit on Statutory Corporations, Boards and Government Companies and the Report containing the observations of Audit on Revenue Receipts are presented separately.

3. The cases mentioned in the Report are among those which came to notice in the course of test audit of accounts during the year 1975-76 as well as those which had come to notice in earlier years but could not be dealt with in previous Reports; matters relating to the period subsequent to 1975-76 have also been included, wherever considered necessary.

4. The points brought out in this Report are not intended to convey or to be understood as conveying any general reflection on the financial administration by the departments/bodies/ authorities concerned.

TITLE PAGE

THE
 HISTORY OF THE
 UNITED STATES OF AMERICA
 FROM 1789 TO THE PRESENT
 BY
 CHARLES A. BEAN

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 (1789-1800)

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ERRATA

Report of the Comptroller and Auditor General of India for the year 1975-76
Government of Madhya Pradesh (Civil)

Page No.	Reference	For	Read
(iii)	Title of para 6.6	Add 'temporary' between 'of' and 'water'	
10	Heading of Col.4	Decrease (—)	Decrease (—)
13	Heading of Col.4	Increase (+)	Increase (+)
19	Para 1.11—2nd line of sub-para (a)	periodical	periodical
22	Para 1.14—4th line of sub-para (a)	Again	Again,
36	S.No.1—Col.5, 15th line	Government	Government
40	Heading of Col.5	withdrawn	withdrawn
48	Line 11	department	department
54	Para 3.1—Sub-para 3.1.6 (ii)—4th line	Scheme	Schemes
56	Line 8 of sub-para 3.2.2	below:	below:
62	Table, Col.4—Heading	Expeniture	Expenditure
63	Para 3.2.3(D)(ii)—3rd line	sparayers	sprayers
64	24th line from top	gricultural	agricultural
67	10th line from top	only five	only five
74	Sub-para 3.6.2, 5th line	Districts	districts
75	Line 12	(December 1976)	(December 1976)
76	2nd line of 2nd sub-para	twentyone	twenty one
79	Line 10 of para 3.10	Add 'are' between 'developments' and 'awaited'	
79	Last line	res pective	respective
89	Line 12	an	one
90	2nd para—line 5	reported	repeated
102	Para 5.11—first line	cheek	check
102	Line 4 from bottom	Furter	Further
104	Line 3	palnt	plant
108	Table, S.No. 2—1st line	fiourescent	fluorescent
113	15th line from bottom	hops-	shops-
113	Line 6 from bottom	constucted	constructed
116	Sub-para (i)(a) S.No.3	aud	and
117	Entry in Col.5 against 5th item of table	recorvered	recovered
121	Line 3	andanew	and a new
123	Line 20	aurhotiry	authority
126	Line 12	percent	per cent
126	Heading of the statement in para 6.8.3	fnancial	financial
128	Line 12 from bottom	ependiture	expenditure

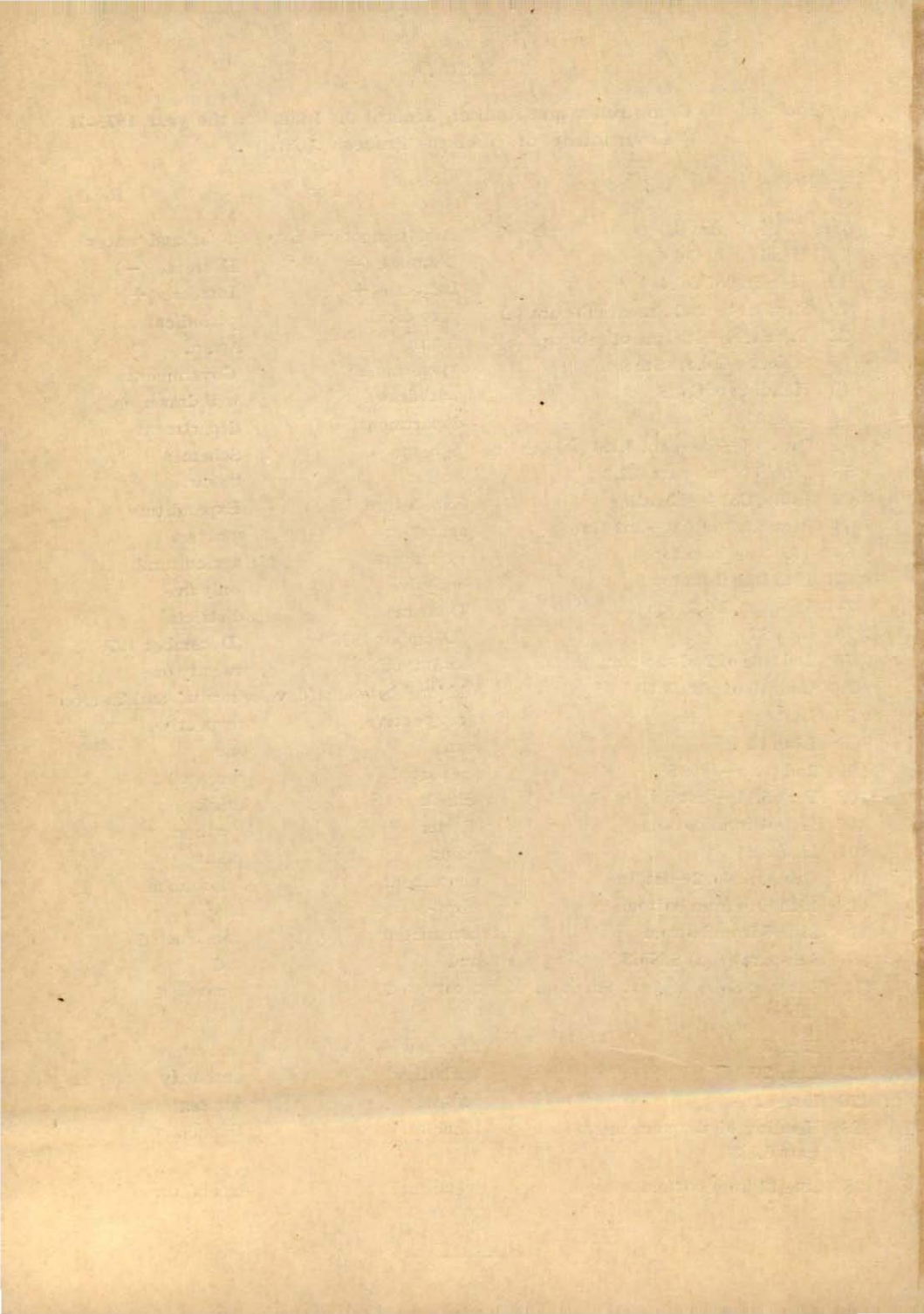


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CHAPTER I GENERAL

1.1. Summary of transactions

The receipts and expenditure of the Government during 1975-76 and the preceding year are given below:

(1)	1974-75 (2)	1975-76 (3)
	<i>(In crores of rupees)</i>	
(1) Revenue—		
(i) Revenue raised by the State Government	2,90.69	[3,77.30
(ii) Receipts from the Government of India	1,32.69	1,69.48
Total—Revenue	4,23.38	5,46.78
(iii) Revenue Expenditure—		
Non-Plan	3,34.71	3,66.98
Plan	53.02	61.36
Total—Revenue Expenditure	3,87.73	4,28.32
Revenue Surplus (+)	+35.65	+1,18.46
(2) Debt—		
(i) Internal Debt—		
(a) Market Loans—		
Receipts	10.28	9.79
Repayments	4.95	0.09
Increase (+)	+5.33	+9.70
(b) Loans from autonomous bodies—		
Receipts	3.20	3.56
Repayments	2.23	2.45
Increase (+)	+0.97	+1.11
(c) Ways and Means advances from the Reserve Bank of India—j		
Receipts	2,05.84	2,41.25
Repayments	1,97.56	2,57.02
Increase (+)	+8.28	-15.77
Decrease (-)		
Total—Internal Debt (Net)		
Increase (+)		
Decrease (-)	+14.58	-4.96

(1)	1974-75 (2)	1975-76 (3)
(In crores of rupees)		
(ii) Loans and Advances from Central Government—		
Receipts	57.83	67.96
Repayments	22.79	36.69
Increase (+)	<u>+35.04</u>	<u>+31.27</u>
Total—Debt (Net)		
Increase (+)	<u>+49.62</u>	<u>+26.31</u>
(3) Capital Expenditure—		
Non-Plan	4.22	4.80
Plan	76.91	79.27
Increase (—)	<u>—81.13</u>	<u>—84.07</u>
(4) Loans and Advances by the State Government—		
Recoveries	20.01	39.53
Disbursements	47.93	94.56
Increase (—)	<u>—27.92</u>	<u>—55.03</u>
(5) Inter-State Settlement—		
Increase (—)		—0.03
(6) Contingency Fund (Net)—		
Increase (+)		+2.34
Decrease (—)	—4.72	
(7) Public Account—		
Receipts	4,80.53	5,01.97
Disbursements	4,52.49	5,04.15
Increase (+)	<u>+28.04</u>	<u>—2.18</u>
Decrease (—)		
Surplus (+)		
Net	<u>—0.46</u>	<u>+5.80</u>
Deficit (—)		

(1)	1974-75	1975-76
	(2)	(3)
(In crores of rupees)		
(8) <i>Cash Balance—</i>		
Opening Cash Balance	—24.62	—25.08
Surplus (+)		
Net ————— as above	—0.46	+5.80
Deficit (—)		
Closing Cash Balance	—25.08	—19.28(C)

1.2. Revenue surplus/deficit

(a) *Revenue receipts.*—The actuals of revenue receipts of the Government for 1975-76 as compared with the budget estimates and the budget estimates plus additional taxation during the year along with the corresponding figures for 1973-74 and 1974-75 are shown below :

Year	Budget	Budget plus additional taxation	Actuals	Variation between columns (4) and (3)	
				Amount increase (+) decrease (—)	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
(In crores of rupees)					
1973-74	3,54.56	3,54.56	3,51.84	—2.72	0.8
1974-75	3,91.33	4,08.15	4,23.38	+15.23	3.7
1975-76	4,56.34	4,62.75	5,46.78	+84.03	18.2

The Government expected additional revenue of Rs. 6.41 crores during 1975-76 from the changes made in the existing tax structure. Details of the changes introduced and the yield anticipated from each change are given in explanatory note (2) to Statement No. 1 of the Finance Accounts 1975-76.

(b) *Expenditure on revenue account.*—Expenditure on revenue account during 1975-76 as compared with the budget estimates and the budget estimates plus

(C) There was a difference (Rs. 1.73 crores) between the figure reflected in the accounts (Rs. 19.51 crores) and that reported by the Reserve Bank of India (Rs. 17.78 crores) regarding 'Deposits with Reserve Bank' (included in the cash balance). Difference to the extent of Rs. 1.21 crores has since been reconciled (March 1977); the remaining difference is under reconciliation.

supplementary provision and corresponding figures for the preceding two years is shown below:

Year (1)	Budget (2)	Budget plus Supple- mentary (3)	Actuals (4)	Variations between columns (4) and (3)	
				Amount of decrease (5)	Percentage (6)
				(In crores of rupees)	
1973-74	3,35.49	3,60.30	3,34.39	25.91	7
1974-75	3,83.69	4,14.39	3,87.73	26.66	6
1975-76	4,21.25	4,66.87	4,28.32	38.55	8

(c) The year ended with a revenue surplus of Rs. 1,18.46 crores against a surplus of Rs. 35.09 crores anticipated in the budget.

The State has had a revenue surplus continuously since 1968-69. The figures of revenue surplus for the year under review compared with the corresponding figures for the last two years are given below:

Year (1)	Revenue Surplus (2)
	(In crores of rupees)
1973-74	17.45
1974-75	35.65
1975-76	1,18.46

1.3. Revenue receipts

During 1975-76, revenue receipts (Rs. 5,46.78 crores) showed an increase of Rs. 1,23.4) crores (27.15 per cent) over those in 1974-75 (Rs. 4,23.38 crores). The increase is analysed below :

(1)	Receipts		Increase(+) Decrease(-) (4)
	1974-75 (2)	1975-76 (3)	
	(In crores of rupees)		
REVENUE RAISED BY THE STATE GOVERNMENT			
Tax Revenue—			
(i) Taxes on income and expenditure	1.04	1.51	+0.47
(ii) Taxes on property and capital transactions	27.64	41.24	+13.60
(iii) Taxes on commodities and services	1,44.15	1,88.72	+44.57
Total—Tax Revenue	1,72.83	2,31.47	+58.64

(1)	Receipts		Increase(+) Decrease(-) (4)
	1974-75 (2)	1975-76 (3)	
	(In crores of rupees)		
Non-Tax Revenue—			
(i) Interest receipts, dividends and profits	18.14	23.60	+5.46
(ii) Other Non-Tax Revenue—			
(a) General Services	6.64	9.59	+2.95
(b) Social and Community Services	6.07	9.09	+3.02
(c) Economic Services	87.01	1,03.55	+16.54
Total—Other Non-Tax Revenue	99.72	1,22.23	+22.51
Total—Non-Tax Revenue	1,17.86	1,45.83	+27.97
Total—Revenue raised by the State Government	2,90.69	3,77.30	+86.61

RECEIPTS FROM THE GOVERNMENT OF INDIA

(i) Share of net proceeds of Union Taxes—

(a) Taxes on Income other than Corporation Tax	37.40	53.59	+16.19
(b) Estate Duty	0.71	0.60	-0.11
(c) Union Excise Duties	55.13	67.31	+12.18
(ii) Other grants—			
A—Grants for Non-Plan Schemes—			
(a) Grants under Proviso to Article 275 (1) of the Constitution	..	..	..
(b) Grants in lieu of Tax on Railway passenger fare	1.61	1.61	..
(c) Grants for different purposes and schemes	2.28	1.33	-0.95
B—Grants for State Plan Schemes	18.52	22.84	+4.32
C—Grants for Central Plan Schemes	5.50	6.74	+1.24
D—Grants for Centrally Sponsored Plan Schemes—			
(a) Grants under proviso to Article 275 (1) of the Constitution	1.97	..	-1.97

(1)	Receipts		Increase(+)
	1974-75	1975-76	Decrease(-)
	(2)	(3)	(4)
	(In crores of rupees)		
(b) Grants for different purposes and schemes	9.57	15.46	+5.89
Total—Receipts from the Government of India	1,32.69	1,69.48	+36.79
GRAND TOTAL (Revenue Receipts)	4,23.38	5,46.78	+1,23.40

Sales Tax (Rs. 1,17.38 crores) was the largest item under "Tax Revenue" and formed 50.70 per cent of the total tax collected. Forest (Rs.76.81 crores) was the biggest source of revenue under "Non-Tax Revenue", the receipts being 52.67 per cent of such revenue.

The increase of Rs. 86.61 crores in the revenue raised by the State Government during 1975-76 was mainly under:—

Head of account	Increase over 1974-75	Reasons for increase
(1)	(2)	(3)
	(In crores of rupees)	
<i>A—Tax Revenue—</i>		
029—Land Revenue	9.13	Due mainly to full year's impact of the new taxation measures adopted in 1974-75 and increased collection of arrears of land revenue and other taxes.
030—Stamps and Registration Fees	3.36	Due mainly to revision of the rates of court fees and increased sale of non-judicial stamps.
035—Taxes on Immovable Property other than Agricultural Land	1.11	Due mainly to increased collection of taxes on immovable property in urban areas.
039—State Excise	5.77	Mainly on account of full year's effect of the measures adopted in 1974-75 for additional revenue.

Head of account	Increase over 1974-75	Reasons for increase
(1)	(2)	(3)
	<i>(In crores of rupees)</i>	
040—Sales Tax	33.64	Mainly owing to additional taxation measures introduced during the year as also full year's effect of the taxation changes in 1974-75.
041—Taxes on Vehicles	1.21	More receipts as a result of full year's effect of additional taxes and fees introduced in 1974-75.
042—Taxes on Goods and Passengers	2.73	Due mainly to additional measures introduced during the year, more taxation receipts consequent on increase in the rates of bus fare and normal growth of revenue.
045—Other Taxes and Duties on Commodities and Services	1.12	More receipts due to normal growth of revenue and full year's impact of the taxation changes introduced in 1974-75.
B—Non-Tax Revenue—		
049—Interest Receipts	5.07	Due mainly to increased amount of loans advanced to public sector and other undertakings, local bodies and advances to cultivators in the past years.
053—Police	1.28	Due mainly to increased recovery of the cost of police supplied to other Governments, local bodies and private parties.

Head of account (1)	Increase over 1974-75 (2) (In crores of rupees)	Reasons for increase (3)
058—Stationery and Printing	1.11	More receipts due mainly to increased sale of stationery articles, gazettes, etc., and recovery of the cost of printing of text books.
113—Forest	8.43	Due mainly to increase in receipts from State trading in timber, <i>tendu patta</i> and other forest produce.
128—Mines and Minerals	3.93	Due mainly to enhancement of the rates of concession fee and royalty on the extraction of various minerals and increased sale of rock phosphate.
133—Irrigation, Navigation, Drainage and Flood Control Projects	1.22	Due mainly to larger receipt from sale of water and recovery of arrears.

Receipts from the Government of India during 1975-76 (Rs. 1,69.48 crores) were 31 per cent of the total revenue receipts of the year.

Increase of Rs. 36.79 crores in the receipts from the Government of India during 1975-76 was due mainly to larger share of net proceeds of Union Taxes accruing to the State (Rs. 28.26 crores) and more assistance received for State Plan Schemes (Rs. 4.32 crores), Centrally Sponsored Plan Schemes (Rs. 3.92 crores) and Central Plan Schemes (Rs. 1.24 crores) counterbalanced by lesser grants for non-Plan schemes (Rs. 0.95 crore).

1.4. Arrears of revenue

According to the information furnished by some of the departments, arrears in collection of revenue at the end of 1975-76 were Rs. 50.02 crores against

Rs. 48.98 @ crores at its beginning as analysed below :

Head of revenue	At the beginning of the year	At the end of the year
(1)	(2)	(3)
	<i>(In crores of rupees)</i>	
Land Revenue	13.66	14.05*
Forest	11.56	9.61**
Irrigation	9.11	11.86
Sales Tax	6.40	6.12
State Excise Duties	3.40	3.11
Geology and Mining	2.98	3.36
Electricity Duty, etc.	0.71	0.66
Stationery and Printing	0.37	0.37
Taxes on Vehicles	0.30	0.31
Administration of Justice	0.29	0.35
Animal Husbandry	0.13	0.15
Labour and Employment	0.04	0.04
Co-operation	0.03 @	0.03
Total	48.98 @	50.02

Further details are given in the separate Report (Revenue Receipts) of the Comptroller and Auditor General of India for the year 1975-76-Government of Madhya Pradesh.

1.5. Expenditure on revenue account

Expenditure on revenue account during 1975-76 (Rs. 4,28.32 crores) showed increase of Rs. 40.59 crores as compared with 1974-75 (Rs. 3,87.73 crores). The variation is analysed below (in important cases, the reasons for increase/decrease are also given) :

Head of account	Expenditure		Increase(+) Decrease(-)
	1974-75	1975-76	
(1)	(2)	(3)	(4)
<i>(In crores of rupees)</i>			
A—GENERAL SERVICES			
(a) Organs of State	4.23	5.63	+1.40
(b) Fiscal Services	16.40	17.71	+1.31
(c) Interest payments and servicing of debt	34.04	44.11	+10.07
Due mainly to increased borrowings from Central Government, the Reserve Bank of India and other autonomous bodies.			

@ Differs from the corresponding figure shown in the Report of the Comptroller and Auditor General of India for the year 1974-75 (Civil) by Rs. 0.03 crore due to addition of information relating to Co-operation Department.

* Excludes the figures pertaining to Commissioner, Chambal Division, Cwallor from whom the information was awaited (March 1977).

** Excludes the figures pertaining to Jabalpur Forest Division from whom the information was awaited (March 1977).

Head of account (1)	Expenditure		Increase(+)
	1974-75 (2)	1975-76 (3)	Decrease(-) (4)
<i>(In crores of rupees)</i>			
(d) Administrative Services			
Police	27.77	29.67	+1.90
	Due mainly to increase in expenditure consequent on the repatriation of special police force deputed to other States.		
Public Works	0.52	1.55	+1.03
	More expenditure on maintenance and repairs consequent on increase in the number of buildings and cost of material and labour.		
Other Administrative Services	16.96	19.22	+2.26
Total—Administrative Services	45.25	50.44	+5.19
(e) Pensions and Miscellaneous General Services			
Pensions and other Retirement Benefits	5.19	7.00	+1.81
	More expenditure due mainly to more retirements.		
Aid Materials and Equipment	0.71	2.13	+1.42
	Due to more materials and equipment received under Technical Co-operation Agreement Programme.		
Miscellaneous General Services	1.10	0.92	-0.18
Total—Pensions and Miscellaneous General Services	7.00	10.05	+3.05
Total—A—General Services	1,06.92	1,27.94	+21.02
B—SOCIAL AND COMMUNITY SERVICES			
Education	92.48	98.65	+6.17
	Due mainly to increase in the rates of dearness allowance, payment of arrears of pay and allowances to staff in cases where revision of pay scales could be given effect to only during 1975-76 and filling up of vacant posts.		

Head of account (1)	Expenditure		Increase (+) Decrease(-)
	1974-75 (2)	1975-76 (3)	(4)
	<i>(In crores of rupees)</i>		
Medical	18.60	20.11	+1.51
	Due mainly to enhancement in the rates of dearness allowance and more purchase of medicines and other hospital equipment.		
Public Health, Sanitation and Water Supply	19.14	11.97	-7.17
	Due mainly to increased recovery and adjustment of "Miscellaneous Works Advances".		
Urban Development	3.16	1.58	-1.58
	Due mainly to less payment of grants to local bodies.		
Other Social and Community Services	39.78	40.40	+0.62
Total—B—Social and Community Services	1,73.16	1,72.71	-0.45
<hr/>			
C—ECONOMIC SERVICES			
(a) General Economic Services	3.26	3.64	+0.38
<hr/>			
(b) Agriculture and Allied Services			
Agriculture	10.46	13.18	+2.72
	Due mainly to expenditure on schemes relating to small and marginal farmers and agricultural labour.		
Minor Irrigation	4.45	8.61	+4.16
	Due mainly to expenditure on various minor irrigation schemes undertaken as scarcity and relief measures.		
Area Development	1.46	5.25	+3.79
	Due to increased expenditure on integrated schemes of dry land agricultural development.		
Animal Husbandry	6.73	8.05	+1.32
	Due mainly to revision in the rates of dearness allowance.		

Head of account (1)	Expenditure		Increase(+) Decrease(-)
	1974-75 (2)	1975-76 (3)	(4)
(In crores of rupees)			
Forest	36.44	39.90	+3.46
	Due mainly to bringing more forest area under the Scheme of nationalisation of trade in timber, bamboos, etc.		
Community Development	6.89	8.37	+1.48
	Due mainly to increase in share of land revenue assigned to <i>panchayats</i> and increase in expenditure under the integrated area development programme.		
Other Agriculture and Allied Services	8.22	8.07	-0.15
Total—Agriculture and Allied Services	74.65	91.43	+16.78
(c) Industry and Minerals	2.62	2.98	+0.36
(d) Water and Power Development			
Irrigation, Navigation, Drainage and Flood Control Projects	1.84	0.24	-1.60
	Due mainly to settlement of less number of claims from suppliers for purchase of materials, etc.		
Other Water and Power Development Services	5.65	6.09	+0.44
Total—Water and Power Development	7.49	6.33	-1.16
(e) Transport and Communications			
Roads and Bridges	18.16	21.21	+3.05
	Due mainly to more roads and bridges taken up for construction as part of relief measures in scarcity hit areas and more expenditure on maintenance and repairs of State Highways.		

Head of Account (1)	Expenditure		Increase (+) Decrease(-) (4)
	1974-75 (2)	1975-76 (3)	
Other Transport and Communi- cation Services	0.07	0.12	+0.05
Total—Transport and Communi- cations	18.23	21.33	+3.10
Total—C—Economic Services	1,06.25	1,25.71	+19.46

D—GRANTS-IN-AID AND CONTRIBUTIONS

Compensation and Assignments to Local Bodies and Panchayati Raj Institutions	1.40	1.96	+0.56
Total—Revenue Expenditure	3,87.73	4,28.32	+40.59

1.6. Capital expenditure

(a) The Capital expenditure during the three years ending 1975-76 compared with the budget estimates and the budget estimates *plus* supplementary grants is as shown below :

Year (1)	Budget (2)	Budget <i>plus</i> supplemen- tary (3)	Actuals (4)	Variations between columns (4) and (3)	
				Amount of decrease (5)	Percentage (6)
(In crores of rupees)					
1973-74	77.38	87.84	64.47	23.37	27
1974-75	81.18	91.16	81.13	10.03	11
1975-76	80.75	85.80	84.07	1.73	2

(b) An analysis of the capital expenditure during and to the end of 1975-76 is given below :

Heads (1)	Expenditure during 1975-76 (2)	Progressive expenditure upto 1975-76 (3)
(In crores of rupees)		
Capital expenditure—		
Public Works	0.51	10.32(a)
Other General Services	0.09	0.15
Social and Community Services	7.28	96.04
General Economic Services	3.34	56.85

(a) Increased *pro forma* by Rs. 0.15 crore on reallocation of capital expenditure to the end of 1973-74 under "Transport and Communication Services" (c.f. footnote (c) on page 14)

Heads (1)	Expenditure during 1975-76 (2)	Progressive expenditure upto 1975-76 (3)
	(In crores of rupees)	
Agriculture and Allied Services	17.86	1,32.72 (b)
Industry and Minerals	2.23	23.95
Water and Power Development	41.15	2,97.04
Transport and Communications	11.61	1,02.27 (c)
Total—Capital Expenditure	84.07	7,19.34

(c) Sources from which Capital and other expenditure was met.—The Capital expenditure, the net outgo under loans and advances by the State Government and Inter-State settlement during 1975-76 were as follows :—

	(In crores of rupees)
(i) Net capital expenditure	84.07
(ii) Net outgo under loans and advances by the State Government	55.03
(iii) Inter-State Settlement	0.03
Total	1,39.13

The sources from which the above expenditure was met are shown below :

Heads	(In crores of rupees)
Net addition to—	
Market Loans	9.70
Loans from autonomous bodies	1.11
Advances from the Reserve Bank of India	—15.77
Loans from the Government of India	31.27
Small Savings, Provident Funds, etc.	21.12
Contingency Fund	2.34
Reserve Funds—	
Sinking Funds	1.17
Other Reserve Funds	1.12
Net balance under Deposits, Advances and Suspense and Miscellaneous, etc.	3.30
Remittances	—24.17
Miscellaneous	4.08
Increase in cash balance	—5.80
Increase in investments	—8.80
Revenue Surplus	+1,18.46
Total	1,39.13

(b) Increased *pro forma* by Rs. 1.42 crores on rectification of past accounts relating to capital expenditure under Agriculture (Rs. 0.05 crore) and Food (Rs. 1.37 crores).

(c) Decreased *pro forma* by Rs. 0.15 crore on reallocation of capital expenditure to the end of 1973-74 to the head "Public Works" (c.f. footnote (a) on page 13)

1.7. Loans and advances by the Government

(a) The actuals of disbursements of Loans and advances by the Government during 1975-76 as compared with (i) budget estimates and (ii) budget estimates plus supplementary grants along with the corresponding figures for 1973-74 and 1974-75 are shown below :

Year	Budget	Budget plus supplementary	Actuals	Variation between columns (4) and (3)	
				Amount	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
(In crores of rupees)					
1973-74	36.72	46.11	33.96	-12.15	26
1974-75	48.65	64.60	47.93	-16.67	26
1975-76	1,02.31	1,08.22	94.56	-13.66	13

(b) The budget estimates and actuals of recoveries of loans and advances for the year 1975-76 and preceding two years are given below :

Year	Budget	Actuals	Amount of decrease	Percentage
(1)	(2)	(3)	(4)	(5)
(In crores of rupees)				
1973-74	19.17	17.19	1.98	10
1974-75	29.16	20.01	9.15	31
1975-76	40.47	39.53	0.94	2

(c) The balance of loans outstanding on 31st March 1976 (Rs. 3,50.33 crores) was more by Rs. 55.03 crores as compared to that outstanding at the beginning of the year (Rs. 2,95.30 crores). The increase was due mainly to more loans for "Water and Power Development" (Rs. 58.55 crores) and "Social and Community Services" (Rs. 2.04 crores) partly offset by less loans under "General Economic Services" (Rs. 4.68 crores) and "Agriculture and Allied Services" (Rs. 1.79 crores).

The balance of loans to the Madhya Pradesh Electricity Board outstanding on 31st March 1976 was Rs. 2,40.73 crores. This does not include the capital expenditure incurred by the State Government on the Gandhi Sagar Power Station which was taken over by the Board on 1st April 1961 as the loan component of the capital expenditure has not been determined as yet by the Government. The Board has, however, taken the value of the Station as Rs. 9.43 crores and adjusted it in its accounts as loan pending final assessment by the Government.

Further details of outstanding loans and advances are given in Statement Nos. 5 and 18 of the Finance Accounts 1975-76.

(d) *Delay in recovery of loans and advances.*—Detailed accounts of certain classes of loans and advances are maintained by the Audit office while those of others are maintained by officers of the State Government. At the end of March 1976, recovery of Rs. 1,96.73 lakhs (principal: Rs. 1,06.26 lakhs;

interest : Rs. 90.47 lakhs) was overdue in respect of loans, the detailed accounts of which are maintained in the Audit Office.

Complete information about arrears in recovery of loans and advances, detailed accounts of which are maintained by departmental officers, has not been received in Audit. According to the information received (March 1977), recovery of Rs. 2.62 crores (principal : Rs. 2.45 crores; interest : Rs. 0.17 crore) was overdue at the end of 1975-76. Of this, an amount of Rs. 2.32 crores (principal : Rs. 2.20 crores; interest: Rs. 0.12 crore) was outstanding for recovery for more than three years on 31st March 1976.

Further details of such recoveries in arrears are given in Statement No. 5 of the Finance Accounts 1975-76.

1.8. Debt position of the Government

The debt and other obligations of the Government at the end of March 1976 compared with the corresponding amounts at the end of each of the two preceding years are given below :

(1)	1973-74 (2)	1974-75 (3)	1975-76 (4)
	(In crores of rupees)		
Public Debt	5,26.25	5,75.87	6,02.18
Other debt and obligations	1,50.79	1,88.11	2,21.06
Total	6,77.04	7,63.98	8,23.24

1.9. Public Debt

(a) An analysis of the public debt outstanding at the end of 1975-76 compared with the corresponding amounts at the end of the preceding two years is given below:

(1)	1973-74 (2)	1974-75 (3)	1975-76 (4)
	(In crores of rupees)		
(1) Long term borrowings—			
(i) Internal Debt—			
(a) Loans raised by the Government in open market	75.37	80.70	90.40
(b) Loans from autonomous bodies	25.91	26.88	27.90
(ii) Loans from the Government of India	4,17.48	4,52.52	4,83.79
(2) Temporary borrowings—			
Internal Debt—			
Ways and Means advances from the Reserve Bank of India	7.49	15.77	..
Total	5,26.25	5,75.87	6,02.18

The increase in liability of the Government on account of public debt is analysed below :

(1)	Loans raised during 1975-76	Loans repaid during 1975-76	Net increase(+) decrease(-) during 1975-76
	(2)	(3)	(4)
	(In crores of rupees)		
(1) Loans raised by the Government in open market	9.79	0.09	+9.70
(2) Loans from autonomous bodies	3.56	2.45	+1.11
(3) Loans from the Government of India	67.96	36.69	+31.27
(4) Ways and Means advances from the Reserve Bank of India	2,41.25	2,57.02	-15.77
Total	3,22.56	2,96.25	+26.31

(b) *Open market loans.*—During the year, the Government floated a loan of Rs. 9.99 crores (6 per cent Madhya Pradesh State Development Loan, 1985) at a discount of one per cent. The loan bears interest at the rate of 6 per cent per annum and is redeemable at face value in 1985. The actual amount subscribed was Rs. 9.89 crores of which Rs. 0.26 crore are lying in 'deposit account' pending issue of scrips.

No loan fell due for repayment during 1975-76. The Government paid Rs. 4.78 crores during the year as interest on open market loans.

(c) *Loans from autonomous bodies.*—This class of debt comprises loans obtained by the Government from various autonomous bodies such as the Life Insurance Corporation of India, the National Agriculture Credit Fund of the Reserve Bank of India, the State Bank of India and other banks, the National [Co-operative Development Corporation, the Housing and Urban Development Corporation and the Rural Electrification Corporation. During the year, the Government received Rs. 3.56 crores as loans from such bodies and made repayment of Rs. 2.45 crores. The balance of such loans outstanding at the end of the year was Rs. 27.99 crores. The Government paid Rs. 1.31 crores as interest to various autonomous bodies on loans received from them.

Further details of loans from autonomous bodies are given in Statement Nos. 17 and 17-A of the Finance Accounts 1975-76.

(d) *Loans from the Government of India.*—Loans from the Government of India outstanding on 31st March 1976 (Rs. 4,83.79 crores) formed 80.34 per cent of the total public debt of the State. There was a net addition of Rs. 31.27 crores (loans received : Rs. 67.96 crores; repaid : Rs. 36.69 crores) in 1975-76 to loans received from the Government of India. A sum of Rs. 21.81 crores was also paid by the State Government towards interest accrued on these loans.

Full particulars of the loans from the Government of India are available in Statement Nos. 17 and 17-A of the Finance Accounts 1975-76.

(e) *Ways and means advances from the Reserve Bank of India.*—Under an agreement with the Reserve Bank of India, the Government of Madhya Pradesh have to maintain with the Bank a minimum balance of Rs. 40 lakhs on each day. If the daily cash balance of the Government with the Bank falls short of this minimum, the deficiency is made good by taking ways and means advances (ordinary and special) from the Reserve Bank according to limits fixed by it from time to time or by selling holdings, if any, of Government of India treasury bills. The Bank charges interest on these advances at one per cent below the Bank rate in force. The balance of the ways and means advances outstanding at the beginning of the year was Rs. 15.77 crores. During the year the Government drew on various occasions amounts totalling Rs. 2,41.25 crores as ways and means advances (ordinary and special) and repaid Rs. 2,57.02 crores leaving no balance outstanding for repayment at the close of the year. Rupees 2.82 crores were also paid as interest to the Bank on these advances.

The extent to which the Government was able to maintain the agreed minimum balance with the Bank during 1975-76 is shown below :

(i) Number of days on which the minimum balance was maintained without obtaining any advance	9
(ii) Number of days on which the minimum balance was maintained by taking ways and means advances (ordinary and special)	293
(iii) Number of days on which overdrafts had to be taken as minimum balance could not be maintained even after obtaining ways and means advances to the full extent.	64

1.10. Other debt and obligations

In addition to the public debt, the balance under Small Savings, Provident Funds, etc. and the balances at the credit of earmarked and other funds as also certain deposits which have not been invested but are merged in the general cash balance of the Government constitute liability of the Government. The amount of such liability at the end of 1975-76 was Rs. 2,21.06 crores against

Rs. 1,88.11 crores at the beginning of the year. An analysis of the liability at the end of the years 1974-75 and 1975-76 is given below :

(1)	Total other debt and obligations outstanding at the end of	
	1974-75 (2)	1975-76 (3)
<i>(In crores of rupees)</i>		
<i>Other debt and obligations—</i>		
<i>(a) Interest bearing—</i>		
(1) Small Savings, Provident Funds etc.	1,24.93	1,46.05
(2) Civil Deposits	(a)	(b)
(3) Deposits of State Electricity Boards and Security deposits from consumers—Government Electricity Schemes	5.94	7.22
(4) Deposits of State Housing Board	0.50	..
(5) Other Deposits—Deposits of Government Companies and Corporations	0.06	0.02
(6) Miscellaneous Deposits—Deposits of Madhya Pradesh Government Servants' Family Benefit Fund	3.02	7.74
Total—Interest bearing	1,34.45	1,61.03
<i>(b) Non-interest bearing—</i>		
(1) Civil Deposits	25.28	28.93
(2) Deposits of local funds	0.43	0.40
(3) Earmarked funds and deposits	27.68	30.18
(4) Other Miscellaneous Deposits	0.27	0.52
Total—Non-interest bearing	53.66	60.03
Total—Other debt and obligations	1,88.11	2,21.06

1.11. Arrangements for amortisation

Following arrangements have been made for amortisation of various loans:—

(a) *Open market loans.*—Upto 1974-75, the terms notified while raising open market loans provided for suitable periodical contributions from revenue for the discharge of liabilities arising out of the loans. While the terms notified for the loans floated during 1975-76 did not specifically provide for such contributions, the Government have of their own decided to make amortisation arrangements for it similar to those for the loans raised prior to 1975-76.

(a) Actual is Rs. 6,581.

(b) Actual is Rs. 7,490.

Following arrangements exist for the amortisation of all open market loans :—

(i) *Sinking Funds*.—An annual contribution, at such rates as the Government may decide from time to time, is made from revenues to the funds for liquidation of the loans.

(ii) *Depreciation Funds*.—A sum equal to 1½ per cent of the total nominal value of the loan raised is set apart from revenue every year to form a depreciation fund for purchasing securities for cancellation.

The balances in these funds at the commencement and close of 1975-76 are given below:

(1)	Balance on Ist April 1975 (2)	Additions during the year (3)	Withdrawals during the year (4)	Balance on 31st March 1976 (5)
	(In lakhs of rupees)			
Sinking Funds	19,77.60	4,09.39	..	23,86.99
Depreciation Funds	5,45.25	1,21.06	..	6,66.31
Total	25,22.85	5,30.45	..	30,53.30

Out of these funds Rs. 10,21.45 lakhs were invested in securities of the Government of India. The balance stood merged in the general cash balance of the Government.

(b) *Loans from the Government of India*.—The Government have made amortisation arrangements for repayment of following loans taken from the Government of India :—

(1)	Additions (net) to sinking funds during 1975-76 (2)	Balance in the sinking funds on 31st March 1976 (3)
	(In lakhs of rupees)	
(i) Industrial housing loans (Balance outstanding at the end of March 1976: Rs. 1.83 lakhs)	..	2.20
(ii) Loans to Madhya Pradesh Government allocated out of the Government of India's consolidated borrowings, viz., 4¼ per cent loan 1973 (Balance outstanding at the end of March 1976 : Nil)	(*) —4,13.70	..
Total	—4.13.70	(**) 2.20

(*) Represents the net effect of interest realised on investments (Rs. 7.94 lakhs), and withdrawals on direct discharge of loan (Rs. 4,08.54 lakhs) together with loss on realisation of securities (Rs. 13.10 lakhs).

(**) Merged in the general cash balances of the Government.

The Government have not considered it necessary to make any arrangements for amortisation of the remaining loans (Rs. 4,83.78 crores) taken from the Government of India.

(c) *Loans from autonomous bodies.*—For loans taken from autonomous bodies also, the Government have not considered it necessary to make amortisation arrangements as the repayment of these loans is made from the general cash balances of the State in the prescribed periodical instalments by providing for it in the State's budget.

1.12 Service of debt and other obligations.

The table below shows the net burden on revenue of interest charges on public debt and other obligations in 1975-76 as compared with that in the preceding two years :

(1)	1973-74 (2)	1974-75 (3)	1975-76 (4)
	<i>(In crores of rupees)</i>		
(1) Interest paid on debt and other obligations.	30.29	29.53	39.27
(2) Less—			
(i) Interest received on loans and advances by the Government.	9.66	13.23	17.88
(ii) Interest realised on investment of cash balance.	1.52	1.87	1.31
(iii) Interest transferred to accounts of multipurpose river schemes and treated as capital expenditure.	2.74	2.13	2.66
(3) Net burden of interest charges on revenue.	16.37	12.30	17.42
		<i>Percentages</i>	
(4) Percentage of gross interest to gross debt.	4.47	3.86	4.77
(5) Percentage of gross interest to total revenue receipts.	8.91	6.97	7.18
(6) Percentage of net interest to total revenue receipts.	4.82	2.90	3.18

In addition, there were certain other miscellaneous interest receipts (Rs.0.54 crore) and if these are taken into account, the net burden of interest on the revenue during 1975-76 would be Rs. 16.88 crores or 3.08 per cent of the total revenue.

The Government also received during the year Rs. 1.22 crores by way of dividends on investments in commercial and industrial undertakings which includes statutory corporations, companies, banks and various co-operative institutions.

1.13. Investments of the Government

(*)

In 1975-76, the Government invested (net) Rs. 6.39 crores in the shares/debentures of Statutory Corporations (Rs. 0.88 crore), Government companies (Rs. 1.62 crores) and Co-operative institutions (Rs. 3.89 crores, which also includes investment of Rs. 0.56 crore from out of advances from the Contingency Fund).

The total net investment of the Government in the share capital and debentures of different Statutory Corporations, Government Companies, Joint-Stock Companies, Banks and Co-operative institutions at the end of 1973-74, 1974-75 and 1975-76 was Rs. 58.74 crores, Rs. 63.18 crores and Rs. 69.57 (***) crores respectively. The dividend and interest received therefrom during these years was Rs. 0.75 crore (1.3 per cent), Rs. 0.83 crore (1.3 per cent) and Rs. 1.22 crores (1.7 per cent) respectively.

Details of these investments and dividend received are given in Statement No. 14 of the Finance Accounts 1975-76.

1.14. Guarantees given by the State Government

(a) Under Section 6(1) of the State Financial Corporations Act, 1951 the shares of the State Financial Corporation are to be guaranteed by the State Government as to the repayment of principal and payment of annual dividend. Again under Section 7(1) of the above Act, the bonds and debentures of the State Financial Corporation are to be guaranteed by the State Government as to the repayment of principal and payment of interest. Section 8(2) of the Act *ibid* also stipulates that all deposits accepted under sub-section (1) of section (8), other than the deposits from the State Government, should be guaranteed by the State Government as to the repayment of principal and payment of interest.

The amounts guaranteed on behalf of the Madhya Pradesh State Financial Corporation by the State Government, to the end of 1975-76 under Sections 6(1), 7(1) and 8(2) of the Act *ibid* were Rs. 1,03.50 lakhs, Rs. 6,50.10 lakhs and Rs. 50.00 lakhs respectively together with interest thereon, against which Rs. 1,00.00 lakhs, Rs. 6,52.72 lakhs (inclusive of interest of Rs. 8.77 lakhs) and nil amount respectively were outstanding on 31st March 1976.

(*) This includes investment of Rs. 0.25 crore in Madhya Pradesh State Forest Development Corporation Limited, Bhopal as against Rs. 0.28 crore shown in the books of the Corporation. The discrepancy is under reconciliation.

(**) This does not include investment of Rs. 0.91 crore shown more in the books of the concerns (Rs. 0.55 crore more in the books of one Statutory Corporation and Rs. 0.36 crore more in the books of three Government Companies). The discrepancy is under reconciliation in consultation with the concerned Corporations/Companies.

(b) Under Section 66 of the Electricity (Supply) Act, 1948, the State Government may guarantee in such manner as it thinks fit, the payment of the principal and interest of any loan proposed to be raised by the State Electricity Board or of either the principal or the interest. The maximum amount covered by the guarantee given on behalf of the Madhya Pradesh State Electricity Board by the State Government to the end of 1975-76 was Rs. 1,24,50.00 lakhs against which the sum outstanding on 31st March 1976 was Rs. 93,45.59 lakhs.

In addition, the Government have given guarantee with unlimited liability on behalf of the Madhya Pradesh Electricity Board for payment of cost of stores purchased through the Director General, Supplies and Disposals, New Delhi and for payment of freight and other dues to the Railway Board.

(c) Under Section 63 of the Madhya Pradesh *Griha Nirman Mandal Adhinyam*, 1972, the State Government may guarantee the repayment of the principal and the payment of interest on loans borrowed and debentures issued by the Madhya Pradesh Housing Board with the approval of the State Government under Section 62 of the Act.

The maximum amount guaranteed on behalf of the Madhya Pradesh Housing Board to the end of 1975-76 was Rs. 23,48.63 lakhs against which a sum of Rs.22,43.63 lakhs was outstanding on 31st March 1976.

(d) Apart from the cases of guarantee mentioned at sub-paras (a) to (c) above, the State Government had guaranteed (to third parties) the repayment of loans raised, debentures and bonds issued, advances received, cash credit facilities/accommodation on hypothecation of stock, etc., on behalf of six Government Companies/Statutory Corporations, two Joint-Stock Companies, fifteen Co-operative Institutions, seventy-one Municipalities, one Improvement Trust, various *Panchayats* and *Mandi* Committees, one firm and several individuals.

The maximum amount guaranteed on their behalf to the end of 1975-76 was Rs. 3,46,74.15 lakhs against which the amount actually covered as on 31st March 1976 was Rs. 21,76.96 lakhs.

The State Government have also given guarantee with unlimited liability on behalf of the Madhya Pradesh State Road Transport Corporation for payment of cost of stores/supplies received through the Director General, Supplies and Disposals, New Delhi.

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

Further details of the guarantees are given in Statement No. 6 of the Finance Accounts 1975-76.

(e) *Guarantee Reserve Fund*.—The State Government had constituted a Guarantee Reserve Fund in 1970-71. The fund is intended to meet contingent

liabilities arising as a result of guarantees given in favour of various institutions, organisations and local bodies being invoked. Accretions to the Fund are made from revenue at *ad-hoc* rate without fixing any percentage with reference to the guarantees given by the Government. To the end of 1974-75, the Government had contributed Rs. 70.00 lakhs to the Fund from the revenues. No contribution to the Fund was made in 1975-76.

Investments of the balance in the Fund are made from time to time and the interest realised on the sums invested is credited to the Fund. The total amount invested from the Fund at the end of 1975-76 stood at Rs. 4.89 lakhs (in 1970-71) and interest of Rs. 0.27 lakh earned thereon during the year was credited to the Fund.

The balance at the credit of the Fund on 31st March 1976 was Rs. —27.68 (*) lakhs.

(f) *Payment in fulfilment of guarantee.*—The guarantees given to the Life Insurance Corporation of India for the repayment of loans taken by 68 municipal committees/corporations were invoked during the year and a sum of Rs. 54.67 lakhs was paid by the Government in fulfilment of the commitment resulting from such guarantees. The total amount paid by the Government and to be recovered from various parties on this account to the end of 1975-76 was Rs. 1,30.79 lakhs. Complete details are available in Statement No. 6 of the Finance Accounts 1975-76.

1.15. Grants to local bodies and others

During 1975-76, the Government paid Rs. 25,20.62 lakhs as grants to non-Government bodies and institutions for various purposes. Full particulars of grants paid and certain other points of interest about grants are mentioned in Chapter VI.

1.16. Receipt of utilisation certificates

The financial rules of the Government require that a certificate, after verification, of proper utilisation of grants should be sent by the departmental officers to the Accountant General within a reasonable time.

The delay in furnishing the certificates persists. Out of 12,195 certificates (Rs. 20,39.38 lakhs) to be received for grants paid upto March 1975, 3,362 certificates (Rs. 4,53.98 lakhs) were received, leaving 8,833 certificates (Rs. 15,85.40 lakhs) yet to be received (March 1977) as indicated below:

Year of payment of grants	Number of certificates awaited	Amount
(1)	(2)	(3) (In lakhs of rupees)
Up to 1970-71	1,684	80.12
1971-72	770	92.79
1972-73	944	1,79.24
1973-74	1,813	3,62.06
1974-75	3,622	8,71.19
Total	8,833	15,85.40

(*) Reasons for minus balance are under investigation.

The certificates are awaited from the following departments:—

Department (1)	Number of certificates awaited (2)	Amount (3) <i>(In lakhs of rupees)</i>
1. Tribal and Harijan Welfare	2,269	2,54.64
2. Town and Country Planning (Local Bodies)	530	2,51.90
3. Education	614	2,15.30
4. Agriculture	115	2,05.23
5. Industries	80	1,22.23
6. Community Development projects	1,716	1,02.90
7. Co-operation	148	1,00.05
8. Social Welfare	1,033	90.13
9. Animal Husbandry	628	73.49
10. Public Health Engineering	966	48.04
11. Local Self-Government	30	14.74
12. General Administration	159	41.78
13. Public Health	184	20.97
14. Medical	270	14.38
15. Housing	5	11.69
16. Rehabilitation	6	11.43
17. Family Planning	75	6.25
18. Labour	3	0.08
19. Fisheries	2	0.17
Total	8,833	15,85.40

The department-wise and year-wise break-up of the outstanding utilisation certificates is shown in Appendix I.

The utilisation certificates have not been received, although considerable time has passed after the grants were paid. In the absence of certificates, it is not practicable for Audit to know even in a general way whether the recipients have spent the grants for the purpose or purposes for which they were given.

CHAPTER II

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

2.1. Summary

(a) The following table compares the total expenditure during the year with the total of grants and charged appropriations :—

(1)	Grants/ Charged appropriations	Expendi- ture	Saving(—) Excess(+)	Percent- tage	
(1)	(2)	(3)	(4)	(5)	
<i>(In crores of rupees)</i>					
Voted—					
Original	6,48.26	7,02.73	6,70.57	—32.16	5
Supplementary	54.47				
Charged—					
Original	2,57.12	3,41.65	3,45.62	+3.97	1
Supplementary	84.53				
Total	10,44.38	10,16.19	—28.19	3	

The overall saving of Rs. 28.19 crores was the result of saving of Rs. 49.00 crores in 35 grants (Rs. 45.42 crores) and 23 charged appropriations (Rs. 3.58 crores) partly counterbalanced by excess of Rs. 20.81 crores in 11 grants (Rs. 13.26 crores) and 10 charged appropriations (Rs. 7.55 crores).

(b) Further details are given below :

(1)	Revenue	Capital	Loans and Advances	Public Debt	Inter- State Settle- ment	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)
<i>(In crores of rupees)</i>						
Authorised to be spent						
(Grants and Charged appropriations)						
Original	4,72.67	1,23.95	1,02.31	2,06.45	..	9,05.38
Supplementary	45.63	5.05	5.90	82.39	0.03	1,39.00
Total	5,18.30	1,29.00	1,08.21	2,88.84	0.03	10,44.38
Actual expenditure (Grants and Charged appropriations)	5,00.70	1,24.64	94.57	2,96.25	0.03	10,16.19
Shortfall (—)	—17.60	—4.36	—13.64	+7.41	..	—28.19
Excess (+)						

2.2. Excess over grants/charged appropriations requiring regularisation

(a) Grants.—The excess of Rs. 9,74,96,623 in the following 8 grants in Revenue Section and of Rs. 3,51,12,196 in 6 grants in Capital Section requires regularisation under Article 205 of the Constitution :—

S.No.	Number and name of grant	Total grant	Expenditure	Excess
(1)	(2)	(3)	(4)	(5)
		Rs.	Rs.	Rs.
<i>Revenue Section :</i>				
1.	6—Expenditure pertaining to Finance Department	8,47,95,100	8,96,25,777	48,30,677
				The excess was due mainly to finalisation of more pension/gratuity cases during the year than anticipated.
2.	9—Other Expenditure pertaining to Revenue and Land Reforms Departments	18,17,33,200	20,59,71,928	2,42,38,728
				Excess occurred mainly on minor irrigation works, reasons for which have not been intimated (March 1977).
3.	14—Animal Husbandry	7,92,34,800	7,98,36,573	6,01,773
				The excess was due mainly to payment of arrears of pay and allowances to the staff.
4.	20—Public Health Engineering	20,55,41,300	25,42,01,314	4,86,60,014
				The excess was due mainly to purchase of more quantity of cement and steel pipes than anticipated and expenditure on deposit works in excess of deposits received.
5.	21—Expenditure pertaining to Housing Department	25,27,100	26,85,329	1,58,229
				The excess was due mainly to expenditure on a conference held at Bhopal to discuss matters relating to housing and payment of conservancy charges for labour colonies to the Municipal Corporation, Bhopal.
6.	23—Irrigation Works	19,40,82,400	21,25,13,311	1,84,30,911
				The excess was due mainly to more expenditure on maintenance of larger number of completed works.

S. No.	Number and name of grant	Total grant	Expenditure	Excess
(1)	(2)	(3)	(4)	(5)
		Rs.	Rs.	Rs.

7.	32—Information and Publicity	78,35,500	81,71,534	3,36,034
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The excess was stated to be due mainly to more expenditure on publicity work relating to 20 Points Economic Programme in backward areas of the State.

8.	40—Expenditure pertaining to Food Department	66,90,000	69,30,257	2,40,257
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The excess was due mainly to payment of arrears of pay consequent on revision of pay scales, disbursement of additional dearness allowance and excess expenditure on travelling allowance.

Capital Section :

1.	9—Other Expenditure pertaining to Revenue and Land Reforms Departments	8,30,000	9,87,449	1,57,449
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Excess occurred in the expenditure on machinery and equipment for Stationery and Printing Department.

2.	14—Animal Husbandry	13,00,000	16,00,661	3,00,661
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The excess was due to adjustment of past liabilities.

3.	22—Expenditure pertaining to Local Government Department	12,10,100	14,98,474	2,88,374
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Excess was due to more grants than anticipated towards relief of water scarcity.

4.	23—Irrigation Works	69,13,73,000	72,47,21,027	3,33,48,027
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Reasons for the excess which was mainly on various minor irrigation schemes have not been intimated (March 1977).

5.	27—Education	26,00,000	26,73,285	73,285
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The excess was due mainly to increased disbursement of loan scholarships.

S.No.	Number and name of grant	Total grant	Expenditure	Excess
(1)	(2)	(3)	(4)	(5)
		Rs.	Rs.	Rs.

6. 33—Tribal and Harijan Welfare 34,05,000 43,49,400 9,44,400

The excess was due mainly to a post budget decision of the Government to book the expenditure on construction of hostel building for pre-examination training centre under Capital major head instead of Revenue head.

(b) *Charged appropriations.*—The excess of Rs. 4,62,996 in the following 7 charged appropriations in Revenue section and of Rs. 7,49,99,878 in 4 charged appropriations in Capital section also requires regularisation:—

S.No.	Number and name of charged appropriation	Total appropriation	Expenditure	Excess
(1)	(2)	(3)	(4)	(5)
		Rs.	Rs.	Rs.

Revenue Section:

1. 1—*General Administration* 19,27,300 19,89,599 62,299

The excess was due mainly to increased rate of depreciation for a Railway saloon maintained by the Railways for the State and adjustment of depreciation for the previous year during the current year.

2. 2—*Other expenditure pertaining to General Administration Department* 17,000 2,92,064 2,75,064

The excess was due mainly to refund to the Government of Maharashtra of amounts recovered in excess in 1973-74 under the provisions of the States Reorganisation Act, 1956.

3. 20—*Public Health Engineering* 36,500 37,418 918

The excess was due to payment of decretal charges.

4. 22—*Expenditure pertaining to Local Government Department* 35,25,000 35,82,743 57,743

The excess was due to more expenditure on reimbursement to local bodies of fees, fines, etc., realised under various Acts and initially credited to Government account.

S. No.	Number and name of charged appropriation	Total appropriation	Expenditure	Excess
(1)	(2)	(3)	(4)	(5)
		Rs.	Rs.	Rs.
5.	24— <i>Public Works</i>	40,000	55,094	15,094
		The excess was due to payment of unanticipated decretal amounts.		
6.	30— <i>Expenditure pertaining to Panchayat and Community Development Department</i>	36,44,000	36,95,756	51,756
		The excess was due to more payment of share of additional stamps duty to local bodies, <i>Panchayats, etc.</i> , as per provisions of Article 162 of the "Madhya Pradesh <i>Panchayat Act, 1962</i> ".		
7.	40— <i>Expenditure pertaining to Food Department</i>	31,000	31,122	122
		The excess was due to payment of unanticipated decretal amounts.		

Capital Section :

1. *Public Debt*

2,88,84,18,000 2,96,24,80,870 7,40,62,870

The excess was due mainly to more repayments of ways and means advances and overdrafts obtained from the Reserve Bank of India, the requirements of which cannot be accurately assessed and more repayment of Central loans than anticipated.

2. 23—*Irrigation Works*

14,12,500 17,75,814 3,63,314

Excess was mainly in respect of major works of Barna project on which Rs. 3.59 lakhs were spent without provision; reasons therefor have not been intimated (March 1977).

3. 24—*Public Works*

6,07,500 10,27,949 4,20,449

The excess was due mainly to payment of compensation for land acquired for the Engineering College, Raipur for which no provision had been made.

S.No.	Number and name of charged appropriation	Total appropriation	Expenditure	Excess
(1)	(2)	(3)	(4)	(5)
		Rs.	Rs.	Rs.
4.	37—Expenditure pertaining to Town and Country Planning Department	1,30,000	2,83,245	1,53,245

Reasons for the excess which was on non-residential buildings relating to Bhopal Capital Project have not been intimated (March 1977).

2.3. Supplementary grants/charged appropriations

The supplementary provision of Rs. 1,39.00 crores (15 per cent of the original provision) was obtained under 38 grants (Rs. 54.47 crores) and 21 charged appropriations (Rs. 84.53 crores).

The details of significant cases of unnecessary, excessive and inadequate supplementary grants/charged appropriations are given below :

(i) In the following cases the supplementary grants/charged appropriations (exceeding Rs. 5 lakhs each) of Rs. 7,70.38 lakhs remained wholly unutilised as the expenditure did not come even upto the original provision :—

S. No.	Number and name of grant/charged appropriation	Original grant/charged appropriation	Supplementary grant/charged appropriation	Expenditure	Saving
(1)	(2)	(3)	(4)	(5)	(6)
		(In lakhs of rupees)			

Revenue Section :

1.	Interest payment and Servicing of Debt	44,59.37	1,45.00	44,11.30	1,93.07
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The shortfall was due to large withdrawals by subscribers from Provident Funds resulting in less payment of interest than anticipated and presentation of lesser number of claims for interest on open market loans than anticipated.

2.	8—Land Revenue and District Administration	17,35.46	63.49	16,72.78	1,26.17
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The shortfall was due mainly to late implementation of the Scheme of "Halkabandi" and less payment of "Pateli Mehtana" owing to less collection of land revenue consequent on drought conditions.

S. No.	Number and name of grant/ charged appropriation	Original grant/ charged appro- priation	Supple- mentary grant/ charged appro- priation	Expendi- ture	Saving
(1)	(2)	(3)	(4)	(5)	(6)
<i>(In lakhs of rupees)</i>					
3.	10—Forest	40,40.00	1,56.55	39,99.89	1,96.66
		The shortfall was due mainly to late implementation of the fourth stage of the Scheme for State trading in timber and economy measures.			
4.	22—Expenditure pertaining to Local Government Department	1,43.01	38.51	1,21.04	60.48
		Reasons for shortfall which was under grants to local bodies and gratuitous relief have not been intimated (March 1977).			
5.	28—State Legislature and Elections	1,43.21	24.76	1,39.35	28.62
		The shortfall was due mainly to postponement of elections.			
6.	30—Expenditure pertaining to Panchayat and Commu- nity Development	8,61.73	33.28	6,87.99	2,07.02
		The shortfall was due mainly to cut in Plan allotment, non-utilisation of funds for completion of incomplete works by Block officers and posts kept vacant.			
7.	34—Social Welfare	3,17.37	8.07	3,06.22	19.22
		The shortfall was due mainly to irregular supply of food articles for the special nutrition scheme by a supplier, late receipt of food articles under World Food Programme and consequential less transportation charges, late implementation of Minimum Needs Programme and less payment of grants.			

S. No.	Number and name of grant/charged appropriation	Original grant/charged appropriation	Supplementary grant/charged appropriation	Expenditure	Saving
(1)	(2)	(3)	(4)	(5)	(6)
(In lakhs of rupees)					
<i>Capital Section :</i>					
1.	10—Forest	68.96	15.85	44.58	40.23
		The shortfall was due mainly to the purchase of duplicators, treatment plant, tractors, trailers, jeeps and calculating machines not being sanctioned by the Government.			
2.	11—Expenditure pertaining to Commerce and Industry Department	2,96.23	67.73	2,64.32	99.64
		The shortfall was due mainly to less investment in share capital of Industrial Development Corporation, non-sanction of loans to <i>Laghu Udyog Nigam</i> and non-finalisation of selection of site for industrial areas.			
3.	13—Agriculture	55,45.11	1,19.46	48,24.32	8,40.25
		The shortfall was due mainly to non-receipt of debits from the Pay and Accounts Officer (Government of India) for the cost of pooled fertilizers and non-sanction of loan to Madhya Pradesh Agro-Industries Corporation.			
4.	16—Fisheries	0.50	5.06	0.08	5.48
		The shortfall was stated to be due mainly to non-release of funds by the Government of India for giving loans for fisheries.			
5.	17—Co-operation	7,09.70	92.62	4,68.98	3,33.34
		The shortfall was due mainly to lesser investment in co-operative societies/banks, etc. and non-provision of financial assistance to certain co-operative institutions consequent on non-receipt of assistance from the National Co-operative Development Corporation.			

(ii) *Supplementary grants/charged appropriations which proved excessive.*— Following are the important cases where the supplementary grants/charged appropriations (exceeding Rs. 5 lakhs each) proved excessive :—

S. No.	Number and name of grant/charged appropriation	Original grant/charged appropriation	Supplementary grant/charged appropriation	Expenditure	Saving
(1)	(2)	(3)	(4)	(5)	(6)
<i>(In lakhs of rupees)</i>					
Revenue Section :					
1.	1—General Administration	2,31.71	40.82	2,34.35	38.18
		The shortfall was due mainly to less payment of discretionary grants.			
2.	3—Police	31,12.69	94.72	31,69.83	37.58
		The shortfall was due mainly to cessation of anti-dacoity operations due to surrender by dacoits and disbandment of two Madhya Pradesh Special Armed Force Battalions on repatriation from Nagaland and Manipur States and of three companies of State Special Armed Force deputed to the Bhilai Steel Plant.			
3.	19—Medical, Public Health and Family Planning	32,31.55	2,33.30	32,80.76	1,84.09
		The shortfall was due mainly to non-adjustment of the cost of materials actually utilised because of non-receipt of utilisation certificates and details from subordinate officers, non-establishment of fifteen additional Post-Partum Centres and posts kept vacant.			
4.	27—Education	92,76.87	6,07.59	98,18.00	66.46
		The shortfall was due mainly to economy measures, posts remaining vacant and payment of less grants.			
Capital Section :					
1.	8—Land Revenue and District Administration	1,45.00	25.00	1,46.54	23.46
		Saving was due to less payment of loans to co-operative credit societies consequent on less demand from cultivators as they were stated to have received loans from other sources.			

S. No.	Number and name of grant/charged appropriation	Original grant/charged appropriation	Supplementary grant/charged appropriation	Expenditure	Saving
(1)	(2)	(3)	(4)	(5)	(6)
		(In lakhs of rupees)			
2.	11—Expenditure pertaining to Commerce and Industry Department	5.00	16.47	13.63	7.84

The shortfall was due to withholding of payment of decretal amount pending decision on appeal.

(iii) *Inadequate grants/charged appropriations.*—In the following cases, the supplementary grants/charged appropriations (exceeding Rs. 5 lakhs in each case) of Rs. 1,03,43.91 lakhs proved inadequate; the final uncovered excess was Rs. 20,45.16 lakhs (reasons for excess to the extent received are given in paragraph 2.2) :—

S. No.	Number and name of grant/charged appropriation]	Original grant/charged appropriation	Supplementary grant/charged appropriation	Expenditure	Excess
(1)	(2)	(3)	(4)	(5)	(6)
		(In lakhs of rupees)			

Revenue Section :

1.	6—Expenditure pertaining to Finance Department	7,53.33	94.62	8,96.26	48.31
2.	9—Other Expenditure pertaining to Finance Department	13,95.75	4,21.58	20,59.72	2,42.39
3.	20—Public Health Engineering	12,22.71	8,32.70	25,42.01	4,86.60
4.	23—Irrigation Works	13,32.89	6,07.93	21,25.13	1,84.31

Capital Section :

1.	Public Debt (Charged)	2,06,45.31	82,38.87	2,96,24.81	7,40.63
2.	23—Irrigation Works	67,82.07	1,31.66	72,47.21	3,33.48
3.	33—Tribal and Harijan Welfare	17.50	16.55	43.49	9.44

2.4. Unutilised provision

(i) Rs. 49.00 crores remained unutilised in 35 grants (Rs. 45.42 crores) and 23 charged appropriations (Rs. 3.58 crores).

(ii) In 25 grants and 3 charged appropriations, the savings (more than Rs. 2 lakhs in each case) were more than 10 per cent of the total provision. The details of these grants and charged appropriations are given in Appendix II.

(iii) Some of the major schemes where the provisions remained substantially/wholly unutilised, other than those mentioned in paragraph 2.3, are given below :

S. No.	Grant number and head/scheme	Provision	Saving (and its percentage)	Reasons for saving and remarks
(1)	(2)	(3)	(4)	(5)
(In lakhs of rupees)				
1.	13—Agriculture— II—Centrally Sponsored Scheme-Ravine Reclamation (Major head 307)	29.97	27.91 (93)	The Scheme is intended for avoiding damage to cultivable land by ravines.
			Total provision	Rs. 50.00 lakhs in Fourth Plan and Rs. 74.00 lakhs in the Fifth Plan.
			Total expenditure	Rs. 26.04 lakhs from 1971-72 to 1975-76. Saving occurred due mainly to lesser allocation by the Government of India than originally anticipated and posts kept vacant.
2.	13—Agriculture— Ayacut Development Chambal, Barna Projects (Major head 308)	53.60	35.85 (67)	The Scheme is being implemented with the assistance of the World Bank for providing irrigation through canals. Saving occurred due mainly to economy measures, non-finalisation of payments for excavation of ravines and non-starting of certain works for want of machinery and staff.

S. No.	Grant number and head/scheme	Provision	Saving (and its percentage)	Reasons for saving and remarks
(1)	(2)	(3)	(4)	(5)
		(In lakhs of rupees)		
3.	13—Agriculture— Distribution of improved seeds (Major head 698)	50.00	49.00 (98)	The Scheme was intended for providing loans to credit co-operatives under the Agriculturists Loans Act for purchase and distribution of improved seeds. Saving occurred due mainly to less demand from co-operative societies who availed of financial assistance from other sources.
4.	20—Public Health Engineering— Urban Water Supply Schemes—Water Supply Scheme in Industrial areas (Major head 482).	29.27	18.45 (63)	The Scheme was intended for providing water supply to newly developed industrial areas of the State. Saving occurred due mainly to non-issue of administrative approval for certain new industrial areas.
5.	21—Expenditure pertaining to Housing Department— Low Income Group Housing Scheme—			The Scheme is to be implemented through the Madhya Pradesh Housing Board to meet
	(a) Loans to Madhya Pradesh Housing Board (Major head 683)	40.00	22.00 (55)	} increased demand from industrial labourers and the economically weaker section of the community for housing accommodation.
	(b) Subsidised Industrial Housing Scheme—Loans to Madhya Pradesh Housing Board (Major head 683)	24.00	24.00 (100)	
				The saving occurred due mainly to economy measures.

S. No.	Grant number and head/scheme	Provision	Saving (and its percentage)	Reasons for saving and remarks
(1)	(2)	(3)	(4)	(5)
<i>(In lakhs of rupees)</i>				
6.	23—Bargi Irrigation Schemes— Major works (Major head 532)	3,96.74	1,84.32 (46)	The Scheme is intended for providing additional irrigation facilities and water supply to Jabalpur and other towns. Reasons for the saving have not been intimated (March 1977).
7.	33—Tribal and Harijan Welfare— Agriculture Development Programme (Major head 288)	69.80	25.95 (37)	The Scheme is intended for providing economic assistance to tribals for agricultural development through minor irrigation schemes <i>etc.</i> Saving occurred due mainly to non-implementation of schemes and cut in Plan expenditure.
8.	33—Tribal and Harijan Welfare— Community Development Programmes— Multipurpose Programmes— Animal Husbandry and Agricultural Extension (Major head 314)	36.00	21.53 (60)	The Scheme is intended for providing assistance to agriculturists in tribal areas for minor irrigation works under 'Tribal Areas Sub-plan' sponsored by the Government of India. Saving occurred due mainly to non-implementation of dry farming schemes.

S. No.	Grant number and head/scheme	Provision	Saving (and its percentage)	Reasons for saving and remarks
(1)	(2)	(3)	(4)	(5)
<i>(In lakhs of rupees)</i>				
9.	33—Tribal and Harijan Welfare— Integrated Area Development Programme for tribal area: (Major head 314)	6,41.15	5,16.47 (81)	The Scheme is intended for integrated development of tribal areas. Saving was due to (i) non-implementation of CARE programmes, (ii) late appointment of staff and (iii) non-implementation of certain schemes relating to agriculture, animal husbandry, communications, public health, maintenance of land records, etc.

2.5. Advances from the Contingency Fund

A Contingency Fund of Rs. 10.00 crores has been placed at the disposal of the Government to meet unforeseen expenditure pending authorisation by the State Legislature.

Advances from the Fund can be made only to meet unforeseen expenditure, not provided in the budget, which is of such emergent character that postponement of it till the vote of the Legislature is taken, would be undesirable.

Two hundred and twenty three sanctions were issued by the Government during 1975-76 advancing Rs. 5,90.90 lakhs from the Contingency Fund out of which Rs. 3,68.34 lakhs were not recouped till the close of the year.

In the following cases, the amount of advance sanctioned was either not withdrawn or proved to be substantially in excess of the amount withdrawn :—

S. No.	Head of Account	Purpose for which advance sanctioned	Amount of advance sanctioned	Amount withdrawn
(1)	(2)	(3)	(4)	(5)
<i>(In lakhs of rupees)</i>				
1.	265—Other Administrative Services	Purchase of radio for Government aircraft	1.25	..

S. No.	Head of Account	Purpose for which advance sanctioned	Amount of advance sanctioned	Amount withdrawn
(1)	(2)	(3)	(4)	(5)
			<i>(In lakhs of rupees)</i>	
2.	254—Treasury and Accounts Administration	Creation of posts for keeping the accounts of Additional Emoluments (Compulsory Deposit) scheme and printing of forms/registers, etc.	3.89	0.04
3.	229—Land Revenue	Creation of 48 posts of Assistant Superintendents, Land Records.	1.66	0.41
4.	253—District Administration	To meet expenditure on various committees formed for implementation of 20 Points Economic Programme.	15.00	4.24
5.	288—Social Welfare	Training of workers at <i>Gram Sevika</i> training centres at Obedullaganj and Powerkheda under "Integrated Child Welfare Scheme".	1.40	0.10
6.	288—Social Welfare	Implementation of the adult literacy scheme for women.	1.05	0.49
7.	277—Education	Implementation of SITE programme in Chhatisgarh region.	1.60	0.24
8.	305—Agriculture	Implementation of Centrally Sponsored District Extensive Cotton Development Programme in twenty thousand hectares in Bhikamgaon.	1.18	0.35

2.6. Withdrawal of funds in advance of requirements

The rules provide that no money should be withdrawn from the treasury unless it is required for immediate payment. Significant instances in which amounts exceeding Rs. 5 lakhs each were withdrawn but were not utilised during the year of drawal are mentioned below :

(i) *Education Department.*—An amount of Rs. 5.70 lakhs was withdrawn by the Divisional Superintendent of Education from Indore treasury on 31st March 1976 for purchase of *Tat-pattis*. The department could not purchase the *Tat-pattis*. The sanction was cancelled on 4th June 1976 and the entire amount was refunded into the treasury on 16th June 1976.

(ii) *Tribal and Harijan Welfare Department.*—The Collector, Jagdalpur withdrew Rs. 8.57 lakhs on 31st March 1975 for implementation of CARE programme under Tribal sub-projects. The entire amount was deposited into a bank. Of this, Rs. 6.42 lakhs were spent during April 1975 to March 1976 leaving an unspent balance of Rs. 2.15 lakhs (March 1977).

(iii) An amount of Rs. 5.93 lakhs was withdrawn by the Collector, Guna on 30th March 1975 for construction of wells, development of plots, etc. Pending selection of villages/beneficiaries, the amount was kept in joint accounts of Development Assistant and *Sarpanchs*, with co-operative banks. The entire amount remained unspent till October 1975, after which Rs. 2.93 lakhs were spent till June 1976 leaving Rs. 3.00 lakhs in the joint accounts (March 1977).

CHAPTER III

CIVIL DEPARTMENTS

AGRICULTURE (VETERINARY) DEPARTMENT

3.1. Milk supply schemes at Indore, Jabalpur and Gwalior

3.1.1. *Introduction.*—With a view to supplying good wholesome milk at reasonable prices to urban customers, increasing milk production by securing a remunerative market for producers and eliminating middlemen and vendors, milk supply schemes were established by the Government at Bhopal, Indore, Jabalpur and Gwalior. These schemes were equipped with complete milk pasteurisation and processing plants each of capacity for handling 10,000 litres of milk or more per day. The functioning of the Bhopal scheme upto 1973-74 was commented upon in paragraph 7.3 of the Report of the Comptroller and Auditor General of India for the year 1973-74. The accounts and records of the remaining three schemes for the years from 1972-73 to 1975-76 were test checked by Audit in 1976 and important points noticed are set out in the succeeding sub-paragraphs.

Salient facts concerning the three schemes are given below :

Scheme	When plant was commissioned	Present capacity	Capital expendi- ture upto end of 1975-76	Working expenses in 1975-76	Receipts from sale of milk and milk products in 1975-76
(1)	(2)	(3)	(4)	(5)	(6)
		<i>(In litres per day)</i>	<i>(In lakhs of rupees)</i>		
Indore	September 1969	20,000	62.11	83.64	53.46
Jabalpur	February 1970	10,000	27.81	29.31	22.74
Gwalior	January 1971	10,000	26.51	32.98	21.82

In the milk-shed area of each of these schemes an Intensive Cattle Development Project was being implemented for stepping up milk production. The functioning of these projects upto 1974-75 was commented upon in paragraph 3.9 of the Report of the Comptroller and Auditor General of India for the year 1974-75.

3.1.2. *Milk procurement.*—(i) *Quantities procured.*—(a) The average quantity of milk procured by the Schemes per day in each of the four years ending

with 1975-76 is compared below with the installed capacity of their respective plants :

Scheme (1)	Installed capacity (2)	Average procurement in			
		1972-73 (3)	1973-74 (4)	1974-75 (5)	1975-76 (6)
<i>(In litres per day)</i>					
Indore	20,000	12,484	5,584	7,153	5,954
Jabalpur	10,000	1,912	1,221	2,000	1,880
Gwalior	10,000	3,346	2,641	2,962	2,765

The milk procured by the three Schemes in 1975-76 represented 29.8, 18.8 and 27.7 per cent of their respective handling capacities. 10

(b) The average daily procurement in the months in which maximum/minimum procurement was registered during the various years was as follows:—

Year (1)	Indore		Jabalpur		Gwalior	
	Maximum	Minimum	Maximum	Minimum	Maximum	Minimum
	Month (2)	Month (3)	Month (4)	Month (5)	Month (6)	Month (7)
<i>(Average daily procurement in litres)</i>						
1972-73	19,050 September 1972	7,719 June 1972	2,673 January 1973	892 June 1972	4,211 April 1972	2,441 March 1973
1973-74	6,965 April 1973	4,049 March 1974	1,845 April 1973	348 June 1973	4,223 December 1973	1,312 June 1973
1974-75	11,391 January 1975	1,825 June 1974	3,547 October 1974	570 June 1974	4,372 January 1975	993 July 1974
1975-76	8,932 April 1975	4,622 June 1975	3,228 March 1976	256 June 1975	5,667 January 1976	713 June 1975

The ratio of minimum collection to maximum collection which stood at 1/2 and 1/3 respectively at Gwalior and Jabalpur in 1972-73 had declined to 1/8 and 1/13 respectively in 1975-76. W

According to the Milk Commissioner (April 1976), milk production stays high during September to January and falls during the remaining months. However, as will be seen from the figures given above, the Gwalior scheme recorded maximum procurement in April 1972, the Indore scheme in April 1973 and April 1975 and the Jabalpur scheme in April 1973 and March 1976 indicating that procurement did not necessarily rise and fall with production.

(c) One of the main objectives of these Schemes was to eliminate middlemen in the trade in milk and organise milk collection through co-operatives of producers. The percentage of milk procured through co-operatives to the total milk procured by the various Schemes during the different years is given below :

Year	Indore	Jabalpur	Gwalior
(1)	(2)	(3)	(4)
1972-73	98.33	81.09	82.45
1973-74	98.77	92.83	56.85
1974-75	100.00	77.67	56.25
1975-76	97.11	33.04	64.31

The Indore scheme obtained the bulk of its supplies through the Malwa Co-operative Milk Union. The Union was stated to have been procuring milk from private traders also but precise figures of milk so procured were not available.

(d) The Milk Commissioner attributed (April 1976) the shortfalls in procurement to the following :—

(1) The widespread drought and scarcity during 1973-74 was responsible for the general fall in procurement in that year.

(2) There was stiff competition from private traders for the purchase of marketable surplus milk available with primary producers. This was especially so in the lean months when the traders in *khowa* and *khowa*-based sweets purchased milk, even of poor quality, at prices which the Schemes could not afford.

(3) Organisation and activation of dairy co-operatives in Intensive Cattle Development Project areas had not progressed satisfactorily.

(4) In Indore, in particular, procurement through the Malwa Co-operative Milk Union, which collected most of the milk used by the Scheme, had been reduced, as a matter of policy, in order to discourage the Union from buying milk from private traders other than its affiliated societies.

(ii) *Chilling centres.*—(a) The installed handling capacity of the collection and chilling centres operated by the milk supply schemes and the actual quantity handled by them during each of the 4 years since 1972-73 were as below :

Scheme	Location of centre	Month and year of commissioning	Handling capacity per day	Average quantity handled per day in		
				1973-74	1974-75	1975-76
(1)	(2)	(3)	(4)	(5)	(6)	(7)
				(In litres)		
Indore	Badnawar	September 1969	10,000	455	376	251
Jabalpur	Sehora	February 1973	1,000	825	866	430
	Lakhanadone	October 1973	1,000	368	876	1,042
Gwalior	Morena	March 1973	1,000	356	186	103

Procurement had been declining at all the centres except Lakhanadone. In 1975-76, it was as low as 2.5 per cent of capacity at Badnawar (Indore) and 10 per cent at Morena (Gwalior).

(b) Equipment worth Rs. 1.35 lakhs was purchased in March 1973 for establishing two collection and chilling centres at Narayanganj and Bichhia under the Jabalpur scheme, each capable of handling 1,000 litres of milk per day. Buildings were hired and staff entertained from April 1973 at Narayanganj and from June 1973 at Bichhia. The centre at Bichhia never started functioning. The equipment was transferred to Sehora centre in February 1975 and used as replacement for the existing plant which had frequent break-downs. The hired building was, however, retained and staff employed upto October 1975. The centre at Narayanganj started functioning in September 1974 but could achieve average collection of only 195 litres per day in 1974-75 and 31 litres per day in 1975-76. As a result, this centre too was closed down and its equipment shifted to Chansore in Balaghat district in February 1976.

The Milk Commissioner stated (April 1976) that the centres had to be closed down due to poor response from the local population.

(iii) *Purchase price.*—The price payable for the milk procured by each scheme from co-operatives and others was fixed from time to time, in the light of prevailing market conditions, by an advisory committee consisting of the Commissioner of the Division, the General Manager of the Scheme and representatives of producers and consumers. Upto July 1974, the price was determined on the basis of the fat content only, the solid non-fat content of the milk being taken into

account to a limited extent at Indore alone. The maximum and minimum purchase prices paid by each scheme were as follows :—

Year	Indore		Jabalpur		Gwalior	
	Maximum	Minimum	Maximum	Minimum	Maximum	Minimum
(1)	(2)	(3)	(4)	(5)	(6)	(7)
<i>(In rupees per kilogram of fat content)</i>						
1972-73	22.15	19.23	19.00	18.00	17.00	14.00
1973-74	34.00	22.15	30.00	19.00	24.00	17.00
1974-75	39.00	34.00	35.00	27.00	24.00	22.50
1975-76	38.50	25.00	35.00	27.00	24.00	22.00

The solid non-fat content of the milk purchased ranged generally between 5.5 and 8 per cent as against the minimum of 8.5 per cent prescribed in the Prevention of Food Adulteration Act, 1954 and the rules framed thereunder. The solid non-fat content of the liquid milk marketed by the Schemes had, therefore, to be brought upto the statutory minimum level by adding spray-dried skimmed milk powder. The cost of raising the solid non-fat content of one litre of milk by a unit of lactometer reading was estimated (April 1975) by the Indore scheme as six paise. As against this, upto August 1975, the Indore scheme enforced a varying cut of 1 paise or 2 paise per litre per unit deficiency in lactometer reading from the price payable for milk in the case of milk delivered to it by the Malwa Co-operative Milk Union only. The cut was extended to milk obtained by the Indore scheme through its collection centre at Badnawar from September 1975 and was adopted by the Gwalior scheme from August 1974. The Jabalpur scheme continued to ignore the solid non-fat element in determining the price payable for the milk purchased by it.

The Milk Commissioner stated (April 1976) that it was comparatively difficult to determine the solid non-fat content of milk at village level and that it would take some time to convince the producers of the validity and relevance of this factor in determining the price of milk. In order to make them realise the importance of solid non-fat content in milk, it was decided, in February 1976, to offer them an incentive for milk of higher solid non-fat content at the rate of 5 to 6 paise per litre per unit lactometer reading above norms to be fixed by the advisory committees. The decision had not been implemented (March 1977).

3.1.3. *Processing.*—(i) *Bottled milk.*—The milk procured is reconstituted by the Schemes, by adding water and spray-dried skimmed milk powder, into standard milk (4½ per cent fat), toned milk (3 per cent fat) and doubletoned milk (1½ per cent fat), after which it is bottled. The bottling plants at Indore, Jabalpur and Gwalior could handle 20,000, 10,000 and 10,000 litres of reconstituted milk per day respectively. As against these capacities, the average quantities

bottled and distributed per day in each of the four years ending with 1975-76 are shown below :

Year	Indore		Jabalpur		Gwalior	
	Average per day	Maximum daily average recorded in a month	Average per day	Maximum daily average recorded in a month	Average per day	Maximum daily average recorded in a month
(1)	(2)	(3)	(4)	(5)	(6)	(7)
(In litres)						
1972-73	5,995	8,018	2,194	2,565	3,097	3,315
1973-74	5,922	7,599	1,388	1,831	2,777	3,407
1974-75	4,821	5,887	1,733	2,571	2,967	3,710
1975-76	3,891	4,800	2,477	2,860	3,274	3,722

The ratio of output to capacity ranged between 32.74 *per cent* at Gwalior in 1975-76 and 13.88 *per cent* at Jabalpur in 1973-74. Even in the months of peak performance within each year, average output reached 40 *per cent* of capacity only in July 1972 at Indore.

The requirement of milk in the area served by the Jabalpur scheme was estimated (March 1974) by it as 41,000 litres per day; the Scheme met just over 4 *per cent* of this requirement in 1974-75 and 6 *per cent* in 1975-76. The requirement at Indore and Gwalior had not been ascertained in any recent year.

The Milk Commissioner attributed (April 1976) the deficiency in output mainly to the inability of the Schemes to get more milk and to keep up supplies at stable levels in lean seasons. Demand for the reconstituted milk distributed by the Schemes was stated to have not picked up, especially at Indore and Gwalior, due to easy availability of natural milk of higher fat content from private traders on monthly credit basis. Adulteration and other malpractices by depot and distributing staff were also stated to have affected the reputation of the Schemes and depressed their sales.

(ii) *Milk products*.—Besides bottled milk, the Schemes produced butter and *ghee* and, in the case of Indore scheme, also skimmed milk powder. Significant quantities of raw milk procured by them were being used for this purpose as shown below :

Scheme	Year	Milk procured	Used for milk products	Used for bottling	Sold to other schemes
(1)	(2)	(3)	(4)	(5)	(6)
(In lakhs of litres)					
Indore	1972-73	45.57	15.03	18.92	11.62
	1973-74	20.38	5.53	13.82	1.03
	1974-75	26.11	17.33	8.53	0.25
	1975-76	21.79	9.25	11.66	0.88

Scheme	Year	Milk procured	Used for milk products	Used for bottling	Sold to other schemes
(1)	(2)	(3)	(4)	(5)	(6)
			(In lakhs of litres)		
Jabalpur	1972-73	6.98	2.20	4.78	..
	1973-74	4.46	1.31	3.15	..
	1974-75	7.30	4.28	3.02	..
	1975-76	6.88	2.51	4.37	..
Gwalior	1972-73	12.21	} Data not available with the department.		
	1973-74	9.64			
	1974-75	10.81			
	1975-76	10.12	3.00	7.12	..

The production of milk products was not based on any assessment of availability and needs or any study of the economics of their production.

(iii) *Butter and ghee*.—(a) The installed capacity of ancillary plants for production of butter and *ghee* and its utilisation are given below :

Scheme	Product	Capacity of plant per day	Average production per day in			
			1972-73	1973-74	1974-75	1975-76
(1)	(2)	(3)	(4)	(5)	(6)	(7)
			(In kilograms)			
Indore	Butter	2,400	306	85	415	209
	Ghee	1,200	228	70	261	143
Jabalpur	Ghee	150	34	18	45	29
Gwalior	Butter	60	16	16	6	7
	Ghee	100	38	17	39	44

(b) The production and sale of *ghee* by the Indore scheme in the years from 1973-74 to 1975-76 were as below :

Year	Opening balance	Production	Sales	Closing balance
(1)	(2)	(3)	(4)	(5)
			(In kilograms)	
1973-74	7	25,589	25,518	78
1974-75	78	95,181	31,752	63,507
1975-76	63,507	52,430	1,06,179	9,758

Production in 1974-75 was nearly four times the quantity sold in the preceding year and that in 1975-76 was nearly equal to what was sold in the two preceding years taken together. The product was sold at Rs. 21.36 per kilogram upto December 1974 whereas the cost of the milk used in its preparation was Rs. 25.00 at the lowest purchase rate paid for milk in 1974-75. In an effort to

clear the accumulated stock of *ghee* before its quality deteriorated, the selling price was reduced in January 1975 to Rs. 20.36 per kilogram and again in February 1975 to Rs. 19.34 per kilogram. As the unit still had unsold stock of 63,507 kilograms worth Rs. 12.28 lakhs at the end of 1974-75, the Milk Commissioner ordered its transfer to other milk supply schemes in the State at the rate of Rs. 19 per kilogram f.o.r. destination. Accordingly, 27,338 kilograms were transferred to 21 other schemes in April and May 1975. Of the rest, 23,556 kilograms were sold at Indore at Rs. 19 per kilogram and 12,613 kilograms at Rs. 18 per kilogram.

Five of the other schemes to which the *ghee* was sent complained that the tins were underweight. The shortages reported by them were worth Rs. 0.04 lakh. Information was awaited regarding similar shortages, if any, in consignments sent to other schemes. The Milk Commissioner stated (April 1977) that the matter was under investigation.

(c) The production and sale of *ghee* by the Gwalior scheme in the years from 1973-74 to 1975-76 were as below:

Year	Opening balance	Production	Sales	Closing balance
(1)	(2)	(3)	(4)	(5)
		(In kilograms)		
1973-74	98	6,038	6,136	..
1974-75	..	14,148	4,078	10,370
1975-76	10,370	15,989	12,736	13,623

Production in 1974-75 was more than twice the quantity sold in 1973-74 and that in 1975-76 more than $1\frac{1}{2}$ times the sales in the two preceding years taken together. At a meeting of the advisory committee, which determines the selling prices of the products of the Scheme, the General Manager proposed (March 1976) that the selling price of *ghee*, which stood at Rs. 21.70 per kilogram, be reduced in order to clear the accumulated stocks. The Committee did not accept the proposal and decided to review the position again after one month. No review was made and, under the orders of the Milk Commissioner, 10,000 kilograms were sold in July-August 1976 at the rate of Rs. 18 per kilogram to a private party of Mhow (8,000 kilograms) and to the Khandwa milk supply scheme (2,000 kilograms).

(iv) *Skimmed milk powder*.—(a) The plant of the Indore scheme includes a milk powder unit capable of producing 470 kilograms of roller-dried skimmed milk powder per day by processing skimmed milk left over after removal of cream.

Particulars of the functioning of this unit during 1975-76 and three preceding years are given below :

Particulars (1)	1972-73 (2)	1973-74 (3)	1974-75 (4)	1975-76 (5)
Quantity of skimmed milk processed—in litres	9,19,477	75,086	8,32,231	5,45,280
Milk powder obtained—in kilograms	80,738	5,374	69,142	46,541
Sweepings collected—in kilograms	142	123	2,358	1,001
Average production of milk powder (including sweepings) per 100 litres of milk consumed—in kilograms	8.80	7.32	8.59	8.72
Average production of milk powder per day—in kilograms	222	155	196	130
Percentage of sweepings to milk powder produced	0.2	2.3	3.4	2.2

Production was uneven in different years but even in 1972-73, when peak production was recorded, it was about 47 per cent of the installed capacity. Reasons for the fall in yield in 1973-74 and the marked rise in the ratio of sweepings to powder produced after 1972-73 had not been investigated (March 1977).

3.1.4. Process losses.—(i) Loss of milk due to handling, souring and curdling.—(a) Particulars of milk lost in the course of transit and handling and due to souring and curdling are shown below :

Scheme/Year (1)	Total quantity of milk processed (2)	Losses in transit and handling (3)	Percentage (4)	Losses due to souring and curdling (5)	Percentage (6)
(In lakhs of litres)					
Indore—					
1972-73	45.56	0.22	1.48	0.41	0.90
1973-74	24.40	0.35	1.43	0.10	0.41
1974-75	26.10	0.35	1.34	0.48	1.84
1975-76	23.22	0.29	1.25	0.38	1.64
Jabalpur—					
1972-73	8.66	0.14	1.62	0.71	8.20
1973-74	5.71	0.07	1.23	0.87	15.24
1974-75	8.16	0.11	1.35	1.24	15.20
1975-76	10.11	0.08	0.79	0.41	4.06
Gwalior—					
1972-73	14.23	0.13	0.91	0.32	2.25
1973-74	10.74	0.04	0.37	0.06	0.56
1974-75	13.45	0.04	0.30	0.56	4.16
1975-76	15.44	0.24	1.55	0.85	5.51

The consistently high rate of loss at Jabalpur due to souring and curdling was attributed (April 1976) by the Milk Commissioner to the fact that milk had to be transported for long distances over hilly tracts. No norms have, however, been prescribed for assessing the reasonableness of the losses (March 1977).

(b) The Indore scheme was losing 40 to 50 litres of milk every day since 12th August 1975 due to a defect in the filler of the bottling plant; the aggregate loss upto the end of December 1976 was calculated by the Scheme as 26,590 litres worth Rs. 0.50 lakh. The defect was stated to have been repaired in January 1977 by fitting locally made gears in the vacuum pump of the filler and action was reported (April 1977) to be in progress to procure imported gears.

(ii) *Loss of fat.*—(a) The milk purchased by the Schemes was paid for by them at rates linked to its fat content as measured in kilograms by a fat testing equipment. Upto 1974-75, none of the Schemes maintained an account of the quantity of fat so paid for, the quantity of fat in the products which emerged after processing and the losses of fat at various stages of processing. The Managers of the Schemes, who met at Bhopal in June 1974, decided that such accounts should be maintained, and the form in which such accounts were to be maintained was prescribed by the Milk Commissioner in July 1976 only.

(b) The Jabalpur unit alone maintained a record in 1975-76 of the fat content of the milk purchased and of the products. This record disclosed that 1.55 per cent of the fat content of milk and cream purchased was lost during transportation and 2.95 per cent during processing.

(c) An analysis of the recovery of fat from milk processed into by-products showed wide variations in losses of fat ranging from 3.94 per cent to 22.22 per cent as shown below :

Scheme/Year	Fat content of milk used	Fat recovered	Loss of fat	Percentage of fat lost
(1)	(2)	(3)	(4)	(5)
	(In kilograms)			
<i>Indore—</i>				
1972-73	1,04,142	92,865	11,277	10.83
1973-74	32,989	25,659	7,330	22.22
1974-75	1,10,256	97,073	13,183	11.96
1975-76	61,001	54,360	6,641	10.89
<i>Jabalpur—</i>				
1972-73	10,556	10,140	416	3.94
1973-74	6,979	6,527	452	6.48
1974-75	18,951	16,535	2,416	12.75
1975-76	12,601	11,322	1,279	10.15
<i>Gwalior—</i>				
1972-73 to 1974-75	Data not available.			
1975-76	18,855	17,304	1,551	8.23

Norms for process losses have not been laid down by the department (March 1977).

(iii) *Breakage of bottles.*— Account of milk bottles handled and broken was not maintained at Indore. The breakages at Jabalpur and Gwalior are given below :

Scheme/Year	Number of bottles handled	Number of bottles broken	Percentage of bottles broken to bottles handled	Cost of bottles broken
(1)	(2)	(3)	(4)	(5)
	(In lakhs)			(In lakhs of rupees)
<i>Jabalpur—</i>				
1972-73	Information not available.			
1973-74	9.86	0.09	1.91	0.05
1974-75	14.60	0.16	1.10	0.17
1975-76	19.69	0.18	0.91	0.17
<i>Gwalior—</i>				
1972-73	22.61	0.32	1.42	0.17
1973-74	20.28	0.29	1.43	0.15
1974-75	21.67	0.40	1.85	0.36
1975-76	17.71	0.42	2.37	0.36

No norms for breakages of bottles have been laid down (March 1977). Reasons for the increase in breakages in the Gwalior unit in 1974-75 and 1975-76 have also not been investigated (March 1977).

3.1.5. *Quality control.*—(i) *Bottled milk.*—Toned milk distributed by the Jabalpur unit on 25th October 1975 was tested by the railway authorities and found to have a fat content of 1.5 per cent only as against the statutory minimum of 3 per cent. The supervisor concerned was suspended in February 1976 and an inquiry into the case was stated (April 1977) to be in progress.

(ii) *Skimmed milk powder.*—(a) There were no arrangements for quality control on the production of skimmed milk powder at Indore upto December 1975. Testing of moisture content alone was introduced in January 1976.

(b) A large quantity of skimmed milk powder produced at Indore in the second half of 1974-75 turned out to be sub-standard and had to be sold at prices far short of manufacturing costs as detailed below.

The highest offer received in response to a call for tenders, made in August 1974, for purchase of milk powder was Rs. 14 per kilogram. This was not accepted on the ground that the cost of production of the powder was higher. The Milk Commissioner fixed the selling rate as Rs. 15 per kilogram and prospective buyers were informed of this rate in November 1974. Upto March 1975, 10,712 kilograms were sold at this rate, leaving an unsold balance of 58,385 kilograms. After re-inviting quotations, the Milk Commissioner reduced the selling rate to Rs. 11 per kilogram

in April 1975 on the basis of the rate quoted by two biscuit manufacturing concerns of Bombay who offered to buy the entire stock at this rate. The offer was, however, withdrawn by them in May 1975 on the ground that the sample given to them contained high moisture, acidity and black particles. Thereupon a sample of the powder was got tested at the National Dairy Research Institute at Karnal in June 1975 and was found to have acidity and fats in excess of limits prescribed in the Prevention of Food Adulteration Rules, 1955. The Scheme was able to sell 3,737 kilograms of the powder at Rs. 11 per kilogram but of these, 1,000 kilograms were returned by the purchaser and had to be replaced with fresh powder manufactured subsequently. Thereafter, 12,974 kilograms were sold at Rs. 5.50 per kilogram and 4,813 kilograms at Rs. 3 per kilogram. The remainder of the powder manufactured upto May 1975, (about 47,000 kilograms) was made over to the Veterinary Department at Rs. 1.50 per kilogram for use as poultry feed. The Milk Commissioner stated (April 1977) that departmental enquiries had shown that the powder was of standard quality when it was prepared and that due to passage of time it was not possible to fix personal responsibility for its subsequent deterioration.

The Milk Commissioner stated (April 1976) that full quality control of the milk powder produced by the Indore scheme could not be arranged as it called for equipment of a very special type and many of its components were not available in India. He attributed the adverse findings of the National Dairy Research Institute to the fact that the sample tested had deteriorated due to long storage. He stated also that there was a glut in the market of skimmed milk powder and a general fall in prices from 1974-75 onwards.

3.1.6 *Pricing and profitability.*—(i) The selling prices of liquid milk and milk products marketed by each Scheme were fixed, from time to time, by the advisory committee referred to in sub-paragraph 3.1.2 (iii) above in the light of prevailing market conditions. During 1972-73 to 1975-76, selling prices varied over the ranges shown below:

Scheme	Year	Standard milk	Toned milk	Doubletoned milk	Ghee
(1)	(2)	(3)	(4)	(5)	(6)
			(In rupees per litre)		(In rupees per kilogram)
Indore	1972-73	1.20 to 1.30	1.00 to 1.30	..	12.00 to 12.55
	1973-74	..	1.30 to 1.70	..	15.95 to 19.36
	1974-75	..	1.70 to 2.00	..	19.34 to 21.36
	1975-76	1.60 to 2.20	2.00 to 2.20	..	Information awaited
Jabalpur	1972-73	1.50 to 1.80	1.10 to 1.30	1.10	13.00 to 16.00
	1973-74	1.80 to 2.46	1.30 to 2.24	1.10 to 1.90	16.00 to 22.00
	1974-75	2.30 to 2.60	2.00 to 2.32	1.80 to 2.10	21.00 to 23.00
	1975-76	..	2.00 to 2.30	2.00 to 2.10	22.00
Gwalior	1972-73	1.20 to 1.50	0.80 to 1.10	..	12.00 to 14.00
	1973-74	1.50 to 1.90	1.10 to 1.50	..	14.00 to 21.00
	1974-75	1.70 to 1.90	1.40 to 1.50	..	20.00 to 23.00
	1975-76	1.80 to 1.90	1.50 to 1.70	..	21.70 to 23.00

The prices were not based on costs of production for determining which none of the Schemes had any arrangement. The Indore scheme had a post of cost accountant from before 1972-73 but it was never filled up.

(ii) None of the Schemes had been declared a commercial or *quasi* commercial undertaking and the financial results of their functioning had not been ascertained by preparing *pro forma* accounts. The following analysis, which is based on information furnished by the Scheme would, however show that they had been running at considerable deficits each year and that the deficits had been increasing at Indore and Gwalior.

Scheme/Year	Sales	Cost of milk and milk products consumed	Cost of consumable stores	Other costs excluding depreciation and interest on capital	Total costs	Deficit
(1)	(2)	(3)	(4)	(5)	(6)	(7)
(In lakhs of rupees)						
<i>Indore—</i>						
1972-73	66.32	58.24	3.04	12.13	73.41	7.09
1973-74	37.45	35.24	4.01	7.56	46.81	9.36
1974-75	43.86	44.63	7.57	3.02	35.22	11.36
1975-76	53.46	64.93	5.09	13.62	83.64	30.18
<i>Jabalpur—</i>						
1972-73	11.57	10.44	1.67	8.59	20.70	9.13
1973-74	9.53	7.63	0.91	6.31	14.85	5.32
1974-75	14.49	13.91	0.68	7.13	21.72	7.23
1975-76	22.74	19.48	1.11	8.72	29.31	6.57
<i>Gwalior—</i>						
1972-73	16.02	12.52	1.05	6.80	20.37	4.35
1973-74	16.30	10.97	0.76	9.31	21.04	4.74
1974-75	17.98	14.94	2.60	9.37	26.91	8.93
1975-76	21.82	21.39	2.07	9.52	32.98	11.16

The Milk Commissioner attributed (April 1976) the deficits to the Schemes not working at their full capacity due to low procurement of milk and to the fixation of uneconomic purchase and selling prices.

3.1.7. *Stores and stock.*—(i) Only numerical accounts of stores were kept by the Schemes. No physical verification of stores was conducted at Indore after March 1970. At Jabalpur, the latest physical verification conducted in March 1975 disclosed shortage of articles worth Rs. 0.21 lakh for which responsibility had not been fixed upto August 1976; the matter was stated (April 1977) to be under investigation.

(ii) At Gwalior, the incumbent store-keeper refused to hand over charge of the stores in December 1973 and the stores were sealed on 22nd December 1973. A physical verification which followed disclosed shortages of a number of articles worth Rs. 0.07 lakh. In addition, the stock accounts of skimmed milk powder were found missing and no powder was found in stock. The losses were not reported

to Audit as required under the financial rules on the ground that the loss of skimmed milk powder could not be quantified. Personal responsibility for these shortages had not been fixed upto August 1976 and the losses remained unregularised; the matter was stated (April 1977) to be under investigation.

(iii) A test check of the stock accounts of spray-dried skimmed milk powder at Indore by Audit disclosed that, against 29,275 kilograms of powder issued from the store to the factory in 1975-76, only 27,558 kilograms were received by the factory. The short receipt of 1,717 kilograms worth Rs. 0.25 lakh was stated (April 1977) to be under investigation. Further, 32,875 kilograms of powder worth Rs. 4.80 lakhs sold to other milk supply schemes were billed for in December 1976 after the omission to do so had been pointed out by Audit.

3.1.8. *Outstandings*.—At the end of 1975-76, dues totalling Rs. 10.91 lakhs (Indore : Rs. 8.64 lakhs; Jabalpur: Rs. 0.86 lakh; Gwalior: Rs. 1.41 lakhs) were pending collection, mostly from Government establishments, on account of milk and milk products supplied on credit. The year-wise break-up of these dues was not available with the Schemes (March 1977). The Indore scheme alone was stated to have called for confirmations of balances from its debtors but had not received them from any of them (March 1977).

3.1.9. *Internal audit*.—A proper system of internal audit had not been introduced in any of the Schemes. The staff provided for this purpose was reported to be attending to normal accounting work "due to inadequate accounts staff".

The matters mentioned above were referred to the Government in October 1976; their comments are awaited (March 1977).

AGRICULTURE DEPARTMENT

3.2. Integrated Dry Land Agricultural Development

3.2.1. *Introduction*.—The "Integrated Dry Land Agricultural Development Scheme" was formulated by the Government of India in 1970 with the object of developing and demonstrating the use of new technology capable of increasing productivity and production in dry areas. The Scheme consisted of

- (a) intensive research for evolving techniques which would help extract maximum returns from available soil and moisture resources of dry areas, and
- (b) practical application of available knowledge as well as results of such research in pilot demonstration-cum-training projects located in typical dry farming tracts in different parts of the country.

Under the first part of the Scheme, a centre at Indore and a sub-centre at Rewa were established by the Indian Council of Agricultural Research. Two pilot projects, one each attached to Indore centre and Rewa sub-centre, were established at Depalpur and Rewa, in October 1970 and July 1971 respectively, under the second part of the Scheme with a view to bringing 8,000 acres of dry land under each project during the Fourth plan period at the rate of 2,000 acres per annum. Implementation of the Scheme has continued during the Fifth plan period and

the coverage of individual projects has continued to be extended each year at the same rate.

Project activities fell under three main heads, *viz.*, (i) provision of inputs such as improved seeds, fertilisers and pesticides to enable participating cultivators to try out and adopt agricultural practices recommended by the projects, (ii) execution of permanent works of soil and moisture conservation and land development in order to lay a firm basis for stable agricultural yields and (iii) strengthening of infrastructure facilities so that the impetus generated by project effort and assistance could become self-sustaining. Besides arranging supplies of inputs, implements, *etc.*, and executing works on behalf of cultivators, financial assistance was to be provided to participating cultivators for each component activity in the form of subsidies and loans in varying proportions.

3.2.2. *Expenditure.*—(i) According to the project programmes approved by the Government of India from year to year, the two projects were expected to cover 20,000 acres in all by the end of 1975-76 with outlays totalling Rs. 294.48 lakhs including outlays against loan assistance to be obtained from institutional sources. According to the information furnished by the two Project Officers, the projects had covered 19,496 acres by 1975-76 with expenditure totalling Rs. 207.82 lakhs. The expenditure on each component head of activity as compared with the outlay programmed is given below :

Heads of activity	Outlay approved			Expenditure up to 1975-76			Percentage of expenditure to proposed outlay
	Loans	Subsidies	Total	Loans	Subsidies	Total	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
(In lakhs of rupees)							
1. Inputs	37.32	16.14	53.46	114.19	8.48	122.67	229
2. Permanent works	20.75	24.72	45.47	10.01	13.08	23.09	51
3. Infrastructure—							
(a) Demonstration	..	1.35	1.35	..	1.34	1.34	99
(b) Farmers' training	..	3.80	3.80	..	2.13	2.13	56
(c) Farm machinery and plant protection equipment	1.58	14.08	15.66	..	4.14	4.14	26
(d) Foliar feeding of crops	1.00	1.00	2.00	0.01	0.80	0.81	41
(e) Minor irrigation	64.60	11.02	75.62	30.62	1.72	32.34	43
(f) Animal husbandry	22.00	11.00	33.00	6.36	1.65	8.01	24
(g) Establishment	..	13.25	13.25	..	13.29	13.29	100
(h) Risk fund	..	5.87	5.87	..	..	..	..
Total	147.25	102.23	249.48	161.19	46.63	207.82	83

While only 21 *per cent* of the outlay was earmarked for inputs, the actual expenditure on inputs was 59 *per cent* of the total expenditure. On the other hand works of soil and water conservation and minor irrigation which were intended to

create a permanent basis for good and stable yields accounted for less than 27 per cent of the total expenditure as against 49 per cent envisaged for them.

The non-loan element of the total expenditure amounted to only 22 per cent of the total expenditure as against 41 per cent envisaged in the Scheme. The deficiency was particularly marked in the case of "Minor irrigation" and "Animal husbandry".

(ii) Under the Scheme, short-term loans were to be given to cultivators for "inputs" and "foliar feeding of crops" and long and medium-term loans for permanent works, minor irrigation, animal husbandry, farm machinery and plant protection equipment. The short-term loans amounted to 55 per cent and the long and medium-term loans to 23 per cent of the total expenditure, as against 15 and 44 per cent respectively envisaged in the Scheme.

(iii) Of the loan element of the expenditure, 16.7 per cent was provided by the State Government, 75.8 per cent by co-operative banks and 7.5 per cent by commercial banks. The break-up according to sources and heads of activity was as below :

Heads of activity (1)	Loans provided by		
	State Government (2)	Co-operative banks (3)	Commercial banks (4)
(In lakhs of rupees)			
<i>Short-term loans</i>			
Inputs	..	108.81	5.38
Foliar feeding of crops	..	..	0.01
<i>Other loans</i>			
Permanent works	10.01	..	..
Minor irrigation	16.78	11.10	2.74
Animal husbandry	0.19	2.26	3.91
Total	26.98	122.17	12.04

3.2.3. *Performance.*—A test check by Audit of the accounts and records of the two projects during July to September 1976 showed the following :—

A—*Inputs.*—(i) *General.*—Under the Scheme, purchases by the cultivators of inputs like approved varieties of seeds, chemical fertilisers, bacterial culture, plant protection drugs, etc., were to be subsidised to the extent of 50 per cent of their cost in the first year and 25 per cent in the second year. The balance of the cost in the first 2 years and the entire cost in the subsequent years were to be covered by short-term loans. From December 1972, the first year's subsidy for seeds for new crop introductions was raised to 100 per cent. From 1974-75, payment of subsidy on the second year's requirements of inputs was discontinued and subsidy for seeds in the first year was limited to 50 per cent of cost for hybrid varieties and new crop introductions and 25 per cent of cost for other improved varieties; simultaneously, subsidy for nitrogenous fertilisers was also discontinued.

Year-wise particulars of the subsidy given by the two projects for inputs were as given below :

Year	Seeds	Fertilisers	Bacterial culture	Pesticides	Total
(1)	(2)	(3)	(4)	(5)	(6)
	Rs.	Rs.	Rs.	Rs.	Rs.
<i>Depalpur—</i>					
1970-71	11,443	16,408	343	1,960	30,154
1971-72	24,394	90,510	2,995	393	1,18,292
1972-73	1,36,998	1,91,176	4,277	5,076	3,37,527
1973-74	5,924	10,854	644	114	17,536
1974-75	7,923	8,460	6,300	3,709	26,397
1975-76	8,523	17,405	2,382	303	28,613
Total	1,95,210	3,24,813	16,941	11,555	5,58,519
<i>Rewa—</i>					
1971-72		1,14,648*	..	..	1,14,648
1972-73		1,61,774*	..	..	1,61,774
1973-74		11,954*	..	..	11,954
1974-75		1,541*	..	..	1,541
1975-76		..	..	..	..
Total		2,89,917*	..	..	2,89,917

Short-term loans amounting to Rs. 96.20 lakhs at Depalpur and Rs. 17.99 lakhs at Rewa were drawn from institutional sources; their break-up according to kinds of inputs was, however, not available (September 1976) with the projects.

(ii) *Seeds.*—(a) Particulars of areas stated to have been covered with departmental seed supplied by the two projects in each year of their operation, the quantities of seed so supplied and the quantities for which subsidy was provided are shown below:

Year	Area covered by departmental seed supplies			Quantity of seed supplied	Quantity of seed subside
	New areas	Areas covered in an earlier year	Total		
(1)	(2)	(3)	(4)	(5)	(6)
	<i>(In acres)</i>			<i>(In tonnes)</i>	
<i>Depalpur—</i>					
1970-71	497	..	497	19.9	19.9
1971-72	1,508	302	1,810	47.8	47.8
1972-73	5,740	866	6,606	218.1	218.1
1973-74	415	1,110	1,525	16.2	9.6
1974-75	834	872	1,706	11.0	3.6
1975-76	440	474	914	12.7	6.4
<i>Rewa—</i>					
1971-72	1,993	..	1,993	64.7	64.7
1972-73	1,555]	1,993	3,548	124.5	124.5
1973-74	620	36	656	23.0	2.7
1974-75	1,400	658	2,058	72.0	0.8
1975-76	811	908	1,717	60.1	..

* The break-up of expenditure between seeds and fertilisers was not available with the project.

Coverage by both the projects reached a peak in 1972-73 and then fell off to far lower levels; the fall was attributed (July 1976) to the decision taken by the Government in the second half of 1973-74 to discontinue subsidy on seeds for traditional crops and to limit it to new crop introductions.

(b) The Depalpur project had no record to show how the requirement of the rest of the project area for quality seed was met. The Project Officer at Rewa stated (September 1976) that certain additional areas were covered by improved seeds produced by cultivators themselves or procured by them from sources other than the project administration in the years from 1973-74 to 1975-76. The extent of such coverage as intimated by the Project Officer is indicated below :

Year	Areas stated to have been covered
(1)	(2)
	(In acres)
1973-74	5,399
1974-75	3,754
1975-76	8,345

(c) The projects were required to ensure that participating cultivators continued to use improved seed of the recommended varieties after the subsidies ceased. The projects had no information whether the areas other than those covered by departmental seed supply were actually under improved seed and if these were so covered, about the sources of the supplies.

(iii) *Fertilisers*.—Year-wise particulars of chemical fertilisers supplied to cultivators, as furnished by Project Officers, are shown below :

Year	Depalpur		Rewa	
	Area covered	Quantity supplied	Area covered	Quantity supplied
(1)	(2)	(3)	(4)	(5)
	(In acres)	(In tonnes)	(In acres)	(In tonnes)
1970-71	497	29.4	..	..
1971-72	1,648	170.7	1,993	345.4
1972-73	6,600	326.6	3,548	550.1
1973-74	850	31.2	6,055	1,085.0
1974-75	67	7.4	5,812	1,081.9
1975-76	241	13.3	10,062	682.0

The area for which fertilisers were provided by Depalpur project included area brought into the project in an earlier year only to the extent of 724 acres in 1971-72 and 600 acres in 1972-73. In the Rewa project also, fertilisers were

provided in 1974-75 only for 3,997 acres out of 6,055 acres for which fertilisers were provided in 1973-74.

(iv) *Plant protection drugs*.—Year-wise particulars of pesticides supplied to cultivators, as furnished by Project Officers are shown below :

Year	Depalpur		Rewa	
	Area covered	Quantity supplied	Area covered	Quantity supplied
(1)	(2)	(3)	(4)	(5)
	(In acres)		(In acres)	
1970-71	940	7.5 tonnes	..	..
1971-72	161	1.6 tonnes	1972	19.1 tonnes
1972-73	3,662	9.4 tonnes	73	0.4 tonnes
		10 litres		1 litre
1973-74	50	0.3 tonnes	58	4 litres
		5 litres		
1974-75	561	0.5 tonnes	138	0.4 tonnes
		36.3 litres		12 litres
1975-76	60	0.5 tonnes	71	0.3 tonnes
		2 litres		4 litres

Supply of pesticides matched supplies of other inputs only at Rewa in 1971-72; in all other years, coverage with pesticides was far less in both the projects. The Project Officer, Rewa informed Audit in September 1976 that incidence of pest infestations in the project area was nominal and that pesticides were supplied only when attacks occurred. The Rewa project did not subsidise the supply of pesticides in any year.

B—*Permanent works*.—(i) The Scheme provided for financial assistance on the following scale for the construction of permanent works of soil and moisture conservation, land development and water harvesting which could help build up a firm base for stable and remunerative yields by conserving such soil and moisture resources as were available and securing optimum utilisation of the surface runoff from scanty and uncertain rainfall:—

(a) Soil conservation and land development works.—Subsidy upto 25 per cent of cost and the remainder as long/medium-term loans.

(b) Water harvesting works.—Full subsidy for works undertaken on community basis, a community being defined as an association or a co-operative society of 10 or more farmers; from 1974-75, such works of individual farmers also qualified for 50 per cent subsidy.

The quantum of work stated to have been done by the two projects under this head of activity is depicted below:

Year	Contour bunding	Land levelling and deep ploughing	Dhan bunding	Water harvesting works	
				Number of works	Irrigation potential created/augmented
(1)	(2)	(3) (In acres)	(4)	(5)	(6) (In acres)
<i>Depalpur—</i>					
1970-71	..	44	..	..	..
1971-72	1,450	1,170	..	..	..
1972-73	1,106	1,912	..	23	20
1973-74	2,172	2,038	..	9	..
1974-75	1,312	2,138	..	5	190
1975-76	..	220	..	16	530
<i>Rewa—</i>					
1971-72	535	72	..	..	..
1972-73	561	166	211	10	32
1973-74	267	..	411	4	22
1974-75	35	84	242	6	45
1975-76	34	103	16	11	658

In addition, the Rewa project had done *haveli* bunding on 176 acres and constructed pipe outlets for 255 acres and drainage channels for seven acres.

The water harvesting works included the renovation and construction of tanks, stop-dams, gully plugging, *nallah* bunds, *jalmohars*, etc. Fourteen tank with a potential of 500 acres, which were stated to have been completed in the Depalpur project in 1975-76, had not been brought into use as water courses were still to be constructed. Four tanks (248 acres) and three out of four *jalmohars* (12 acres), construction of which was taken up in Rewa project in 1975-76, were still incomplete.

(ii) The guidelines for the Scheme, issued by the Government of India in 1970 had pointed out that consolidation of fragmented land holdings was an essential prerequisite for planning and executing a composite network of permanent works and stipulated that, to begin with, only areas in which consolidation had taken place should be chosen for projects. In the Depalpur area, 723 holdings out of 1,828 were of 10 acres or less and, on an average, each cultivator had his holdings in three fragments.

(iii) A Central study team which visited (March 1972) Depalpur and other projects commented adversely on the usefulness of contour bunds in black soils. However, contour bunding in fresh areas totalling 3,484 acres was done during 1973-74 and 1974-75 in Depalpur project which is in black soil. The

Additional Chief Secretary and Production Commissioner ordered in September 1974 that contour bunding in Depalpur project area should be stopped and attention devoted to proper drainage of soils. While contour bunding was stopped, no drainage works were undertaken.

(iv) The amounts spent on water harvesting works by the Rewa Project in 1971-72 included a sum of Rs. 1.00 lakh which had been placed at the disposal of the local Irrigation Division. The Executive Engineer stated (June 1976) that the amount was utilised to purchase transformers. The project had no use for transformers and did not get them from the Division.

An allotment of Rs. 1.40 lakhs meant to be spent on permanent works was again placed at the disposal of the Irrigation Division in 1975-76. The Executive Engineer reported in June 1976 that Rs. 1.03 lakhs had been spent against this allotment on three check weirs and one stop dam, which were all incomplete at the time of test check.

C—*Demonstrations.*—(i) Each project was required to lay out composite demonstrations of packages of practices on at least 100 plots of one acre each per year at a cost not exceeding Rs. 150 per plot upto 1974-75 and Rs. 200 per plot thereafter. The demonstrations were to be organised on the fields of farmers owning less than ten acres and preference was to be given to those owning less than five acres. The economics of the practices advocated and the results achieved by following them were to be worked out and published through group discussions, *kisan melas*, audiovisual aids and radio broadcasts. The demonstrations were required to be organised on the same plots throughout the Fourth Plan period so that cultivators could see the full effect of the continuing application of scientific methods and the returns to be had therefrom.

(ii) Particulars of demonstrations organised in the two projects are shown below :

Year	Number of demonstration plots	Total area of plots	Expeniture incurred	Total yield	Expenditure per acre	Yield per acre
(1)	(2)	(3)	(4)	(5)	(6)	(7)
		(In acres)	(In rupees)	(In tonnes)	(In rupees)	(In tonnes)
<i>Depalpur—</i>						
1970-71	50	50	1,500	19.860	30	0.397
1971-72	203	203	12,009	69.535	59	0.343
1972-73	100	100	20,573	35.764	206	0.358
1973-74	112	112	20,618	21.666	184	0.193
1974-75	101	101	17,932	37.656	178	0.373
1975-76	100	100	13,590	24.048	136	0.240
<i>Rewa—</i>						
1971-72	58	58	10,003	25.104	172	0.433
1972-73	101	98	13,707	26.214	140	0.267
1973-74	76	66	9,733	24.748	147	0.375
1974-75	97	90	13,890	14.255	154	0.158
1975-76	..	..	..	..	..	..

In both projects, demonstrations were always organised on different plots in each year. The Project Officers stated that this was done in order to spread out the benefits of free supply of inputs and services to a larger number of cultivators.

Low yields at Depalpur in 1973-74 and at Rewa in 1974-75 were attributed to excessive rains and drought respectively.

According to the Project Officer (July 1976), the research centre rendered no assistance to the Depalpur project in organising demonstrations; staff from the centre did not attend the field demonstrations held on these plots.

D—*Farm machinery and equipment.*—(i) Under the programme, purchases by cultivators of improved implements costing upto Rs. 300 a piece were to be subsidised to the extent of 50 per cent of cost. From 1974-75, this limit was raised to Rs. 1,000 but the subsidy admissible per item was limited to Rs. 250. Year-wise details of expenditure incurred by the projects on purchase of machinery and on subsidy for implements were as follows :—

Year	Depalpur		Rewa	
	Cost of machinery meant to be kept as project property and lent to farmers	Subsidy for improved implements	Cost of machinery meant to be kept as project property and lent to farmers	Subsidy for improved implements
(1)	(2)	(3)	(4)	(5)
(In lakhs of rupees)				
1970-71	..	..	..	..
1971-72	0.88	..	0.35	0.01
1972-73	0.09	0.17	0.24	0.21
1973-74	0.45	..	..	0.07
1974-75	..	0.31	0.40	0.02
1975-76	..	0.35	0.01	0.58
Total	1.42	0.83	1.00	0.89

(ii) In February 1972, Depalpur project purchased 50 power sprayers at a cost of Rs. 0.37 lakh and used them for spraying Urea on 9,565 acres in 1972-73 and 1973-74. In March 1974, the project purchased 45 more power sprayers at a cost of Rs. 0.45 lakh but did not use them as no foliar spraying of Urea was done after 1973-74. The 50 sprayers purchased earlier were also not used after 1973-74 for the same reason.

(iii) Rewa project purchased 30 power sprayers in March 1972 at a cost of Rs. 0.22 lakh but used only 12 of them. An unopened box containing 15 sprayers was transferred to the Deputy Director of Agriculture at Rewa in January 1973 and these sprayers were not received back. The three remaining sprayers were not used.

In March 1974, the project drew Rs. 0.40 lakh towards the cost of 45 power sprayers and purchased a bank draft for the amount in favour of the suppliers although the sprayers were still to be received. The Project Officer stated that this had been done under telegraphic instructions from the Directorate of Agriculture which had arranged the purchase centrally. The sprayers were received in May 1974 and the draft was sent to the suppliers in July 1974. The sprayers lay unused upto January 1975 when they were transferred to the Deputy Director of Agriculture at Rewa. When he returned them in March 1976, 17 sprayers were in unserviceable condition. All 45 sprayers had been lying unused since then as it was reported that there was "not much attack of insect pests and diseases."

(iv) According to a note prepared in the Directorate of Agriculture in 1971-72 for submission to a Central study team which visited the State, sprinkler irrigation would not be very useful because of low permeability of soils in project areas. However, each of the projects was provided with one sprinkler set in 1972-73 at a total cost of Rs. 0.26 lakh. The Rewa project used its set for two demonstrations in 1974-75 and two in 1975-76. The Depalpur project used its set for irrigating 61 acres in all during 1972-73 to 1975-76.

(v) There was no record of the remaining equipment worth Rs. 0.51 lakh at Depalpur and Rs. 0.10 lakh at Rewa being put to any use. The Project Officer at Rewa stated that there was no demand for the equipment from cultivators. The Project Officer at Depalpur stated that the equipment had been used occasionally but there was no record of use and no hire charges had been realised.

(vi) The guidelines of 1970 required a custom service centre to be operated in each project by the State Agro-Industries Corporation for making agricultural machinery available to cultivators for land shaping, contour bunding, construction of farm ponds, etc. The Central study team which examined the working of some projects in 1972 added that there should be a mobile farm machinery repair and service unit in each project. No agro-service centre was opened in the Rewa project area and neither project was provided with a mobile repair and service unit for farm machinery. A service centre was opened at Depalpur in 1972-73 and provided a single tractor for deep ploughing in project areas for four months in 1973 and five months in 1974.

E—*Foliar feeding of crops.*—The Depalpur project spent Rs. 0.36 lakh in 1972-73 and 1973-74 as subsidy for 70.6 tonnes of Urea used for spraying standing wheat crops on 9,565 acres. The project had spent Rs. 0.06 lakh in 1970-71 and 1971-72 as subsidy for 13.6 tonnes of Urea sprayed on 1,276 acres of wheat. The Rewa project also spent Rs. 0.38 lakh as subsidy for 57.6 tonnes of Urea sprayed on 13,107 acres of wheat and paddy in the years from 1971-72 to 1975-76.

According to the Chief Scientist of the Indore centre (as stated at a Co-ordination Committee meeting in April 1972), foliar spray of Urea on wheat did not raise the yield.

F—Minor Irrigation.—(i) Cultivators with holdings of less than ten acres were to be aided with a subsidy of 25 per cent of cost for digging new wells and repairing or deepening old ones, constructing tube wells, purchasing and installing pump-sets and motors, etc. The balance of the cost in these cases and the entire cost in the case of farmers with larger holdings could be financed with loans. Particulars of cases in which such assistance was provided in the two projects during the period covered by this review are shown below :

Description of work	Depalpur		Rewa	
	Number	Irrigation potential created, augmented or restored	Number	Irrigation potential created, augmented or restored
(1)	(2)	(3) (In acres)	(4)	(5) (In acres)
Construction of new dug wells	192	516	169	664
Repairs or deepening of old wells	63	134	79	493
Construction of tube-wells]	3	45	21	475
Pump-sets with oil/electric motors	98	..	171	..

Neither of the projects had any information about the extent to which the irrigation potential stated to have been created, augmented or restored, was actually utilised.

(ii) In addition to 63 electric motors, the purchase of which was aided by Depalpur project, 82 electric pump-sets were stated to have been acquired by cultivators in the project area by obtaining loan assistance from the Land Development Bank in the years from 1972-73 to 1975-76. Of these, 4 pump-sets purchased with project aid in 1973-74 and 50 sets purchased with aid from banks in 1972-73 (16), 1973-74 (33) and 1974-75 (1) had not been energised upto July 1976. In 10 of these cases, the Madhya Pradesh Electricity Board had not found it feasible to provide power connections. In 9 cases, the cultivators concerned were unwilling to obtain power connections or had not applied for them. In one case, the well on which the pump-set was to be installed had dried up. Reasons for delay were not available in the remaining 34 cases.

G—Animal husbandry.—(i) Animal husbandry was expected to play a key role in revitalising the agricultural economy of the project areas by improving the economic resources of the farmers. Project activities were required to cover practically all aspects of animal husbandry including provision of loans and subsidies for purchase of farm animals and poultry, education on their maintenance and care, encouragement of breeding by artificial insemination, prevention and treatment of diseases, fodder and pasture development, etc.

Against total approved outlay of Rs. 22 lakhs as loans and Rs. 11 lakhs as subsidies for both projects for the period 1970-71 to 1975-76, the Government spent Rs. 0.19 lakh for loans and Rs. 1.65 lakhs for subsidies; banks contributed Rs. 6.17 lakhs in loans, thereby raising actual outlay to 24 per cent of approved outlay. The details of the activities in the two projects under animal husbandry were as follows:—

Description (1)	Unit (2)	Depalpur		Rewa	
		Years (3)	Quantum (4)	Years (5)	Quantum (6)
Subsidised supply of farm animals	Number	1973-74 and 1974-75	571	1971-72 to 1974-75	271
Poultry	Number	1974-75 and 1975-76	600	1975-76	5
Inputs for fodder crops	Acres	1973-74 to 1975-76	1320	1973-74 to 1975-76	146
Purchase of veterinary medicines	Rupees	1973-74 and 1975-76	4016	1973-74 to 1975-76	5024

3.2.4. *Evaluation.*—Since a Central study team examined the working of Depalpur project, among others, in 1972, there had been no evaluation of the results of the activities in either project by any agency. The department had no figures also of actual food production in the areas covered by the projects.

The matters mentioned above were reported to the Government and to the Director of Agriculture in November 1976; their comments are awaited (March 1977).

3.3. Sisal Plantation

Fibre extracted from the leaves of the sisal plant (*Agave Sisalana*) is used in the manufacture of marine cordage, ropes and various consumer articles. Plantations of sisal were known to be fetching good returns in West Bengal and Orissa and as wild sisal was already growing in the districts of Bilaspur, Raigarh, Sarguja and Raipur it was anticipated that large plantations of sisal could be raised with profit on Government waste land in these districts. A pilot project was prepared in 1964 in consultation with the Directorate of Jute Development to raise plantations of sisal on 400 acres of Government waste land in Bilaspur district over a period of eight years commencing from 1966-67. If the project was successful, more such plantations were to be raised on Government waste land and private farmers were also to be induced to raise sisal on their waste land and thereby improve their economic condition.

A site near Bilaspur was chosen in June 1964 with the assistance of the head of the Plant Breeding and Genetic Section of the Jute Agricultural Research Institute of the Indian Central Jute Committee and 362.75 acres of Government waste land were taken over from the Revenue Department. Seeds and roots were obtained from Orissa and planted over 142.12 acres in the years from 1966-67 to 1971-72 at a cost of Rs. 2.38 lakhs.

Sisal starts yielding fibre in the third year. All the 1,44,633 plants planted in 1966-67, 1967-68 and 1969-70 and 17,127 out of 63,426 planted in 1968-69 had died before reaching this stage. Growth was so poor that plants which had survived up to the stage of yielding fibre were yielding only five leaves per year on an average, as against the normal average of twenty to twenty-five leaves per plant per year reported by the Indian Central Jute Committee. The average length of a leaf was 45 centimetres as against the normal average of 130 centimetres and its fibre content was only 8.8 per cent of that anticipated. The fibre length was below normal and its "bundle tenacity" weak. In May 1973, the Joint Director of Agriculture, Bilaspur pointed out to the Director of Agriculture that the farm could not be operated profitably as the *moorum-bhata* soils of the farm had been found to be quite unsuitable for sisal cultivation. In August 1973, he reiterated that the soil and agro-climatic conditions were not favourable for growing sisal, that the economics of sisal plantation as worked out by an Agronomist from the Sisal Research Station at Bamra disclosed only meagre profits, that certain suggestions for applying chemical nutrients and organic manure which the Agronomist had made in October 1972 after visiting the farm had failed to yield results when applied and that, in any case, the adoption of these suggestions would reduce the profitability further. An effort was made to persuade the Forest Department to take over the farm but the proposal was turned down by that Department in August 1974. No decision has been taken (March 1977) regarding the future of the farm.

A census undertaken by the department in 1974-75 disclosed that all 40,332 plants planted in 1970-71 and 19,504 out of 45,284 planted in 1971-72 and 1972-73 had died, of which 28,249 were planted after the Joint Director had reported that the farm could not be operated profitably. As against Rs. 1.42 lakhs spent on the farm in the years from 1972-73 to 1975-76, only Rs. 0.26 lakh had been realised by sale of 53 quintals of fibre.

In October 1973, the Government asked the Director of Agriculture to take action for fixing responsibility for the erroneous choice of the site of the farm. Information regarding the action taken is awaited (March 1977).

The matter was reported to the Government in June 1976; their reply is awaited (March 1977).

3.4. Purchase of seed potato

During the period from September 1975 to November 1975, the Director of Agriculture purchased 4,061.51 quintals of seed potato from the Punjab State

Co-operative Fruit Development Federation Limited at a negotiated price of Rs. 112.50 per quintal without calling for competitive tenders as required under the rules. The total cost, including transportation and other incidental charges, was Rs. 5.67 lakhs. An offer from the Punjab State Co-operative Vegetable Development Federation Limited to supply seed potato of the same variety and specifications at Rs. 106.25 per quintal was not considered, the reasons for which were not on record. An Assistant Project Officer who was sent to Punjab to collect the seed potato from the Fruit Development Federation, however, also purchased on his own initiative 220 quintals of seed potato from the Vegetable Development Federation at Rs. 100 per quintal, for which he was placed under suspension by the Directorate though reinstated subsequently.

Out of 800 quintals of seed potato supplied by the Fruit Development Federation to Jabalpur and Ambikapur Divisions, 176.54 quintals were stated to have been received in rotten condition. Besides, the Deputy Director of Agriculture, Ambikapur reported (October 1975) that the Fruit Development Federation had supplied table potato instead of seed potato and that the potatoes supplied were "not healthy" and included oversized, cut, bruised and damaged potatoes. The Directorate claimed Rs. 0.21 lakh from the Fruit Development Federation on account of purchase price (Rs. 0.16 lakh) and incidental expenses (Rs. 0.05 lakh) for 144.53 quintals of the seed which had rotted. The Federation refunded only Rs. 0.10 lakh in May 1976 after deducting from the purchase price Rs. 0.06 lakh on account of normal incidence of loss during distribution. Reasons for limiting the claim for refund to 144.53 quintals as against 176.54 quintals stated to have been received in rotten condition and also for not claiming any compensation for supply of seeds not conforming to approved quality were not on record.

If the entire quantity of 4,061.51 quintals had been purchased from the Vegetable Development Federation at the rate of Rs. 100 per quintal, there would have been a saving of Rs. 0.51 lakh. The Director of Agriculture justified (August 1976) the higher rate paid to the Fruit Development Federation on the ground that it had a high reputation for reliability of the seed sold by it and that seeds purchased from it in 1974-75 had been of good quality and popular with cultivators. He added that the Vegetable Development Federation was not able to vouch for the reliability of the seed offered by it in 1974-75. These observations were endorsed by the Government in January 1977. However, the circular offering seed potato issued by the Vegetable Development Federation for 1975-76 claimed that the seed offered by it was produced under the guidance and supervision of a specialist from the Punjab Agricultural University, that it would be disease-free, well-graded, labelled and of uniform size and that there would be no off-type, cut, bruised or deformed seed potato.

INDUSTRIES DEPARTMENT

3.5. Reeling and spinning of tasar silk

Two factories for reeling and spinning tasar yarn with machines were established at Seoni (1958) and Koni (1963) with the object of providing tasar silk yarn

of standard quality, at reasonable rates, to the weaving community for producing fabrics. The functioning of the factories during 1973-74 to 1975-76 was test-checked by Audit in April and May 1976. The results of test check are contained in the paragraphs which follow.

(i) The expenditure on the two factories during 1973-74 to 1975-76 was as follows :—

Factory (1)	1973-74 (2)	1974-75 (3)	1975-76 (4)
(In lakhs of rupees)			
Koni	6.81	6.58	6.73
Seoni	1.56	1.13	2.30
Total	8.37	7.71	9.03

(ii) *Purchase of cocoons.*—Purchases of cocoons by the two factories are analysed below according to sources of supply :

Source (1)	Number of cocoons purchased			Total (5)	Percentage of total purchases (6)
	1973-74 (2)	1974-75 (3)	1975-76 (4)		
(In lakhs)					
<i>A—Purchases within the State</i>					
Rearers in Madhya Pradesh	9.06	15.71	21.86	46.63	23.5
<i>B—Purchases outside the State</i>					
Governmental agencies	1.92	..	0.53	2.45	1.2
Raw Material Bank of the Central Silk Board at Chaibasa (Bihar)	0.77	12.21	..	12.98	6.6
Private dealers	70.41	39.54	26.27	136.22	68.7
Total purchases outside the State	73.10	51.75	26.80	151.65	76.5
Total	82.16	67.46	48.66	198.28	100.0

The quantity purchased within the State was less than 2.5 per cent of the total estimated production of 1.50 lakh kahans (kahan : 1,280 cocoons) in the State during the three years; more than three-fourths of the cocoons required by the factories had been procured outside the State. Out of a total estimated production of 90,000 kahans of nature-grown Raille cocoons in the State, only 142 kahans were used.

(iii) *Yarn production.*—(a) Figures of tasar yarn produced by the two factories during each of the three years are shown below :

Year	Koni		Seoni		Totals	
	Reeled yarn	Spun yarn	Reeled yarn	Spun yarn	Reeled yarn	Spun yarn
(1)	(2)	(3)	(4)	(5)	(6)	(7)
(In kilograms)						
1973-74	1,746	886	815	864	2,561	1,750
1974-75	1,719	920	1,023	835	2,742	1,755
1975-76	1,326	1,587	1,041	984	2,367	2,571

A coarse hand-spun yarn, known as *Gicha*, which was used mainly for the weft in medium and coarse fabrics meant for export, was the most important variety of spun yarn produced; other varieties of spun yarn, known as *Katiya*, *Jhuri*, etc., were produced in comparatively smaller quantities.

(b) Neither factory had any arrangements for assessing market preferences from time to time and for determining production priorities to suit demands. The Koni unit produced 264 kilograms of *Gicha* in 1974-75 but was unable to sell any of it. The production in 1975-76 was 1,587 kilograms and the sales 1,035 kilograms, the unsold stock at the end of the year being 821 kilograms worth Rs. 0.90 lakh. The Seoni unit sold 860 kilograms of *Gicha* in 1974-75 and 1,087 kilograms in 1975-76, the unsold stock at the end of the year being 830 kilograms worth Rs. 0.91 lakh.

(iv) *Recovery of yarn.*—(a) Both factories used only reared cocoons of a tasar race known as Daba for reeling. According to the findings of the Central Tasar Research Station, Ranchi, an average Daba cocoon weighs 12.06 grams and has a silk content of 13.24 per cent by weight. The pupa accounts for 10.47 grams out of the weight of the cocoon and the remainder of 1.59 grams represents the weight of the shell. On an average, 60 to 70 per cent of the cocoon shell, by weight, is reelable, the remainder being left over as reeling silk waste.

The following table depicts the performance of the two factories in regard to the recovery of yarn from cocoons reeled in the years 1973-74 to 1975-76 :—

Factory	Number of cocoons reeled	Total shell weight of cocoons	Reeled yarn obtained	Percentage of yarn obtained to shell weight
(1)	(2)	(3)	(4)	(5)
(In kilograms)				
Koni	59,60,090	9,477	4,791	51
Seoni	40,71,125	6,473	2,879	44

Performance in both units was below the standard indicated by the Ranchi Research Station. According to the Assistant Director of Industries in charge of the factories, the deficiency in recovery was due to poor quality of cocoons and low efficiency of reeling labour.

(b) According to the findings of the Tasar Silk Committee (1966), when tasar silk waste is used for spinning, the yield of spun yarn would be 80 per cent by weight. Further, the yield when spinning is done directly from cocoons would not be less than the same percentage of their shell weight. Actual yields of *Gicha* yarn in the three years in both units were much lower as will be seen from the following table:—

Factory	Number of cocoons used	Total shell weight of cocoons used	<i>Gicha</i> yarn obtained	Percentage of yarn to shell weight
(1)	(2)	(3)	(4)	(5)
(In kilograms)				
Koni	32,36,590	5,146	2,314	45
Seoni	11,63,600	1,850	1,060	57

Reasons for low recovery have not been reported (March 1977).

(v) *Silk waste*.—On the basis of the average shell weight mentioned earlier, the total silk content of the cocoons used, the yarn obtained and the silk waste obtained during 1973-74 to 1975-76 were as shown below:

Unit	Number of cocoons used	Silk content of cocoons used	Yarn obtained	Silk waste obtained	Deficiency	Percentage of deficiency to silk content
(1)	(2)	(3)	(4)	(5)	(6)	(7)
(In kilograms)						
<i>Reeling—</i>						
Koni	59,60,090	9,517	4,791	4,984	Nil	Nil
Seoni	40,71,125	6,501	2,879	2,388	1,234	19
<i>Gicha spinning—</i>						
Koni	32,36,590	5,168	2,314	888	1,966	38
Seoni	11,63,600	1,858	1,060	204	594	32

Reasons for the deficiencies had not been investigated.

(vi) *Machine utilisation*.—(a) The following table shows the extent of utilisation of reeling machines in the two factories during the three years:—

(1)	Koni			Seoni		
	1973-74 (2)	1974-75 (3)	1975-76 (4)	1973-74 (5)	1974-75 (6)	1975-76 (7)
1. Number of working days	292	301	256	273	298	306
2. Number of machines	48	48	48	24	24	24
3. Machine-days available	14,016	14,448	12,288	6,552	7,152	7,344
4. Machine-days lost due to various causes	3,240	2,366	2,291	676	868	1,034
5. Percentage of machine days lost	23	16	19	10	12	14
6. Effective machine days on which reeling was done	10,776	12,082	9,997	5,876	6,284	6,310
7. Yarn produced (In kilograms)	1,746	1,719	1,326	815	1,023	1,041
8. Average production of yarn per effective machine-day (In grams)	162	142	133	139	163	165

Machine-days lost during the three years amounted to over 19 per cent at Koni and 12 per cent at Seoni. Absenteeism on the part of labour was stated to be the main reason.

(b) Both units were using the Trivedi four-spindle reeling-cum-twisting machine which had a rated output of about 220 grams of reeled yarn per day of eight hours when manually operated. Despite the machines being operated by electricity, the Koni unit averaged over the three years 146 grams and the Seoni unit 156 grams per effective machine-day. The Assistant Director in charge of the two factories stated that performance depended on the skill of individual reelers.

(vii) *Labour efficiency.*—(a) No norms had been laid down for the quantity of *Gicha* yarn which a worker could be expected to spin in a day. Average output varied widely as between the two factories as well as from year to year as shown below :

(1)	Koni			Seoni		
	1973-74 (2)	1974-75 (3)	1975-76 (4)	1973-74 (5)	1974-75 (6)	1975-76 (7)
1. Effective man-days of <i>Gicha</i> Spinning	6,175	5,641	7,765	7,787	6,621	6,685
2. Yarn produced (In kilograms)	886	920	1,587	864	835	984
3. Average output per man-day (In grams)	143	163	204	111	126	147

(b) In the case of reeling, the Koni unit attempted (January 1976) to measure labour efficiency in terms of the quantity of yarn recovered from 100 cocoons. According to the findings of the Tasar Research Station, Ranchi, 100 daba cocoons could be expected to yield between 95.4 grams and 111.3 grams of reeled yarn. Out of 40 reelers whose output was studied, only 3 achieved 95 grams or more per 100 cocoons.

(viii) *Sales.*—Sales of yarn made by the two factories during the period of three years are analysed below according to classes of purchasers:

(1) Class of purchasers	(2) Quantity sold (In kilograms)	(3) Sale price (In lakhs of rupees)	(4) Percentage of total sales
A—Within Madhya Pradesh—			
1. Government agencies	806	0.55	2.7
2. Co-operatives	217	0.24	1.2
3. Private parties	2,511	2.45	11.8
B—Outside Madhya Pradesh—			
4. Government agencies	117	0.10	0.5
5. Other parties	10,594	17.33	83.8
Total	14,245	20.67	100.0

Nearly 84 per cent of sales were to private dealers and weavers outside the State.

(ix) *Utilisation of by-products.*—(a) Details of the silk waste produced, utilised and sold by the two factories during the period of three years are given below :

Unit	Opening balance	Produced	Utilised for spinning	Sold	Closing balance
(1)	(2)	(3)	(4)	(5)	(6)
			(in kilograms)		
Koni	399	5,982	972	5,201	208
Seoni	207	3,107	813	2,393	108

The silk waste was sold to the highest bidders at auctions which were held once a month. No costing was done for the purpose of fixing a reserve price as the entire cost of cocoons and wages was charged to the cost of yarn. As a result, the factories had no means of knowing whether the sale prices realised represented the cost of the waste sold.

(b) According to the findings of the Central Tasar Research Institute as contained in a paper read by Dr. Jolly and others at the First International Seminar on Non-mulberry Silks held at Ranchi in 1974, the pupa inside a cocoon which accounts for five-sixth of its weight is capable of being processed into pupa oil and protein powder. Further, 10 kilograms of undried pupae could be processed on a laboratory scale, at an expense of Rs. 13.38, into one kilogram of oil and four kilograms of protein powder worth Rs. 48 in all; bulk processing in a factory was expected to be much cheaper. Provisions of Rs. 0.83 lakh and Rs. 1.66 lakhs were made in the budget estimates for 1974-75 and 1975-76 respectively for setting up a pupa extraction unit but both provisions were dropped in the revised estimates for the respective years. The Development Officer (Sericulture) stated (July 1976) that the Scheme was not sanctioned in 1974-75 and was dropped as a measure of economy in 1975-76 and that efforts would be made "for its inclusion" in 1977-78. Meanwhile, the pupae left over after reeling and spinning at Koni were being discarded while the Seoni unit had sold some of its output for use as manure for Rs. 296 during the three years 1973-74 to 1975-76.

(x) *Profitability.*—Originally, it was intended that the Koni factory should start functioning on a "no profit-no loss" basis from 1970-71. However, in March 1971, the Government stated that it could be expected to work on quasi-commercial lines only when its production reached 4,000 kilograms per year. Neither factory had attained this level of production upto 1975-76. Consequently, both were functioning as civil establishments only and no *pro forma* accounts had been prepared to ascertain the financial results of their working. A rough computation made by Audit on the basis of net outgoings of funds and changes in the quanta of various assets and liabilities showed that the two factories had made losses totalling Rs. 2.86 lakhs during the period of three years covered by this review.

The matters mentioned above were reported to the Government in October 1976; their reply is awaited (March 1977).

TRIBAL WELFARE DEPARTMENT

3.6. Construction of houses in Jayanti villages

As part of the programme connected with the 25th anniversary of Independence, the Government of India sponsored (May 1973) a scheme for construction in villages (called Jayanti villages) of houses for members of scheduled castes who were engaged in unclean occupations or were landless labourers. The Scheme was to be implemented before the end of March 1974 by the State Government with Central assistance at Rs. 2,000 per house having a minimum floor area of 220 square feet.

A grant of Rs. 34 lakhs for construction of 1,700 houses was received in August 1973 from the Government of India.

3.6.2. In October 1973, the Government made a district-wise allocation of the total number of houses to be constructed (1,700), prescribing also the number of villages in each of the 45 districts of the State wherein houses were to be constructed. The selection of villages (457 in all) as also of beneficiaries was to be done by the Collectors of the Districts on the advice of *Janpad Panchayats* by 31st October 1973. The following further instructions were issued to the Collectors:—

- (a) The houses were to be constructed as per plans and estimates prepared by the Housing Commissioner; out of the estimated cost of Rs. 3,500 per house, the grant payable by the Government was Rs. 2,000, the beneficiaries being required to contribute the balance either in cash or in kind.
- (b) The grant of Rs. 2,000 was to be released to the beneficiaries in 3 instalments in cash depending upon the progress and valuation of work done.
- (c) The Scheme was to be implemented by 31st March 1974 through *Janpad Panchayats*, Development Assistants of Blocks and District Organisers, Tribal Welfare. Each Collector was to submit completion certificates to the Director, Tribal Welfare by 10th April 1974.
- (d) In case of default, misuse of grants or non-completion of houses by 31st March 1974 recovery was to be effected from the beneficiaries as arrears of land revenue.

Funds were allotted to various Collectors in December 1973 and January 1974 with reference to the target for each district specified in October 1973.

3.6.3. The accounts and records pertaining to the implementation of the Scheme were test checked and the results of test-check are contained in the paragraphs which follow.

- (i) The progress of the Scheme to end of December 1976 as reported by

the Director, Tribal Welfare was as under :

Number of houses completed	790
Number of houses in progress	413
Number of houses not taken up for construction	497

The Scheme had envisaged the completion of all houses by March 1974; by December 1976, the targeted number of houses had been completed only in 7 out of 45 districts in the State.

(ii) Out of Rs. 34 lakhs allotted, only Rs. 29.10 lakhs were drawn before 31st March 1974. A sum of Rs. 5.04 lakhs out of the amount drawn was not utilised and was refunded into the treasury between April 1974 and March 1975 except Rs. 10,500 which has not been refunded by the Collector, Morena (December 1976).

(iii) Out of the unutilised amount of Rs. 9.94 lakhs, Rs. 5.74 lakhs related to Bilaspur, Shajapur, Vidisha, Morena, Mandla, Panna, Rewa and Guna Districts.

Against the allotment of Rs. 2.58 lakhs for Bilaspur district, a sum of Rs. 2.16 lakhs was not drawn on the ground that the beneficiaries were not prepared to contribute their share over and above Rs. 2,000 payable by the Government as grant; out of 21 houses for which Rs. 0.42 lakh were drawn, none has so far been completed (December 1976). In Shajapur and Vidisha districts, the allotments of Rs. 0.98 lakh and Rs. 0.74 lakh respectively, though drawn in full, were refunded subsequently due to beneficiaries not coming forward.

In Morena district, the allotment of Rs. 1.30 lakhs was drawn on 30th and 31st March 1974. A sum of Rs. 0.24 lakh was refunded on 12th April 1974, as 12 persons declined to take the assistance. A sum of Rs. 28,900 was disbursed to 53 persons as first instalment and the balance of Rs. 77,100 payable to them was deposited in joint accounts in banks in the names of beneficiaries and Development Assistant/District Organiser, Tribal Welfare. Out of Rs. 77,100, a sum of Rs. 61,500 was refunded in August 1974. Against the sum of Rs. 44,500, only 17 houses (grant : Rs. 34,000) were taken up for construction, out of which 15 remained incomplete (December 1976).

In Mandla district the allotment of Rs. 0.32 lakh (Rs. 0.14 lakh not drawn; Rs. 0.18 lakh drawn in March 1974 and refunded in May 1974) was not utilised as no beneficiary could be selected. In Panna district, none of the targeted 20 houses was taken up for construction, and the amount of Rs. 0.40 lakh drawn in March 1974 was refunded in June/July 1974.

In Rewa district, out of Rs. 0.82 lakh drawn in March 1974, a sum of Rs. 0.16 lakh was refunded in August 1974; 33 houses (grant: Rs. 0.66 lakh) taken up for construction were incomplete (December 1976). In Guna district, out of Rs. 0.78 lakh drawn in March 1974 only Rs. 0.02 lakh were refunded; 38 houses (grant : Rs. 0.76 lakh) taken up for construction were incomplete (December 1976).

The matter was reported to the Government in November 1976; the Government confirmed (April 1977) the facts mentioned in the paragraph.

3.7. Unadjusted temporary advances

It was mentioned in paragraphs 25 and 26 of the Report of the Comptroller and Auditor General of India for the year 1969-70 that heavy amounts were advanced to subordinate officers of the Tribal Welfare Department for making immediate payments but that the maintenance of the accounts of the advances and their adjustment was defective and incomplete. The Public Accounts Committee in its 27th Report (March 1973) recommended that rules on the subject should be got observed strictly. In pursuance of the recommendations of the Public Accounts Committee, the Director, Tribal Welfare issued (December 1974) instructions to all officers of his department that the maintenance of accounts should be improved and that incomplete records should be completed.

A test check by Audit between February 1975 and April 1976 of the records of twentyfive drawing officers of the Tribal Welfare Department in twentyone districts disclosed that no proper accounts of the advances given to subordinate officers for meeting expenditure on execution of schemes in rural areas, construction of departmental works, payment of stipends, scholarships and pay and allowances, *etc.*, were kept and advances aggregating Rs. 40.78 lakhs were pending for adjustment/recovery. According to the progress of adjustment of these advances intimated by the Director, Tribal Welfare (January 1977), a sum of Rs. 31.32 lakhs was still outstanding. The year-wise position of outstanding advances amounting to Rs. 12.54 lakhs in respect of thirteen out of the twenty-five offices was as under:

Year in which advances were given	Amount of outstanding advances	Number of offices out of 13 in which outstanding
(1)	(2)	(3)
	(In lakhs of rupees)	
1965-66	0.14	3
1966-67	0.16	3
1967-68	0.20	4
1968-69	0.26	6
1969-70	0.58	5
1970-71	0.53	6
1971-72	1.69	6
1972-73	0.85	9
1973-74	1.24	6
1974-75	6.57	10
1975-76	0.32	4
Total	12.54	

Year-wise break-up of outstanding advances amounting to Rs. 18.78 lakhs in respect of the remaining twelve offices was not available. The office-wise position of outstandings was as under:

S. No. (1)	Name of office (2)	Amount (3) (In lakhs of rupees)
1.	District Organiser, Bilaspur	3.12
2.	Additional District Organiser, Kanker	5.27
3.	Additional District Organiser, Jagdalpur	4.90
4.	District Organiser, Durg	1.65
5.	District Organiser, Rewa	0.60
6.	District Organiser, Vidisha	0.94
7.	District Organiser, Dindori	0.96
8.	District Organiser, Raipur	0.21
9.	District Organiser, Balaghat	0.55
10.	District Organiser, Alirajpur	0.40
11.	District Organiser, Sidhi	0.17
12.	Area Organiser, Katghora	0.01
	Total	18.78

With the exception of District Organisers, Dindori and Raipur, the above officers did not maintain the prescribed registers of temporary advances.

PUBLIC HEALTH AND FAMILY PLANNING DEPARTMENT

3.8. Purchases of mercury

The requirements of mercury of the departmental ayurvedic and unani pharmacies were being obtained by the department upto 1968-69, from the State Trading Corporation (STC) which was responsible for its import and bulk distribution. In September 1969, the STC informed the Joint Director of Ayurved that this work had been taken over by the Minerals and Metals Trading Corporation of India Limited (MMTC) and, accordingly, purchases were made from the latter in 1969-70. In 1971-72 and 1973-74, however, mercury was purchased from private dealers at prices far in excess of those at which the MMTC was selling the commodity, resulting in extra expenditure amounting to Rs. 0.83 lakh as detailed below:

Year (1)	Quantity purchased (2) (In kilograms)	Rate (3) (In rupees per kilogram)	Selling rate of the MMTC (4)	Extra expenditure (5) (In lakhs of rupees)
1971-72	500.0	268	116.20	0.76
1973-74	124.8	153	94.20	0.07

The purchase committee which considered (September 1971) the tender received in 1971-72 had recommended that mercury should be purchased from the private supplier chosen by it only if the STC could not supply the department's requirements. Letters were written to the STC in August 1971, January 1972 and February 1972 even though it was no longer dealing with the purchase of mercury and there was no response from it. Thereafter, mercury was purchased from the private supplier in March 1972. The Joint Director of Ayurved stated (May 1976) that the committee had referred to the STC and not the MMTTC (which was actually responsible for import and distribution of mercury) because "the old file was not submitted" to the committee.

The matter was reported to the Government in October 1976; their comments are awaited (March 1977).

3.9. Purchase of pearls

3.9.1. Although no medicines with pearls as ingredients appeared in the list of ayurvedic medicines to be prepared by the departmental ayurvedic pharmacies as prescribed by the Joint Director of Ayurved in September 1972 or in the pharmacopoeia of ayurvedic medicines prescribed by the Government, 36 kilograms of pearls were purchased by the department in 1973-74 and 1974-75 at a total cost of Rs. 2.80 lakhs.

Tenders for the purchases to be made in 1973-74 were called for in July 1973. Thirteen tenders were received and these were considered by the purchase committee in September 1973. The committee recommended acceptance of the third lowest offer of Rs. 4,000 per kilogram after rejecting two lower offers of Rs. 3,800 and Rs. 2,800 on the ground that the samples 'had holes in them and were without lustre'. The Director of Health Services turned down the recommendation on the ground that specifications of the pearls to be purchased had not been indicated in the tender notice and ordered (December 1973) that, in case supplies were absolutely necessary, fresh tenders should be invited and in the notice inviting tenders, specifications should be indicated. Tenders were accordingly reinvited in January 1974 for pearls which were "lustrous, soft and without holes". Seven offers were received. The purchase committee considered four offers ranging from Rs. 3,800 to Rs. 6,900 per kilogram unacceptable as samples were "hard, without lustre and with holes" and recommended acceptance of the fifth lowest rate of Rs. 7,550. Thirteen kilograms were purchased at this rate, resulting in extra expenditure of Rs. 0.46 lakh as compared to what the purchase would have cost if the committee's earlier recommendation had been accepted. The same firm had quoted the lowest rate of Rs. 2,800 in response to the first call (July 1973). In response to tenders called for in July 1974, it had quoted Rs. 4,000 per kilogram for the same variety and quality of pearls and supplied 13 kilograms at this rate.

3.9.2. The Gwalior Pharmacy received and utilised 8 kilograms of pearls purchased in 1974-75; it had (February 1977) 7,950 kilograms still in stock out of the purchases made in 1973-74.

The matter was reported to the Government in October 1976; their comments are awaited (March 1977).

3.10. Avoidable expenditure

The tariff prescribed by the Madhya Pradesh Electricity Board provides for levy of a surcharge, in addition to charges for energy consumed, if the bill is not paid by the consumer by a stipulated date. It was noticed during test check (April-May 1976) of the accounts of the Hamidia Hospital attached to the Mahatma Gandhi Medical College, Bhopal that sums totalling Rs. 0.15 lakh had been paid on account of surcharge due to non-payment of bills by specified dates during the years from 1971-72 to 1975-76. The Director of Health Services to whom the matter was reported (July 1976) stated (August 1976) that the Dean of the Medical College had been asked to fix responsibility for the loss. Further developments awaited (March 1977).

The case was reported to the Government in July 1976; their reply is awaited (March 1977).

3.11. Purchase of vegetables

The Superintendent of the Maharaja Yeshwant Rao Hospital at Indore invited tenders in January 1973 for the supply of vegetables to all Government hospitals in Indore during 1973-74. Six tenders were received and a purchase committee which considered them recommended (February 1973) the award of contracts to five tenderers each of whom had quoted the lowest rates for certain vegetables. One of these tenders had also offered to supply all the vegetables at three *per cent* below market rates as certified by the local vegetable market committee or the tehsildar. The Director ordered (April 1973) the acceptance of this offer experimentally for the first six months. The Superintendent was required to intimate the certified rates to the Directorate every month but did not do so for any month. However, the Director ordered the extension of the contract on the same terms for the remainder of the year.

Test check of the records of the hospitals concerned disclosed that the rates paid to the contractor were in all cases more than the lowest tendered rates for individual items and that the vegetables which had been purchased for Rs. 0.34 lakh would have cost Rs. 0.11 lakh only at the lowest tendered rates.

The matter was reported to the Director of Health Services and the Government in September 1976; their comments are awaited (March 1977).

FOREST DEPARTMENT

3.12. Accumulation of large quantity of dried grass

In order to meet the situation arising out of the failure of monsoon in 1972, the Government of India requested the State Government to supply dried grass to Gujarat and Maharashtra in such quantities as required by their respective

Governments. For this purpose and also for consumption within the State, 5,466 tonnes of dried grass were collected departmentally during 1972-73 in eleven forest circles at a cost of Rs. 6.31 lakhs.

During test check by Audit between March 1975 and November 1975, the following points were noticed:—

(a) There was no understanding with the State Governments concerned regarding the quantity to be supplied to them. There was also no assessment of the requirement for consumption within the State.

(b) A demand for 2,000 tonnes of dried grass was received from Gujarat in February 1973 but the Forest Department did not supply any dried grass upto 10th April 1973, the delay being attributed to non-availability of wagons and non-settlement of the price payable. Upto May 1973, 523 tonnes of dried grass were supplied to Gujarat for Rs. 1.65 lakhs including cost of collection and expenditure on baling, supervision and transportation to rail heads. When 500 tonnes more were offered in May 1973, the Government of Gujarat declined the offer anticipating improved fodder position in the State after monsoon.

(c) No sale was made to Maharashtra. The sales within the State were 2,496 tonnes (price : Rs. 3.78 lakhs) by November 1974. It was reported by the Chief Conservator of Forests (November 1975) that 703 tonnes were consumed departmentally or lost due to dehydration. The value of the unused stock of 1,744 tonnes was Rs. 2.02 lakhs on the basis of the average cost of collection.

In October 1974, the Government ordered collection of dried grass for internal consumption and for supply to Gujarat. Out of 1,741 tonnes (cost of collection : Rs. 1.60 lakhs) collected in 1974-75, only 542 tonnes were sold by November 1975 within the State for Rs. 0.92 lakh. The value of the unsold stock of 1,199 tonnes was Rs. 1.10 lakhs on the basis of the average cost of collection.

The Chief Conservator of Forests stated (August 1976) that sale of the unsold stocks would be difficult due to deterioration in quality as a result of prolonged storage and, therefore, effort would be made to consume it as fuel in the manufacture of charcoal, etc.

The matter was reported to the Government in December 1975; their reply is awaited (March 1977).

EDUCATION DEPARTMENT

3.13. Purchase of books

The District Education Officer, Jabalpur purchased books worth Rs. 0.27 lakh (text books: Rs. 0.20 lakh and reference books: Rs. 0.07 lakh) in March 1974 for the libraries in Government primary and middle schools in the district. The following points were noticed in this connection :—

(i) Tenders by advertisement in at least three newspapers as prescribed in the Education Code were not invited. Sealed quotations were called for from five local dealers, of whom four quoted.

(ii) A purchase committee which considered the quotations at the district level recommended (February 1974) that text books for classes upto the eighth should be purchased from the Madhya Pradesh Text Books Corporation as the quality of printing of its books was superior. However, no books were purchased from the Corporation.

(iii) Another purchase committee at the divisional level which reviewed and endorsed the ^{re}commendations of the district-level committee also stipulated that at least 75 *per cent* of the books to be purchased should be out of a list of text books/reference books approved by the Director of Public Instruction. However, books worth Rs. 0.05 lakh only were purchased from out of the list.

(iv) The books, though meant to be distributed to libraries in primary and middle schools, were not so distributed upto August 1976. The Director of Public Instruction reported (February 1977) that, out of 0.30 lakh books purchased, 0.14 lakh books had been distributed by December 1976.

The matter was reported to the Director of Public Instruction and to the Government in June 1976. The Director stated (August 1976) that the outlay on the books was "unfruitful" and that disciplinary action was proposed to be taken against the District Education Officer concerned. The comments of the Government are awaited (March 1977).

GENERAL

3.14. Cases of misappropriation of Government money

The following table shows the position of cases (other than 83 cases involving Rs. 35.86 lakhs which are *sub-judice*) of alleged misappropriation of Government money reported to Audit upto 31st March 1976 but not finalised at the end of September 1976 :—

(1)	Number of cases (2)	Amount (3) <i>(In lakhs of rupees)</i>
Cases (reported up to March 1975) outstanding at the end of September 1975	597	62.62
Cases reported during 1975-76	140	22.11
Cases disposed of till September 1976	126	15.36
Cases outstanding at the end of September 1976	611	69.37

According to rules, cases of misappropriation should be dealt with expeditiously and finalised within six months of their detection and cases in which

departmental enquiries have been ordered should be finalised within a year. There has, however, been considerable delay in finalisation of cases as shown below :

Period for which not finalised as at the end of September 1976	Number of cases	Amount
(1)	(2)	(3)
		(In lakhs of rupees)
(i) Over five years	258	25.66
(ii) Over three years but less than five years	84	8.01
(iii) Over one year but less than three years	132	14.11

The reasons for which the cases were outstanding are stated below:

	Number of cases	Amount
(1)	(2)	(3)
		(In lakhs of rupees)
(i) Awaiting investigation	348	50.64
(ii) Awaiting action against officials	82	7.74
(iii) Awaiting recovery/information about recovery	136	7.30
(iv) Awaiting orders for write-off	45	3.69

The department-wise analysis of the outstanding cases is given in Appendix III.

According to rules, cases of losses, misappropriations, etc., are required to be reported immediately to the Accountant General. A review of the cases pending at the end of September 1976 disclosed delay of over one year in reporting 191 cases involving Rs. 14.61 lakhs to Audit.

Particulars of two cases of misappropriation of Government money are given in the succeeding paragraphs.

3.14.2. Successive local test checks of the accounts of Mohanlal Hargovind Das College of Home Science for Women, Jabalpur conducted by Audit in June 1965, June 1968 and March 1972 disclosed defects and irregularities in the maintenance of accounts of cash. The cash book was not closed and balanced at regular intervals for periods ranging up to three years at a time. Totalling errors affecting the balance of cash remained unnoticed for long periods as cash was not verified. Receipts for money realised were being issued by the accountant on locally printed or cyclostyled forms for which no stock account was maintained. Deficiencies were noticed in the amounts brought into the main cash book from subsidiary registers in which receipts from students were initially recorded.

In view of these irregularities, it was suggested (July 1965, September 1968 and June 1972) to the Director of Collegiate Education that the accounts for the period from 1962 onwards be got checked in detail departmentally as early as possible. Accordingly, the accounts for the period from April 1971 to September 1974 were checked by the Chief Internal Audit Officer of the Directorate in October-December 1974.

The Chief Internal Auditor's check disclosed defalcation of Rs. 0.97 lakh due to incorrect casting of totals of receipts (Rs. 0.38 lakh), non-accountal of receipts (Rs. 0.44 lakh) and short-accountal of receipts (Rs.0.15 lakh). In addition, sums totalling Rs. 0.24 lakh were found to have been temporarily misappropriated for periods ranging from one to five months. The departmental auditor qualified his findings by stating that "the accounts records might have been changed or recast to some extent" and that "therefore, the possibility of some cases of defalcation, etc., still remaining undetected in this test audit could not be ruled out".

The matter was reported to the Government and the Director in April 1976. The Director stated (February 1977) that a detailed departmental audit of the accounts of the college from 1962 to 1975-76 had been completed in January 1977 and that a report was under preparation. Criminal proceedings were reported to have been initiated against the then cashier and accountant and the cases were *sub-judice*. The comments of the Government are awaited (March 1977).

3.14.3. During test check of the accounts of the Community Development Block, Barnagar, conducted in May 1975, it was noticed that an amount of Rs.0.21 lakh had been drawn by the drawing and disbursing officer (Development Assistant) on 30th March 1972 from the Sub-Treasury, Barnagar under the head 'Revenue Deposits' by citing reference to 'item No. 26 of 30th December 1970 of register of receipts under Revenue Deposits of the Sub-Treasury', while no such deposit existed. The payment was made by the Sub-Treasury Officer to a First Grade Clerk working as Cashier-cum-Accountant, who was authorised by the drawing and disbursing officer to receive payment.

The bill was not entered in the bill register nor was the amount accounted in the cash book of the Block. The defalcation was rendered possible as a result of non-observance by the Sub-Treasury Officer of the provisions of the Treasury Code, which require the Treasury Officer to verify the bill with the original entry in the register of deposits with a view to ascertaining whether the balance at credit against the particular item in the register is sufficient for making payment against a bill. The fraudulent drawal made on 30th March 1972 had not come to the notice of the Development Assistant, as the fortnightly verification of drawals with treasury voucher slips required to be done under the orders of the Finance Department had not been conducted.

In the same Block, cases of non-accountal of cash drawn by encashing four cheques received from two *gran parichayats* (Rs. 6,123) and one bill (Rs. 6,000)

and inflating the amount of a bill (Rs. 10,000) by the same official had come to the notice of the Department during the period January 1974 and October 1974. The amount (Rs. 22,123) was, however, recovered between August 1974 and December 1974 from him. The shortages were not reported to Audit and the Government as required under the rules.

The matter was reported to the Government in January 1976. In their reply (March 1976) the Government stated that the Cashier-cum-Accountant had been placed under suspension and that the fraudulent drawal of Rs. 0.21 lakh was under police investigation. The Development Assistant, Barnagar stated that the amount of Rs. 0.21 lakh was deposited into the treasury by the mother of the official in July 1976. The Government further stated (February 1977) that the Cashier-cum-Accountant had been dismissed from service and disciplinary action against the Development Assistant and the Sub-treasury Officer, Barnagar for their carelessness was under consideration.

3.15 Write-off of losses, ex-gratia payments and waiver of recoveries

In 704 cases, losses due to shortages, theft, irrecoverable revenue, etc., amounting to Rs. 14.12 lakhs were written-off/remitted during 1975-76 by competent authorities.

Department-wise details are given in Appendix IV.

CHAPTER IV

WORKS EXPENDITURE

PUBLIC WORKS DEPARTMENT

4.1. Termite Eradication Treatment

On the basis of a single quotation received from a firm of Allahabad, two piece-work agreements for Rs. 0.47 lakh each were entered into (May-June 1973) by the Superintending Engineer, Gwalior Circles with the firm for providing termite eradication treatment to Government buildings housing 9 offices at Gwalior.

A scrutiny of the records revealed that the firm was not registered with the department. Under the rules, a Superintending Engineer could award work on a piece-work agreement, without calling for tenders, only if the contractor was registered with the department and the work was estimated to cost not more than Rs. 0.50 lakh. Further, the specifications of the treatment to be undertaken were not recorded in the agreements; the reasonableness of the rate of Rs. 10 per square metre of plinth area of the buildings to be treated, which had been quoted by the firm and which was accepted by the department, had not been examined by analysing the elements of the cost of the work.

The work was reported to have been completed in June 1973 and Rs.0.85 lakh were paid to the firm by the Executive Engineer, Gwalior Division I in the same month. A new incumbent of the post of Executive Engineer inspected the work in April 1974 and reported (May 1974) to the Superintending Engineer that the plinth area for which payments had been made had been inflated by recording measurements for each floor. The entire plinth area of the strong-room of the treasury had been paid for although portions thereof occupied by steel racks and almirahs had not been treated. The overpayment on these accounts was estimated as about Rs.0.20 lakh. Further, certain items of treatment had not been done at all or had not been done according to standard specifications applicable to such works. No reduction in rates was made for such sub-standard items.

The Executive Engineer took up the overpayment with the firm, which acknowledged in May 1974 that it had been overpaid to the extent of about Rs.0.20 lakh and offered to have it adjusted against the cost of any future work done by it. As regards sub-standard work, the Superintending Engineer decided (January 1976) that the rate stipulated in the work orders should be reduced by one half. At this rate the work actually done was valued at Rs.0.36 lakh. After adjusting the earnest money and security deposits lying with the department, Rs.0.39 lakh were found (March 1976) to be recoverable from the firm. The Collector, Gwalior, through whom revenue recovery proceedings had been initiated for the recovery of Rs.0.20 lakh admitted by the firm to have been overpaid, informed the Executive Engineer (June 1976) that an interim stay order was obtained by the firm from the Insolvency Court, Allahabad. The Executive Engineer requested the Court in August 1976 to furnish copies of the stay order and of the application on which the orders had been recorded. Further developments are awaited (March 1977).

In April 1975, the Superintending Engineer asked the Executive Engineer "to take disciplinary action against all concerned officials for not getting the work done as per specification and for recording exaggerated measurements and making payments". The names of officials who were in position in the division at the time the work was executed and paid for were reported to the Superintending Engineer in February 1976. Information regarding further action taken in this regard is awaited (March 1977).

The case was reported to the Government in September 1976; their reply is awaited (March 1977).

4.2. Construction of hangars

The work of construction of hangars for gliders at the civil aerodrome at Indore was awarded by the Buildings and Roads Division No. 1, Indore to a contractor in January 1972 under an agreement which stipulated item rates for specified quantities of ten items of work and current scheduled rates plus ten *per cent* for other items of civil works. In the case of items of work for which item rates had been stipulated, payments were to be made for quantities of work actually executed or those specified in an annexure to the agreement, whichever were lower. The total payment for other items of civil works was not to exceed Rs. 0.25 lakh. The contractor completed the work in April 1973 and was paid

Rs. 1.53 lakhs for the same. During the course of test check by Audit (September-October 1975), it was noticed that the contractor had been overpaid Rs. 0.23 lakh due to payments for (i) quantities in excess of those specified in the annexure to the agreement (Rs. 0.15 lakh) and (ii) other items of civil works in excess of Rs. 0.25 lakh (Rs. 0.08 lakh).

The Executive Engineer of the Division agreed (August 1976) that the payments were excessive but stated that a former incumbent who was responsible for them was being asked to state the justification for them. Further developments are awaited (March 1977).

The case was reported to the Government in February 1976; their reply is awaited (March 1977).

4.3. Construction of a hostel building

The work of constructing the building of a hostel for post-matriculate tribal and *harijan* students at Gwalior, estimated to cost Rs. 2.19 lakhs was awarded (November 1971) by the Buildings and Roads Division No. 1, Gwalior to a contractor at 16 *per cent* above current scheduled rates. Construction commenced on 28th February 1972 and the scheduled period for completion which was originally upto 28th October 1972 was extended subsequently to 27th April 1973. By the first week of November 1972, the contractor had been made running account payments totalling Rs. 0.50 lakh for work done by him till then and paid a secured advance of Rs. 0.02 lakh. There was no progress in the work thereafter and on 11th July 1973 the Executive Engineer served a notice on the contractor to the effect that since he had failed to complete the work in time and to remove the defects which had been pointed out to him on various occasions, his contract was being rescinded and the remainder of the work got done by another agency at his cost and risk. The Chief Technical Examiner and the Superintending Engineer of Gwalior Circle inspected in December 1973 the work already done and found it far below specifications and lacking in strength and the work was ordered to be pulled down completely and redone. A part of the dismantling work was done departmentally at a cost of Rs. 0.01 lakh and the remainder as also the work of constructing the building was awarded to another contractor in May 1975 at 47 *per cent* above current scheduled rates. The work was completed in May 1976 at a cost of Rs. 3.54 lakhs. Clause 3(c) of the agreement with the first contractor provided that in such circumstances expenses incurred by the department in excess of the sum which would have been paid to him if the whole work had been executed by him would be recoverable from him. The amount so recoverable as intimated (October 1976) by the Executive Engineer was Rs. 1.54 lakhs.

The contractor, however, claimed that he had in fact rectified all the defects in his work which were pointed out by the department and that his failure to complete the work in time was due to delay on the part of the department in providing him with designs and cement and failure of the department to assign

departmental technical personnel to supervise his work. He filed (August 1976) a civil suit against the department for the recovery of a sum of Rs. 0.74 lakh claimed to be due to him and the case was *sub-judice* (March 1977).

The case was reported to the Government in January 1976. In their reply, the Government stated (December 1976) that action was being taken to fix responsibility for the irregularities.

4.4. Purchase of steel

In October 1974, the Billet Rerollers' Committee constituted by the Government of India allotted 700 tonnes of rolled steel rounds to the Public Works Department to be obtained from a rerolling firm of Kanpur. The Engineer-in-Chief placed an order for the steel with the firm in November 1974 with instructions to despatch it directly to four different divisions against payments to be made by those divisions. Three of the divisions, which were allotted 600 tonnes of steel, received *pro forma* invoices from the firm demanding payment of cost in advance in accordance with the procedure prescribed by the Committee and promising supply in January 1975. Accordingly, the divisions paid to the firm advances totalling Rs. 11.73 lakhs in January-February 1975. The firm supplied only 129.901 tonnes worth Rs. 2.56 lakhs to two of the divisions in February-March 1975, after which supplies ceased. The balance of the advances amounting to Rs. 9.17 lakhs was not refunded by the firm. Division-wise details of amounts advanced and supplies received are as shown below :—

Division	Quantity of steel ordered	Amount advanced	Month in which advanced	Month in which steel was supplied	Quantity supplied	Value
(1)	(2)	(3)	(4)	(5)	(6)	(7)
	(In tonnes)	(In lakhs of rupees)			(In tonnes)	(In lakhs of rupees)
Buildings and Roads Division Katni	150	2.97	January 1975	February-March 1975	50.080	1.00
Buildings and Roads Division No. II, Gwalior.	200	3.90	February 1975	March 1975	79.821	1.56
Buildings and Roads Division (National Highways), Raipur	250	4.86	February 1975	..	..	..
Total	600	11.73			129.901	2.56

According to the procedure prescribed by the Committee, the firm had also become liable to pay interest on the portions of the advances, which had been outstanding for over three months, at the rate of five *per cent* per month from

the dates on which it received the advances. The interest so payable for the period ending March 1977 amounted to Rs. 11.58 lakhs.

In July 1975, the Committee was abolished and the Regional Controllers of Iron and Steel were authorised by the Iron and Steel Controller, Government of India to investigate cases of non-supply of steel by rerollers against advance payments of cost and to get the steel supplied or the advances refunded. The Raipur Division wrote to the Iron and Steel Controller, Calcutta in October 1975 about the default on the part of the firm but did not receive any response. Thereupon, it brought (October 1976) the matter to the notice of the Ministry of Shipping and Transport, Government of India. The Gwalior Division wrote (October 1976) to the Regional Controller of Iron and Steel, Kanpur, who replied (November 1976) that the factory of the reroller had been closed an year back and that the district authorities had sealed the factory premises and attached the properties of the firm due to non-payment of electricity dues. The Katni Division also took up the matter with the Regional Controller, Kanpur in June 1976, but was informed (October 1976) that, since the division was no longer interested in getting steel from the rerollers, it should settle the dispute directly with the rerollers as per terms of supply offered and accepted.

The Raipur Division also got (September 1975) revenue recovery proceedings initiated against the firm through the Collector of Raipur but they were stayed by the Allahabad High Court. Subsequently, the revenue recovery certificate was withdrawn, as reported (October 1976) by the Executive Engineer, on the advice of the Chief Standing counsel to the Government of Uttar Pradesh that it was not enforceable in the absence of a formal agreement between the purchaser and the supplier. The Gwalior Division had not initiated any action for revenue recovery.

These matters were brought to the notice of the Government (September 1976). The Government stated (October 1976) that the Executive Engineers concerned had been directed

- (a) to register complaints of cheating against the firm with local police authorities,
- (b) to file civil suits for the recovery of the unadjusted balances of advances totalling Rs. 9.17 lakhs, and
- (c) to bring these matters to the notice of the Government of India.

Further developments are awaited (March 1977).

IRRIGATION DEPARTMENT

4.5. Delay in acceptance of tender for supply of tractors

In November 1972, the Superintending Engineer, Electrical and Mechanical Circle, Raipur invited tenders for supply of 13 crawler tractors of 90-100 horse power for use in minor and medium irrigation projects. By the prescribed date in

December 1972, tenders were received from two firms. A public sector undertaking of Bangalore quoted Rs. 2,20,000 per tractor equipped with hydraulic angle dozer and stipulated advance payment of 30 *per cent* of the price with the supply order while a firm of Baroda quoted Rs. 1,92,543 per tractor without the angle dozer, and stipulated payment of 90 *per cent* of the price on proof of despatch. The Superintending Engineer wrote to the Engineer-in-Chief in December 1972 proposing negotiations with the former firm for securing acceptance of a rate of Rs. 2,05,000 per tractor without angle dozer attachment, which it had quoted earlier in a tender for the Bargi Project. He did not recommend the acceptance of the offer of the firm of Baroda, although it was lower, as the tractor offered by it had an imported engine and difficulty was apprehended in securing spare parts for it. The Engineer-in-Chief forwarded the proposal to the Government in January 1973 and sought permission to negotiate with the Bangalore firm the price and terms of advance payment. In May 1973, the Government authorised negotiations with both the firms, adding that the demand for advance payment along with supply order did not seem reasonable and that payment be made, instead, on receipt of the tractors.

The Superintending Engineer conducted negotiations with the two tenderers on 9th and 30th of July 1973 respectively and reported to the Engineer-in-Chief on 22nd August 1973 that the Bangalore firm had agreed to supply the tractors without hydraulic angle dozers at Rs. 2.05 lakhs each but had insisted on advance payment of 30 *per cent* of the cost with the supply order. He reported his adverse recommendation on the offer of the Baroda firm as it was unable to hold out any assurance about supply of spares for the imported engines of its tractors. The Engineer-in-Chief requested the Government on 13th September 1973 to sanction the purchase of the tractors from the Bangalore firm on the terms negotiated. The matter remained under correspondence between the Government and the Engineer-in-Chief. On 25th January 1974, the Government sanctioned the purchase of nineteen tractors from the Bangalore firm at Rs. 2.05 lakhs each. In the meantime, the period of validity of the negotiated terms as stipulated by the firm had expired on 10th August 1973 and an extension which the firm had agreed to also expired on 31st October 1973. The firm informed the Superintending Engineer and the Engineer-in-Chief on 18th January and 25th January 1974 respectively that due to increase in costs the price of its tractor had gone up to Rs. 2.88 lakhs and that this price, too, was subject to an escalation clause covering increases in costs due to changes in exchange rates, rates of customs duty on imported parts, etc. The Engineer-in-Chief recommended the acceptance of this price on 23rd March 1974 and the purchase of 19 tractors at Rs. 2.88 lakhs each was sanctioned by the Government on 27th June 1974. Neither this sanction nor the supply order issued by the Superintending Engineer on 4th July 1974 mentioned the escalation clause. The firm, however, demanded an increase of Rs. 17,280 in the price of each tractor and the increase was agreed to by the Government in March 1975.

Thus, Rs. 3,05,280 were paid for each tractor as against the original negotiated price of Rs. 2,05,000, resulting in additional expenditure of Rs. 19.05 lakhs for 19 tractors, which could have been avoided if orders had been placed at any time between 9th July 1973 and 31st October 1973 when the firm stood committed to supply the tractors at the negotiated price.

The Government stated (March 1977) that all aspects of the purchase had to be scrutinised before orders could be placed and the extra expenditure was due to price escalation.

4.6. Alleged double payments for land compensation

During test check (February-March 1976) by Audit of the accounts of the Tawa Distributary Division, Harda, ten cases were noticed wherein land compensation payments totalling Rs. 0.33 lakh were made twice by cheques during the period from February 1975 to August 1975. Duplicate cheques for same amounts were drawn in each of the ten cases but only one of the cheques was recorded in the Register of Land, though according to the rules no cheque for land compensation was to be signed without the payment being recorded in the Register. One set of cheques and draft sale deeds was handed over to the revenue surveyor, who was required to get the deeds registered and to make over the cheques to the payees concerned in the presence of the Registrar. The other set of cheques was not supported by registered sale deeds though under the rules every payment for land compensation was required to be supported by a registered sale deed. No verification was done by the Executive Engineer to see that the registered sale deeds were brought back to the Division and recorded. The payments were also not noted in the land award statements as a safe-guard against multiple payments in the same case.

In other cases involving Rs. 0.35 lakh, office copies of vouchers for land compensation payments and sale deeds were not made available for audit.

The department was requested to undertake a detailed recheck of all compensation payments made since the Division came into being in 1970. The department conducted an investigation in March 1976 and five more cases of double payments involving Rs. 0.13 lakh were reported to have been detected. In addition, in two cases involving Rs. 0.05 lakh, sale deeds of land had not been got registered and cheques for compensation money had not been made over to the owners of the land. The entire sum of Rs. 0.51 lakh (Rs. 0.18 lakh and Rs. 0.33 lakh referred to earlier) was alleged to have been defalcated by a revenue surveyor who headed the revenue section of the Division. The case was reported by the department to the police in February 1976 and the revenue surveyor was arrested in March 1976. The Superintending Engineer, Tawa Left Bank Canal Circle, Hoshangabad stated (May 1977) that the results of police investigation were awaited.

The case was referred (April 1976) to the Government who stated (October 1976) that the Chief Engineer of the Tawa Project had been asked to finalise

departmental proceedings initiated against the revenue surveyor as quickly as possible and to submit his report through the Engineer-in-Chief. Report on further developments is awaited (January 1977).

4.7. Construction of Amrawad tank

A portion of the work of construction of Amrawad tank in Raisen district was awarded to a contractor in July-August 1974 at rates 2.50 to 0.01 *per cent* below the current schedule of rates of Bhopal Circle. The item "hard rock cutting requiring more than 50 *per cent* blasting" was not included in the schedule of items appended to the agreement but was found necessary in the course of execution of the work. According to a clause in the agreement, such an extra item was to be paid for at the scheduled rate *plus* or *minus* the percentage quoted by the contractor or the current market rate, whichever was lower. In May 1975, the contractor represented that he should be paid for this item at the scheduled rate *plus* 70 *per cent* thereof. The Executive Engineer, Irrigation Division, Bhopal recommended to the Superintending Engineer, Betwa Circle, Bhopal that the item of work be paid for at the current scheduled rate *plus* 45 *per cent* in consideration of the trend of market rates and of tendering in the Division. The Superintending Engineer approved a rate of Rs. 191.05 per 10 cubic metres, which was 20.15 *per cent* above the scheduled rate of Rs. 159 per 10 cubic metres, and payment was made accordingly. As the contractor was not entitled to a rate in excess of the scheduled rate *minus* his percentage, the rate so paid resulted in extra expenditure of Rs. 0.24 lakh.

The case was reported to the Government in June 1976. Their comments are awaited (March 1977).

4.8. Use of dead storage water from Kharang tank

Certain facts connected with the arrangements made under the Emergency Agricultural Production Programme of 1972-73 to utilise dead storage water in irrigation tanks to irrigate the *rabi* crop of that year were mentioned in sub-paragraph 3.2 III (c) of the Report of the Comptroller and Auditor General of India for 1972-73. As part of the programme, it was proposed to pump out the dead storage water in Kharang tank (Bilaspur District) to provide *rabi* irrigation to 1,500 to 2,000 acres. The Chief Engineer (East) estimated the cost of the Scheme roughly at Rs. 3.31 lakhs and asked (13th October 1972) the Superintending Engineer of the Bilaspur Irrigation Circle to prepare stage I (preliminary) estimates and to submit them within three days for obtaining administrative approval. The Executive Engineer of Kharang Irrigation Division, which was to execute the work, pointed out (21st October 1972) initially that the live storage in the tank could provide irrigation to the entire *rabi* area under its command and that there would be no need to pump out the dead storage but ultimately prepared and submitted (24th November 1972) a stage I estimate for Rs. 3.90 lakhs for obtaining administrative approval. Meanwhile, the division had already initiated action

(October-November 1972) to procure three electric pumps from the Gandhi Sagar Dam Division and to get a transmission line laid by the Madhya Pradesh Electricity Board for high tension power supply. Sums totalling Rs. 2.19 lakhs were spent in 1972-73 and 1973-74 on account of the cost of three pumps and their transportation (Rs. 1.58 lakhs), construction of ancillary civil works including an approach road, regulators and platforms (Rs. 0.46 lakh) and deposits made with the Electricity Board (Rs. 0.15 lakh).

By the time the transmission line was completed by the Board on 20th March 1973, the *rabi* season was over. In subsequent years also, the need to utilise the dead storage water from the tank for irrigation did not arise and the pumps were not installed. One of them was transferred to the Pairy Project in March 1975 and the other two have remained idle (January 1977). The regulators alone were stated to be under use for *rabi* irrigation.

Under an agreement entered into with the Electricity Board, the Division had contracted to take at least 7,500 units of electricity per month from 20th June 1973 and pay charges for 7,500 units whether these were actually availed of or not. The power connection was not obtained but the division had to pay to the Board the minimum charges along with a surcharge of 7.5 *per cent* for failure to avail itself of the supply. The payments so made upto December 1976 amounted to Rs. 0.56 lakh and, in addition, Rs. 0.03 lakh were paid as penal surcharge for failure to pay bills in time. In order to avoid the continuing liability of Rs. 1,750 per month on this account, the Executive Engineer proposed in September 1975 that the high tension line be got dismantled by the Board and that a low tension line which had been got laid to the same point by the Public Health Engineering Department be used for driving the pumps if the occasion for using them for pumping out dead storage water arose in the future. The Chief Engineer, Mahanadi Godavari basin, Raipur approved the proposal in August 1976 and the line was got dismantled in January 1977.

The case was reported to the Government in January 1976. Their comments are awaited (March 1977).

PUBLIC HEALTH ENGINEERING DEPARTMENT

4.9. Avoidable expenditure

The Employees State Insurance Act, 1948 as amended in 1966 became applicable to the non-operational employees of Ujjain Water Works with effect from 28th January 1968. The Act required employers in factories and establishments to which it applied to pay the prescribed contribution to the Employees State Insurance Corporation for securing health insurance cover for their employees and empowered them to recover from the wages of the employees their share of the contribution. The recovery from the wages for a particular period was to be limited to the employees' share of the contribution payable for the same period

and the employer was responsible to pay the employees' shares not so recovered from the wages for the relevant period. The employer was also liable to pay interest on all contributions in arrears.

No recoveries were made from the wages of the non-operational employees of Ujjain Water Works upto September 1968. Recoveries were made from the wages for October and November 1968 but were not paid to the Corporation. Thereafter, the employees made a representation to the Public Health Engineer against the application of the Act to them and, under telephonic instructions from him, recovery of contributions was suspended pending Government decision on the representation. Despite it being pointed out by the Executive Engineer to the Public Health Engineer in December 1968 that since contributions were not being recovered from employees the Government would have to bear the liability for them the matter remained undecided till October 1974. Following discussions (October 1974) by the Executive Engineer and the Public Health Engineer with the Department, it was decided to pay the contributions due to the Corporation and to resume recoveries of the employees' share of current contributions from their wages for October 1974 and subsequent months. Formal orders on the same lines were issued by the Government in January 1975. As a result of delay in taking the decision, the Government became liable to pay to the Corporation the following additional amounts :—

- (a) employees' share of contributions from 28th January 1968 to 30th September 1974 amounting to Rs. 0.61 lakh out of which Rs. 0.37 lakh had been paid (October 1974 and September 1976) and
- (b) interest on overdue contributions (both employees' and employers' shares) amounting to Rs. 0.24 lakh upto March 1976 out of which Rs. 0.10 lakh had been paid.

In addition, Rs. 0.97 lakh were spent on reimbursement of medical claims of employees who would have been entitled to health cover from the Corporation if the contributions due to it had been paid in time.

The matter was brought to the notice of the Government in February 1976; their comments are awaited (February 1977).

CHAPTER V

STORES AND STOCK

GENERAL

5.1. Non-receipt of accounts

According to Government instructions, annual consolidated accounts of stores and stock showing, *inter alia*, stock at the beginning of the year, receipts and issues during the year and balances at the end of the year are to be furnished to Audit by July every year. The Committee on Public Accounts had recommended (Nineteenth Report-April 1971) that effective action should be taken to furnish annual consolidated accounts on the prescribed date to the Accountant General. Nevertheless, stores and stock accounts of the following departments for the years noted against each have not been received (March 1977) :—

1. Agriculture—

(a) Grow More Food Scheme	1973-74 to 1975-76
(b) Pesticides and Plant Protection	1965-66 to 1975-76
(c) Others	1973-74 to 1975-76
2. Food	1968-69 to 1975-76
3. Excise (Opium)	1969-70 to 1975-76
4. Forest	1973-74 to 1975-76
5. Jail	1974-75 and 1975-76
6. Stamps	1971-72(awaited from 4 treasuries) 1972-73(awaited from 1 treasury) 1973-74(awaited from 2 treasuries) 1974-75(awaited from 3 treasuries) 1975-76(awaited from 3 treasuries)
7. Medical	1975-76
8. Public Health	1975-76
9. Veterinary	1974-75 and 1975-76

5.2. Synopsis of important stores accounts

A synopsis of important stores accounts (excluding those relating to Government commercial and *quasi*-commercial departments/undertakings) to the extent received is given below :

Department	Description of stores	Year of account	Opening balance on 1st April	Receipts	Issues	Closing balance on 31st March
(1)	(2)	(3)	(4)	(5)	(6)	(7)
<i>(In lakhs of rupees)</i>						
<i>A—Public Works Department—</i>						
1. Irrigation (88 divisions)	Building materials, stores, fuel and timber	1975-76	3,90.79	7,50.29	6,89.62	4,51.16
2. Tawa Project (14 divisions)	Do.	Do.	2,70.66	3,33.59	3,11.04	2,93.21
3. Chambal Project (2 divisions)	Do.	Do.	95.53	11.43	16.97	89.99
4. Buildings and Roads (93 divisions)	Do.	Do.	14,17.96	7,98.71	9,34.01	12,82.66
5. Major Projects (30 divisions)	Do.	Do.	1,97.87	4,09.79	3,52.83	2,54.83
6. Tubewells (16 divisions)	Do.	Do.	0.43	1,51.13	1,41.75	9.81
7. Public Health Engineering (48 divisions)	Do.	Do.	3,09.84	3,37.89	2,69.89	3,77.84
<i>B—Civil Departments—</i>						
<i>1. Agriculture—</i>						
Grow More Food Scheme	Seeds, manures, fertilizers and implements	1972-73	91.92	1,19.07	1,38.48	@ 72.51
Other than Grow More Food Scheme	Live-stock, tools, plant and machinery, implements, seeds, cattle feed, manures, fertilizers and miscellaneous	1972-73	4,54.82	4,65.36	3,74.65	5,45.53
<i>2. Forest</i>						
	Timber and other products	1972-73	1,24.76	21,01.51	15,07.21	7,19.06
	Instruments, plant and machinery, live-stock and other stores	1972-73	82.07	29.60	9.00	1,02.67

@The closing balance includes shortages and losses valued Rs. 20.30 lakhs awaiting write-off

* Includes issues worth Rs. 2 lakhs omitted from the accounts for the year 1971-72.

Department	Description of stores	Year of account	Opening balance on 1st April	Receipts	Issues	Closing balance on 31st March
(1)	(2)	(3)	(4)	(5)	(6)	(7)
				(In lakhs of rupees)		
3. Medical	Consumables (Medicines, bedding, clothing, minor instruments and D.D.T.)	1974-75	1,71.13	2,82.49	2,54.00	1,99.62
	Non-consumables (Heavy plant and machinery, major instruments and vehicles)	1974-75	2,52.76	(A) 22.36	(B) 5.70	2,69.42
4. Public Health	Consumables (Medicines, bedding, clothing, minor instruments and D.D.T.)	1974-75	80.16	1,93.77	1,54.84	1,19.09
	Non-consumables (Heavy plant, machinery, major instruments and vehicles)	1974-75	1,67.12	8.05	(C) 4.16	1,71.01
5. Stationery and Printing	Consumable stores	1975-76	(D) 1,09.33	1,58.80	1,22.14	1,45.99
	Other stores	1975-76	(E) 60.42	44.77	54.95	50.24

In the Forest Department, reserve limits of stock have not been fixed after 1967-68.

5.3. Reserve limit of stock

Detailed information received upto October 1976 in Audit Office from 141 divisions (47 Public Works, 77 Irrigation and 17 Public Health Engineering) showed that reserve limit of stock had not been fixed for 59 divisions (24 Public Works and 35 Irrigation). The value of stock held by these 59 divisions on 31st March 1976 was Rs. 7.75 crores. The value of the largest stock held by a single division was Rs. 0.68 crore by the Electrical and Mechanical (Heavy Earth Moving Machine) Division, Gwalior.

- (A) Receipts include excess valued Rs. 0.21 lakh due to revaluation.
- (B) Issues include losses worth Rs. 0.68 lakh on account of depreciation (Rs. 0.66 lakh) and other losses (Rs. 0.02 lakh).
- (C) Includes shortages and losses of Rs. 2.08 lakhs.
- (D) Differs from last year's report by Rs. 3.47 lakhs. This was explained by the department as being due to correction of the figures of 1974-75 after audit and physical verification.
- (E) Differs from last year's report by Rs. 2.29 lakhs which was explained by the department as being due to inclusion of cost of machine received during 1974-75 but not included in the accounts of that year.

Of the remaining 82 divisions for which reserve limits of stock had been prescribed, the value of stock held on 31st March 1976 (Rs. 1.72 crores) exceeded the prescribed limit (Rs. 1.09 crores) in 18 divisions (Public Works 3, Irrigation 9 and Public Health Engineering 6) by Rs. 0.63 crore. The value of stock in Bargi Dam Division (Irrigation), Barginagar alone exceeded its reserve limit by Rs. 0.20 crore.

5.4. Stock registers and stock verification

(i) The register of stock in each division is required to be closed at the end of each year and reviewed by the Divisional Officer to ensure that the stock consists only of serviceable articles. Information received upto October 1976 from 141 divisions out of 291 divisions disclosed that the registers of stock were not closed and reviewed for the year ending March 1976 in 85 divisions (Public Works 35, Irrigation 41 and Public Health Engineering 9). In 4 of these divisions, the register of stores and stock accounts had not been closed for one or more earlier financial years as well. In the National Highway Division, Obaidullaganj and Public Works Division, Panna, the closing of the registers had not been done since 1966-67.

(ii) Rules require that stock of stores should be verified at least once a year and the reasons for shortages/excess investigated and adjustments made promptly. According to information furnished upto October 1976 by 141 divisions out of 291, the stock of stores had not been verified at all in 1975-76 in 7 divisions and only partially verified in 15 other divisions. The results of verification have not been made known to Audit upto October 1976 by 4 of the divisions in which verification was stated to have been done fully or in part. Shortages totalling Rs. 2.76 lakhs (10 divisions) and excesses totalling Rs. 0.13 lakh (4 divisions) were awaiting investigation and adjustment upto October 1976.

5.5. Minus balances in stores and stock accounts

The stores and stock accounts of 8 divisions closed with minus balances totalling Rs. 41.24 lakhs on 31st March 1976. Of these, the Hasdeo Canal Division I, Korba alone accounted for a minus balance of Rs. 11.59 lakhs.

5.6. Surplus stores

Stores worth Rs. 5.25 lakhs were declared surplus by 8 divisions. This included building material worth Rs. 4.03 lakhs held by the Narmada Sagar Canal Division No. 2, Mandleshwar lying surplus for more than a year.

5.7. Security deposits from officials handling cash, stores, etc.

The financial rules prescribe that every cashier, storekeeper and other subordinate who is entrusted with the custody of cash, stores and other valuables should be required to furnish security, the amount being regulated according to circumstances and to local conditions in each case under the orders of the head of the department.

According to the information received from 74 divisions (out of 291 divisions) as well as that available in the inspection reports of 111 divisions from amongst 217 divisions which did not furnish information to Audit, the position of security obtained from the persons handling cash, stores, valuables, etc., was as shown below :

Serial No.	Name of department	Total number of officials required to furnish security	Number of officials who furnished security in full	Number of officials who furnished security in part	Number of officials who did not furnish security
(1)	(2)	(3)	(4)	(5)	(6)
1.	Public Health Engineering	185	5	60	120
2.	Irrigation (including Tubewells)	1,366	64	392	910
3.	Public Works (Buildings and Roads)	1,345	159	433	753
	Total	2,896	228	885	1,783

FOREST DEPARTMENT

5.8. Purchase of power chain saws

Eighty power chain saws were received during January 1968 to March 1969 as gift from the Food and Agricultural Organisation and they were distributed among 10 Forest Circles. In January 1974, the Conservator of Forests (Logging) requested 6 Forest Circles to intimate the number of power chain saws already with them and also the additional requirement, if any. To a subsequent reminder in February 1974, only the Conservator of Forests, Hoshangabad stated that 17 power chain saws already with him were sufficient to meet his needs. The other Circles did not send any reply. However, based on the knowledge of the areas under departmental operation, an assessment of the needs was made and a supply order for 45 power chain saws worth Rs. 1.78 lakhs was issued telegraphically by the Chief Conservator of Forests to a Delbi firm on 2nd March 1974 with a stipulation that the supplies should be made by 31st March 1974.

When the bill of the firm for Rs. 1.78 lakhs for 45 power chain saws was received, the Chief Conservator of Forests issued on 19th March 1974, 5 separate sanctions, each for Rs. 35,599.59, for the purchase of 9 power chain saws each by the 5 Conservators of Forests and directed the firm to send 5 pre-receipted bills for Rs. 35,599.59 each to the concerned Conservators of Forests for making payment. The payments were made in March-April 1974. In December 1975, the Chief Conservator of Forests moved the Government for *ex-post-facto* sanction for the purchase.

Information regarding the utilisation of the power chain saws received from 51 Forest divisions upto September 1976 showed that out of 25 Forest divisions which were supplied with power chain saws, 19 divisions had made no use at all of the 58 power chain saws supplied to them. In the remaining 6 divisions, the saws were utilised sparingly as indicated below :

Name of division	Number of saws available on 31st March 1976	Total number of saw days utilised upto 31st March 1976
(1)	(2)	(3)
1. West Betul	1	23 in 1973-74
2. West Chhindwara	5	30 in 1973-74
3. South Betul	5	10 in 1973-74 19 in 1974-75
4. North Raipur	1	17 in 1974-75
5. North Bastar	2	40 in 1975-76
6. Sohagpur	4	One saw was used for 26 days in 1973-74, two for six months and one for four months in 1974-75.

The non-utilisation was attributed by some of the divisions to one or more of the following reasons :—

- (a) The saws were not economical to use,
- (b) Non-availability of spare parts,
- (c) Want of skilled labour for operating them.

No study of the working of the power chain saws in various divisions has so far been done by the Department nor have any measures been taken for their optimum utilisation (October 1976).

The matter was reported to the Government in October 1975 and November 1976. The Government in their reply (March 1976) stated that the Chief Conservator of Forests had placed orders for the saws, when he came to know that a limited number of imported saws was available with a Delhi firm. They also stated (December 1976) that a systematic study of the working of the saws would be undertaken.

PUBLIC HEALTH AND FAMILY PLANNING DEPARTMENT

5.9. Shortages of medical stores

During test check (May 1975) by Audit of the accounts of medical stores in the office of the District Family Planning-cum-Health Officer, Ratlam, it was

noticed that book balances of medicines, bandage cloth and gauze cloth were under-cast to the extent of Rs. 1.20 lakhs (medicines: Rs. 0.62 lakh; bandage cloth: Rs. 0.35 lakh; gauze cloth: Rs. 0.23 lakh) by recording issues to subordinate units which had either not been made at all (Rs. 0.85 lakh) or had been made in excess of actual issues (Rs. 0.23 lakh) and computing balances incorrectly (Rs. 0.12 lakh). After allowing for bandage and gauze cloth reported to have been found in excess during a physical verification done earlier in March-April 1975, the net shortage worked out to Rs. 0.85 lakh. This was reported (December 1975) to the Director of Public Health and Family Planning with a request that a detailed departmental scrutiny of accounts of stores be got conducted. After detailed scrutiny, the Administrative Officer of the Directorate assessed the shortages of bandage cloth, gauze cloth and cotton as valuing Rs. 0.17 lakh, Rs. 0.17 lakh and Rs. 0.01 lakh respectively. He could not work out the value of shortages of medicines as "there were many fictitious and doubtful entries". The store-keeper, accountant and purchase clerk concerned were placed under suspension in August 1976 and the Director of Treasuries and Accounts was instructed by the Government in September 1976 to undertake a more detailed audit of stores transactions. Further developments are awaited (March 1977).

The matter was reported to the Government in February 1976; their reply is awaited (March 1977).

5.10. Shortages in anti-malarial drugs

Up to 1970-71, anti-malarial drugs allotted to the State by the Government of India under the National Malaria Eradication Programme were being supplied by Medical Stores Depots at Bombay, Calcutta and Madras directly to the Malaria Unit Officers and the Regional Deputy Directors of Health Services (Malaria) in the State in accordance with allocations made by the Joint Director of Health Services (Malaria), Indore; only small quantities were being received by the Joint Director himself and held as reserve stock. In 1971-72, this procedure was changed and the Joint Director started receiving all the drugs meant for the State and distributing them to subordinate units. The Director of Health Services stated (June 1976) that he had not been informed of the change and that his approval had not been sought. Although the Joint Director was receiving large quantities of drugs under the new procedure and distributing them, these transactions were not incorporated in the consolidated accounts of stores compiled by the Directorate and rendered to Audit. A local audit party which conducted the audit of the accounts of the establishment in June 1974 was informed that no stores were being received in the establishment and that, therefore, stores accounts were not required to be maintained.

A new incumbent of the post of Joint Director noticed (June 1975) that certain quantities of chloroquine tablets reported to have been issued to subordinate units from the stocks of the Joint Director had not been received by those

units. Thereupon, a physical verification of stock was got conducted and the ground balances at the end of 1974-75 were determined. As stores accounts could not be found for periods prior to July 1974, book balances were worked out by collecting from the respective sources particulars of drugs supplied by the Directorate of National Malaria Eradication Programme to the Joint Director and the quantities received by the subordinate units from the Joint Director. A comparison of the receipts and supplies disclosed shortage of 165.50 lakh chloroquine/ amodiaquine tablets worth Rs. 14.90 lakhs, approximately.

The store-keeper concerned was suspended and the matter was reported to the police in September 1975-December 1975. The police investigation was stated to be still in progress (February 1977). The Director of Health Services suggested to the Government, in January 1976 and again in August 1976, that the stores transactions of the Joint Director be got checked in detail by the internal audit wing of the Directorate of Treasuries and Accounts and the Government issued instructions accordingly in September 1976. Further developments are awaited (March 1977).

The matter was reported to the Government in June 1976; their reply is awaited (March 1977).

IRRIGATION DEPARTMENT

5.11. Irregularities in purchases

During a test check of the accounts of the Irrigation Division, Chhuikhadan, conducted by Audit in January 1976, it was noticed that the Division purchased stock articles and tools and plant like sluice gates, tarpaulins and gypsy huts costing Rs. 53.16 lakhs between September 1973 and August 1975 from a firm of Kanpur in contravention of prescribed procedures as detailed below :

(i) *Inadequate publicity*.—Under the financial rules, purchases in excess of Rs. 5,000 are to be made by inviting tenders through advertisement in the press. The Division, however, only displayed (September 1973, November 1973, April 1974 and April 1975) notices inviting tenders on its notice board at Chhuikhadan and was stated to have sent copies thereof to four circle offices and thirteen other divisions. Information collected (February 1977) from 13 of these offices/divisions showed that the notices for sluice gates and tarpaulins were not received by any of them; one circle office and one division alone received the notice for gypsy huts and that too, on the date on which tenders were due to be opened.

Further, under the financial rules, when purchases in excess of Rs. 50,000 are to be made, at least 30 days are required to be allowed to intending tenderers to quote their rates. In all these cases, the notice period allowed was only one to two weeks.

Under the orders of the Government (December 1967), articles manufactured by the Madhya Pradesh State Industries Corporation Limited were to be purchased only from the Corporation irrespective of their price. Other small scale units in the State were also entitled to some price preference. These directions were not complied with in any of the cases.

(ii) *Splitting up of orders.*—An Executive Engineer is competent to make purchases up to Rs. 2.00 lakhs on the basis of competitive tenders. If the amount of tender exceeds Rs. 0.50 lakh, the notice period to intending tenderers has to be at least one month. Although the purchases were beyond the powers of the Executive Engineer, no estimates were prepared and got sanctioned by appropriate higher authority. Instead, the requirements of sluice gates were split into two groups, one for sizes 3 feet by 2 feet, $1\frac{1}{2}$ feet by $1\frac{1}{2}$ feet and 1 foot by 1 foot and the other for size 2 feet by 2 feet and orders for the two groups, valued at Rs. 0.42 lakh and Rs. 0.48 lakh respectively, were placed separately.

(iii) *Purchases in excess of quantities mentioned in tender notices.*—In the following cases, the quantity and value of articles purchased were substantially in excess of those indicated in the notices inviting tenders:—

Particulars of articles	Requirement shown in notices		Actual purchases	
	Quantity	Estimated cost	Quantity	Value
(1)	(2)	(3)	(4)	(5)
		(In lakhs of rupees)		(In lakhs of rupees)
1. Sluice gates of size 2 feet by 2 feet	32	0.48	172	9.76*
2. Sluice gates of size	41	0.42	303	17.58*
(i) 1 foot by 1 foot				
(ii) $1\frac{1}{2}$ feet by $1\frac{1}{2}$ feet				
(iii) 3 feet by 2 feet				
3. Tarpaulins	48	0.45	235	3.57
4. Gypsy huts (12 feet by 18 feet by 8 feet)	4	0.48	99	18.66
5. Alkathene pipes	1,312	0.20	25,646	1.50
	running metres		running metres	
6. Miscellaneous tools and plant	..	0.45	..	2.09
Total		2.48		53.16

*Payment of Rs. 4.10 lakhs for 80 sluice gates received in May 1976 has not been made (March 1977).

5.11.2. The Executive Engineer stated (May 1976) that the materials were most urgently required for use on scarcity relief works.

Out of articles valuing Rs. 51.07 lakhs purchased (excluding tools and palnt), only articles valuing Rs. 6.09 lakhs were consumed by the division and the balance either was transferred to other divisions or is lying in stock (including materials at site) as shown below (January 1977):

Description of articles	Purchased		Consumed on works in the division		Transferred to other divisions		Lying in stock in the division	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
		(In lakhs of rupees)		(In lakhs of rupees)		(In lakhs of rupees)		(In lakhs of rupees)
1. Sluice gates	475	27.34	29	1.70	196	12.37	250	13.27
2. Tarpaulins	235	3.57	56	0.85	156	2.37	23	0.35
3. Gypsy huts	99	18.66	14	2.64	59	11.12	26	4.90
4. Allathene pipe (In running metres)	25,646	1.50	15,000	0.90	2,000	0.13	8,646	0.47
Total		51.07		6.09		25.99		18.99

Out of materials worth Rs. 25.99 lakhs which had been transferred to six divisions, materials worth Rs. 11.88 lakhs remained unutilised at the end of January 1977.

Further points noticed in the purchase of sluice gates, tarpaulins and gypsy huts are given in the succeeding paragraphs.

5.11.3. *Sluice gates.*—The prices paid for sluice gates as compared with the prices at which gates of the same or larger sizes were purchased just before or during the same period by other irrigation divisions and the selling rates effective from January 1974 for gates manufactured by the Dewas unit of the Madhya Pradesh State Industries Corporation Limited were as follows :—

Name of purchasing division (supplier in the case of Dewas unit)	Period of supply	Size 1'x1'	Size 1½'x1½'	Size 2'x2'	Size 3'x2'	Larger sizes	Size of the gate referred to in column 7
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
		(Price in rupees per gate)					
1. Chhuikhadan Division from the Kanpur firm	September 1973 to October 1975	3,852	4,571	5,002	7,332	..	..
		(inclusive of certain extra items)					
2. Kharang Division, Bilaspur	March 1975	675	..	..	..	..	..
3. Barna Canal Division, Bari (Raisen)	June, July 1975	465	..	..	..	..	..
4. Upper Mahanadi Division, Raipur	April 1973	337	465	687	..	1,337	3'x2½'
	May 1974	..	785	1,037	..	3,800	3'x3'
	August 1974	650	..	..	2,000	..	..
5. Electrical and Mechanical Division (Irrigation), Raipur	December 1973	..	..	..	..	2,230	2½'x2½'
	July 1975	..	..	..	..	1,409	2½'x2½'
6. Dewas unit of the Madhya Pradesh State Industries Corporation Limited	January 1974 onwards	465	950	1,200	1,525	..	..

The Executive Engineer stated (January 1976) that sluice gates manufactured within the State were not according to specifications, but there was nothing on record to this effect.

The prices paid by Chhuikhadan Division were inclusive of charges for the following "extra" items, the total expenditure on which amounted to Rs. 12.78 lakhs :—

Description of 'extra' item	Price per gate	Extra expenditure
(1)	(2)	(3)
	<i>(In rupees)</i>	<i>(In lakhs of rupees)</i>
1. Metal spray	15 per cent of basic cost of gate	3.28
2. Wedges for preventing leakage at low pressures	1,500	7.13
3. Special locking arrangements for securing a gun metal nut from theft.	500	2.37

The Chief Technical Examiner who investigated these purchases reported (July 1976) that the gates purchased from the Kanpur firm were deficient as compared to departmental specifications in the following respects :—

- (i) Special locking arrangement was not satisfactory.
- (ii) Brass lining used on the frame was quite thin.
- (iii) Counter-sunk steel screws were used instead of brass screws.
- (iv) Diameter of lifting rod was $1\frac{1}{4}$ inches instead of $1\frac{1}{2}$ inches.
- (v) Lifting rod nuts were of mild steel instead of gun metal.
- (vi) Holes provided in brackets of shutters for fixing lifting rod pins were poorly finished and were not circular.

He also stated as follows :—

(i) The metal-spray had faded even on gates which were lying unused and it could be wiped off with turpentine oil.

(ii) There was no justification for paying for wedges as extra items as they were part of the sluice gates. The rate of Rs. 1,500 per gate paid was exorbitant as the arrangement would not have cost more than Rs. 200.

(iii) Extra payment for locking arrangement was uncalled for, as this was already provided for in the tender notice under the heading "Head stock." The contrivance provided by the firm was not capable of securing the gun metal nut from theft.

5.11.4. *Tarpaulins*.—Offers had been received from nine suppliers. A firm of Chhuikhadan had tendered the lowest rate of Rs. 650 per piece. The Gwalior

Leather Tannery and Tent Factory which is run by the Madhya Pradesh State Industries Corporation Limited quoted rates for three qualities, the rate quoted for the best of these being Rs. 751.50 per piece. The Executive Engineer accepted the rate of Rs. 1,475 offered by the Kanpur firm on the ground that its product was of better quality.

The sample on the basis of which the rate was accepted was not available either with the Division or with the Dongargarh Sub-division which received the supplies. The Chief Technical Examiner reported (July 1976) in this case as follows :

On examination of samples from two unused pieces by the Textile Expert of the Industries Department, it was found that one was too light in texture with insufficient waterproofing material and the other was of slightly better texture but the waterproofing was unsatisfactory.

5.11.5. *Gypsy huts*.—Three tenders had been received within the notice period of 12 days. The rate of Rs. 17,950 per hut (of size 12 feet \times 18 feet \times 8 feet) plus sales tax and insurance charges, quoted by the Kanpur firm, was the lowest and was accepted. During or shortly after the period when these purchases were made by the Chhuikhadan Division, huts were purchased by other divisions at rates ranging from Rs. 1,690 to Rs. 2,150 per hut as indicated below :

Name of Division (1)	Month of purchase (2)	Size of hut (3)	Price (4) Rs.
Irrigation Division, Jagdalpur	October 1974	12'x18'x8'	1,925
Electrical and Mechanical Division, Public Works Department, Bhopal.	August 1975	12'x18'x8'	2,100
Irrigation Division, Narsinghpur.	October 1975	12'x12'x8'	2,150
Buildings and Roads Division I, Bhopal.	October 1975	10'x15'x8'	1,690

5.11.6. The matter was referred to the Government in May 1976; the Government stated (December 1976) that the Executive Engineer concerned had been suspended and a committee had been constituted to investigate the matter.

PUBLIC WORKS DEPARTMENT

5.12. Outlay on steel wire

A contractor brought (April 1969) 12.092 tonnes of high tensile steel wire of 8 millimetre diameter for use in the construction of a bridge over the river Silhati and was paid an advance of Rs. 0.41 lakh against the security of the material. As he abandoned the work subsequently and did not repay the secured advance, the Executive Engineer, Public Works (Buildings and Roads) Division, Rajnandgaon took possession of the steel wire in November 1969. The steel wire was not used in the construction of the bridge on account of a subsequent change in its design. The entire quantity was transported (March—April 1974) to Bhopal

at an expense of Rs. 0.02 lakh for use in the construction of a railway overbridge in Bhopal city. The steel wire was, however, found, during inspection at Bhopal, to be rusted and pitted and tests carried out in the Indian Institute of Technology at Bombay disclosed (May 1974) that its tensile strength was lower than what was prescribed for the overbridge. Since then, the steel wire has been lying unused at Bhopal, resulting in an idle outlay of Rs. 0.43 lakh.

The matter was reported (June 1976) to the Government and the Engineer-in-Chief; the Government, in their reply (December 1976), stated that the steel wire would be utilised in future bridge construction.

5.13. Stock of ceiling fans in Electrical and Mechanical divisions

During a test check of the stock accounts of the Electrical and Mechanical Division, Bhopal, it was seen that ceiling fans were procured far in excess of requirements as indicated below :

Year and size of fans in millimetres.	Opening balance	Purchases	Issues	Closing balance
(1)	(2)	(3)	(4)	(5)
	(In Numbers)			
<i>1973-74</i>				
1200	27	4,534	1,481	3,080
1400	304	700	421	583
<i>1974-75</i>				
1200	3,080	2,985	2,846	3,219
1400	583	..	61	522
<i>1975-76 (upto August 1975)†*</i>				
1200	3,219	626	534	3,311
1400	522	150	2	670

The closing stock (value: Rs. 10.95 lakhs) included 1,000 fans of 1200 millimetre size and 300 fans of 1400 millimetre size ordered by the Superintending Engineer, Electrical and Mechanical Circle, Bhopal between January 1975 and May 1975 without indents from the Executive Engineer of the Division.

The Superintending Engineer also placed orders for 1,000 fans of 1200 millimetre size for each of the Electrical and Mechanical divisions at Gwalior and Indore during the above period without any indents from the Executive Engineer, Electrical and Mechanical Division, Gwalior and in spite of a communication from the Executive Engineer, Electrical and Mechanical Division, Indore in October 1974 that he was not in need of fans. This resulted in holding in stock of 1,002 fans (cost: Rs. 2.71 lakhs) in the Electrical and Mechanical Division, Gwalior and 1,032 fans (cost: Rs. 2.79 lakhs) in the Electrical and Mechanical Division, Indore as on 1st May 1976.

The Government stated (February 1977) that the relevant records of the purchases were with the State Vigilance Commission and that departmental enquiries were in progress against the Executive Engineers concerned.

* The accounts of receipts and issues of stock materials are in arrears since August 1975.

5.14. Purchase of fluorescent tube light fittings and chokes

During the years 1974-75 and 1975-76, tube light fittings and chokes for fluorescent lamps valuing Rs. 1.05 lakhs were purchased by the Electrical and Mechanical divisions at Bhopal, Gwalior, Indore, Jabalpur, Raipur and Bilaspur from manufacturers and suppliers on the basis of the price lists of the manufacturers and limited quotations though the items were available on rate contracts of the Director General of Supplies and Disposals at lesser rates as indicated below :

Name of item	Numbers purchased	Minimum and maximum rates at which procured	Rate contract price
(1)	(2)	(3)	(4)
1. Fluorescent tube light fittings-box type 40 watts.	1,078	Rs. 55.80/ Rs. 64.00 each	Rs. 35.70 each from February 1973 to January 1975 and Rs. 53.50 each from October 1975 to October 1976
2. Chokes for fluorescent lamps 20 watts and 40 watts, copper enamelled.	1,609	Rs. 18.50/ Rs. 37.00 each	Rs. 10.50 each from February 1973 to January 1975 and Rs. 16.75 each from October 1975 to October 1976

The extra cost on the procurement of the above fittings and chokes worked out with reference to the rate contract prices was Rs. 0.30 lakh.

The Government stated (February 1977) that the relevant records of the purchases were with the State Vigilance Commission and that departmental enquiries were in progress against the Executive Engineers concerned.

CHAPTER VI

FINANCIAL ASSISTANCE TO AUTHORITIES AND BODIES

6.1. During 1975-76, Rs. 25,20.62 lakhs were paid as grants (six per cent of the total revenue expenditure) to educational institutions, local bodies, etc., as shown below :

<i>(In lakhs of rupees)</i>	
Educational Institutions (including Jawaharlal Nehru Krishi Viswa-vidyalaya and Madhya Pradesh Hindi Granth Academy)	10,24.02
Municipalities, <i>Janpad Sabhas</i> , local bodies, <i>panchayats</i> , <i>mandi committees, etc.</i>	10,12.38
Town Improvement Trusts and Housing Board	56.64
Religious, charitable and public institutions and voluntary agencies	64.73
Co-operative Societies	43.21
<i>Khadi</i> and Village Industries Board, <i>Bhoodan Yagna</i> Board, Handicraft Board, etc.	21.38
Others	2,98.26
Total	25,20.62

The table below shows the broad purposes for which the grants were given :

Department (1)	Purpose of grants (2)	Amount (3)
		<i>(In lakhs of rupees)</i>
Education	Primary education	1,12.59
	Secondary education	2,99.73
	Collegiate education (non-technical)	94.47
	University education	1,68.03
	Technical education	1,24.04
	Madhya Pradesh Hindi Granth Academy for book production	9.00
	Others	52.42
		8,60.28
Community Development Project	<i>Panchayats, etc.</i>	3,28.18
	Local Development Works	1,72.71
	Educational Institutions	13.92
		5,14.81

Department (1)	Purpose of grants (2)	Amount (3) <i>(In lakhs of rupees)</i>
Medical and Public Health	Public Health—	
	Urban Water Supply Schemes	2,28.86
	Relief of Water Scarcity arising out of natural calamities	15.28
	Others	2.24
		<hr/> 2,46.38 <hr/>
Agriculture	Jawaharlal Nehru Krishi Vishwavidyalaya	1,22.52
	Agriculturists	83.78
	Others	23.88
		<hr/> 2,30.18 <hr/>
Tribal and Harijan Welfare	Scheduled Tribes—	
	Agriculture	43.85
	Scheduled Castes—	
	Agriculture	27.45
	Irrigation, Soil conservation works, etc.	91.47
	Voluntary agencies—	
	Education	29.09
	Health, Housing, etc.	8.63
	Others	16.47
		<hr/> 2,16.96 <hr/>
Urban Development	Local bodies, etc.	1,07.92
	Town Improvement Trusts	7.31
		<hr/> 1,15.23 <hr/>
Housing	Slum clearance schemes	23.47
	Subsidised Industrial Housing Scheme	16.00
	Housing Board	9.85
		<hr/> 49.32 <hr/>

Department (1)	Purpose of grants (2)	Amount (3) (In lakhs of rupees)
Social Welfare	Youth Welfare	22.58
	Social Welfare Institutions	13.32
	Social Education	3.67
	Libraries	2.52
	Others	1.92
		44.01
Co-operation	Co-operative Societies	30.78
	Education	12.15
	Others	0.25
		43.18
Animal Husbandry	Jawaharlal Nehru Krishi Viswavidyalaya	40.64
	Others	0.74
		41.38
Industries	Khadi and Village Industries Board	19.00
	Industries	20.09
	Handicrafts Board	1.50
		40.59
Others	Municipalities, etc.	79.99
	Irrigation	9.96
	Religious and charitable institutions	8.33
	Miscellaneous	20.02
		1,18.30
	Total	25,20.62

Where grants are given for specific purposes, the administrative authorities are required to furnish to Audit certificates that the grants were utilised for the purposes for which they were paid. The extent to which delay has occurred in furnishing utilisation certificates is mentioned in paragraph 1.16 of Chapter I.

6.2. Section 14 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 provides that the receipts and expenditure of bodies and authorities substantially financed by grants and loans from the Consolidated Fund shall be audited by the Comptroller and Auditor General of India. Section 15 of the above Act prescribes that, where any grant or loan is given for any specific purpose from the Consolidated Fund, the Comptroller and Auditor General shall scrutinise the procedure by which the sanctioning authority satisfies itself as to the fulfilment of the conditions subject to which such grants and loans were given. Important points noticed during Audit under Section 14 and scrutiny conducted in accordance with Section 15 together with related matters under Section 13 are given in the succeeding paragraphs.

HOUSING AND ENVIRONMENT DEPARTMENT

6.3. Town Improvement Trust, Raipur

The Town Improvement Trust, Raipur was established in February 1962 under the Madhya Pradesh Town Improvement Trusts Act, 1960 with the object of improving the housing and environment at Raipur by development of plots, slum clearance, etc. The Trust was substantially financed by grants and loans from the Consolidated Fund of Madhya Pradesh during 1972-73 to 1974-75 as seen from the figures furnished by the Trust shown below :

(1)	1972-73 (2)	1973-74 (3)	1974-75 (4)
	(In lakhs of rupees)		
1. Total expenditure of the Trust	9.81	12.83	9.80
2. Loans from Government	4.07	5.32	6.30
3. Grants and subsidies from Government	1.76	1.26	0.26
4. Unspent balance of loans, grants and subsidies from Government carried forward from previous year	2.81	4.47	4.92
5. Total funds received from Government	8.64	11.05	11.48

The Director, Local Fund Accounts has been appointed as the auditor of the Trust.

6.3.2. A test check of the accounts of the Trust was conducted under Section 14 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 and the results of test check are contained in the paragraphs that follow.

6.3.3. Bombay Market Development Scheme.

6.3.3.1. A scheme, known as the Bombay Market Development Scheme, estimated to cost Rs. 18.92 lakhs for the construction of a market consisting of single and double storeyed shops was approved by the Government in December 1971 and upto 1975-76, Rs. 12.81 lakhs were paid to the Trust as loan by the Government for the purpose. The Trust also collected contributions

from prospective shopkeepers. The year-wise details of receipts for the scheme were as follows :—

Year	Loan from the Govern- ment	Contribution by shopkeepers
(1)	(2)	(3)
	<i>(In lakhs of rupees)</i>	
1971-72	0.53	1.76
1972-73	1.00	1.20
1973-74	2.32	0.48
1974-75	6.46	(—) 0.59*
1975-76	2.50	0.33
Total	12.81	3.18
		15.99

The expenditure incurred by the Trust on the Scheme to the end of March 1976 was Rs. 10.39 lakhs as indicated below :

	Estimate	Expenditure
(1)	(2)	(3)
	<i>(In lakhs of rupees)</i>	
Cost of land	3.59	..
Cost of development	1.28	3.72
Construction of double storeyed shops—		
'A' Block	4.14	..
'B' Block	2.28	2.06
'C' Block	4.10	3.19
'D' Block	2.87	..
Construction of single storeyed shops	0.66	1.42
Total	18.92	10.39

The absence of any expenditure against three heads is due to the fact that the cost of land had not been paid (January 1977), the construction of 'D' block had not been taken up (October 1976) and 'A' block was constructed without any expenditure by the Trust as explained below :

An association of persons, known as, 'Bombay Association,' was allowed (December 1971) to construct shops (ground floor) in 'A' block without settling the terms and conditions in the matter of ownership of shops, recovery of rent, etc. On receipt of complaints from some of the prospective allottees, an enquiry was

*Minus figure was due to refund of contribution to some prospective shopkeepers.

ordered by the Government in August 1972 against the then Chairman of the Trust by the Commissioner, Raipur. The enquiry was reported to have been completed but the enquiry report was stated to have not been received by the Trust (January 1977). The Government, in reply to a reference made by Audit in November 1976, stated (December 1976) that the Chairman of the Trust had been asked to send his report.

The construction of the first floor of block 'B' was stated to be in progress and the construction of the first floor of block 'C' was to be taken up (April 1977).

The rent for the shops which was originally fixed at rates ranging from 25 to 50 paise per square foot was refixed in April 1973 at rates ranging from 50 to 75 paise per square foot and consequently some of the shopkeepers withdrew from the Scheme and were refunded their initial contribution totalling Rs. 1.71 lakhs.

6.3.3.2.(i) Tenders at percentage rates for the formation of a 20 feet wide reinforced cement concrete road (estimated cost: Rs. 0.76 lakh) based on the schedule of rates of the Buildings and Roads Division of Raipur Circle in force from 1st September 1969 were invited in July 1971. The contractor, who took up the work in July 1971, represented in August 1971 that payments for the work should be made on the basis of the schedule of rates applicable to bridges in Raipur Circle from 1st November 1970; this was accepted by the Chairman of the Trust in December 1971, although the agreement did not provide for the same. Partly due to increased payment as a result of this deviation (extra cost estimated to be not less than Rs. 0.97 lakh), the actual cost of the work went up to Rs. 2.64 lakhs. According to the Trust (June 1976) payment made for this work was also the subject matter of the enquiry against the ex-Chairman and the ex-Engineer by the Commissioner, Raipur Division.

(ii) In response to invitation (November 1971) for tenders for construction of single storeyed shops, four tenderers quoted rates ranging between 21 per cent and 28 per cent above the schedule of rates and one quoted a lump sum of Rs. 4,575 per shop. According to the schedule of rates, the cost per shop was Rs. 3,275. While computing the comparative cost of tenders, the cost per shop was wrongly taken as Rs. 3,911 by including the cost of electrification and contingencies (Rs. 636), which were outside the scope of the tender. On this basis the lump sum offer was assessed to be the lowest, though with reference to the correct cost it was the tender of 21 per cent above the schedule of rates which was the lowest. As a result of award of the work to the lump sum tenderer, there was an avoidable expenditure of Rs. 0.20 lakh.

6.3.4. *Adarsh bazar scheme.*—Sixty shops were constructed under this scheme between December 1971 and February 1972. It was noticed that a number

of shops remained vacant for long periods resulting in loss of rental income of Rs. 0.73 lakh (October 1976) as indicated below :

Serial Number	Duration of vacancy	Period to which relates	Number of vacant shops	Quantum of income lost (In lakhs of rupees)
(1)	(2)	(3)	(4)	(5)
1.	More than three years	February 1972 to October 1976	20	0.46
2.	More than two years and upto three years	February 1972 to October 1976	4	0.09
3.	More than one year and upto two years	January 1973 to October 1976	5	0.09
4.	More than six months and upto one year	November 1972 to October 1976	7	0.09
Total				0.73

The Trust stated (December 1976) that response to the advertisements issued by the Trust was not encouraging due to availability of shops constructed by another institution in the same area. In January 1977, the Trust stated that only 10 shops were then vacant and efforts were being made to let them out.

6.3.5. *Accounts.*—The Trust has not prepared annual accounts indicating receipts and expenditure for any year. The Trust has also not maintained at all or not maintained properly various accounting records like the Register of Works, Contractors' Ledger, stores accounts, material-at-site accounts, quarry and lead charts, etc., required to be maintained under the Public Works Accounts Code and Madhya Pradesh Treasury Rules, which have been made applicable to it under the Madhya Pradesh Town Improvement Trust Account Rules.

The matters referred to above were brought to the notice of the Government between October 1975 and August 1976; the final reply of the Government is awaited (March 1977).

6.4. Assistance for housing and environment schemes

For implementing seven housing and environment schemes sponsored by the Government, grants and loans aggregating Rs. 228.80 lakhs were sanctioned by

the Government to Municipal Corporations, Municipalities, House Building Co-operative Societies, Housing Board, Town Improvement Trusts, etc., during the years 1971-72 to 1974-75 as below :

Year	Number of bodies/ authorities	Grants	Loans	Total
(1)	(2)	(3)	(4)	(5)
		(In lakhs of rupees)		
1971-72	18	5.43	19.03	24.46
1972-73	14	30.70	37.68	68.38
1973-74	17	20.81	38.91	59.72
1974-75	18	14.55	61.69	76.24
Total	67	71.49	157.31	228.80

A scrutiny of the sanctions and test check of the records by Audit showed the following :—

(i) *Utilisation Certificates.*—(a) Certificates regarding utilisation of grants and loans amounting to Rs. 6.77 lakhs paid during 1959-60 to 1970-71 were awaited (March 1977) involving 15 cases as indicated below :

Serial Number	Name of scheme	Number of cases	Nature of assistance	Period of payment	Amount
(1)	(2)	(3)	(4)	(5)	(6)
					(In lakhs of rupees)
1.	Slum Clearance Scheme	3	Grant	1961-62 to 1965-66	1.57
2.	Slum Clearance Scheme	3	Loan	1959-60 to 1961-62	1.16
3.	Urban Land and Development Scheme	7	Loan	1961-62 to 1969-70	2.58
4.	Land Acquisition and Development Scheme	2	Loan	1962-63 to 1969-70	1.46
		15			6.77

The reasons for non-receipt of utilisation certificates were given by the

Government as under:

Name of the body (1)	Period of payment (2)	Amount (3) (In lakhs of rupees)	Number of cases (4)	Reasons for non-receipt of utilisation certificates (5)
House Building Co-operative Society, Badnagar	1959-60	0.54	1	Non-completion of certain items of work.
Municipal Council, Manawar	1959-60 to 1961-62	0.68	3	Non-completion of audit by the Director, Local Fund Accounts.
Municipal Council, Sagar	1961-62	0.66	1	Non-completion of certain items of work.
Municipal Council, Jagdalpur	1961-62	0.70	1	Non-completion of audit by the Director, Local Fund Accounts.
Municipal Councils, Bhatapara, Durg, Itarsi and Sehore	1961-62 to 1969-70	3.38	8	Non-refund of amount ordered by the Government to be recovered.
Town Improvement Trust, Indore	1965-66	0.81	1	Non-completion of the work due to stay order given by Court.
	Total	6.77	15	

(b) Certificates of utilisation in 19 cases for Rs. 18.92 lakhs in respect of loans and grants paid from 1971-72 to 1974-75 were awaited (March 1977) as detailed below:

Year (1)	Slum Clearance Scheme		Block loans for Plan Implementation		Land Acquisition and Development Scheme		Total	
	Number of cases (2)	Amount (3)	Number of cases (4)	Amount (5)	Number of cases (6)	Amount (7)	Number of cases (8)	Amount (9)
	(All amounts in lakhs of rupees)							
1971-72	..	..	1	0.20	..	..	1	0.20
1972-73	..	..	1	0.75	1	0.20	2	0.95
1973-74	1	0.13	7	10.49	2	1.00	10	11.62
1974-75	1	2.00	1	0.15	4	4.00	6	6.15
Total	2	2.13	10	11.59	7	5.20	19	18.92

The Government stated (March 1977)* that the refund of the amounts paid had been ordered in all these cases.

(ii) According to the financial rules of the Government, grants are to be utilised within one year from the date of sanction and unspent balance, if any, is to be refunded to the Government. The Government stated in September 1976 that in the case of schemes where acquisition of land, eviction of premises and payment of compensation are involved it would not be possible to utilise the amount within one year. However, none of the sanctions specified the periods within which the grants were to be utilised.

(iii) Notwithstanding the provisions in the financial rules for avoidance of rush of payment at the close of the financial year, out of a total of 64 sanctions for Rs. 59.72 lakhs issued during 1973-74, 27 sanctions for Rs. 28.86 lakhs were issued in the last week of March 1974. Similarly, out of 42 sanctions for Rs. 76.24 lakhs issued during 1974-75, 13 sanctions for Rs. 41.38 lakhs were issued in the last week of March 1975.

The Government stated (November 1976) that (a) the local bodies would henceforth be directed to inform the Government about the unspent balance of loans and grants on 31st March of each year and (b) the rush of payment towards the end of the financial year would be avoided.

EDUCATION DEPARTMENT

6.5. Balika Shiksha Nidhi Samiti, Bhopal

The *Balika Shiksha Nidhi Samiti* was registered in December 1972 under the Madhya Pradesh Societies Registration Act, 1959, with the promotion of education of girls in the State as its object. Its regulations provide for the preparation of an annual budget by the *samiti* and the audit of its annual accounts by auditors appointed by the *samiti*. An annual report of the *samiti* is also required to be prepared and presented to the State Government.

The *samiti* is financed substantially through grants paid by the State Government. An abstract of the receipts and payments of the *samiti* for the three years ending 1975-76 is given below :

(1)	1973-74 (2)	1974-75 (3)	1975-76 (4)
	(In lakhs of rupees)		
<i>Receipts</i>			
Opening balance	..	14.98	15.03
Grants from the Government	12.00	..	..
Donation from the Madhya Pradesh Board of Secondary Education	4.00	..	1.00
Other donations	0.04	0.01	0.09
Interest on term deposits	0.16	0.35	0.98
Total	16.20	15.34	17.10
<i>Payments</i>			
Cost of cloth	1.20	..	2.86
Stitching charges	..	0.30	0.75
Cost of text books	..	..	1.33
Non-formal education scheme	..	..	0.30
Transport and conveyance	0.01	..	0.03
Miscellaneous	0.01	0.01	..
Total	1.22	0.31	5.27
<i>Closing balance</i>			
Cash and current account	6.82	0.03	0.23
Term deposits	8.16	15.00	11.60
Total	16.20	15.34	17.10

A test check of the accounts of the *samiti* under Section 14 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, for the three years 1973-74 to 1975-76 was conducted in July 1976. The results of the test check are contained in the sub-paragraphs that follow.

6.5.2. *Annual Accounts and Reports.*—The Accounts Rules of the *samiti* prescribe preparation of annual accounts comprising a receipt and expenditure account, a profit and loss account and a balance sheet. However, receipt and expenditure accounts only were prepared for 1973-74 and 1974-75 while for 1975-76 a balance sheet was prepared in addition to receipt and expenditure account. Further, these accounts were incomplete in that they did not include interest earned on term deposits with banks and collections made in districts. The accounts of the *samiti* were not audited by any certified auditor; nor had the *samiti* appointed an auditor for this purpose. It was reported by the *samiti* that the audit of its accounts upto October 1974 had been conducted by an auditor of the Directorate of Public Instruction but no report had been received by the *samiti*.

The *samiti* had not also submitted annual reports to the State Government.

6.5.3. *Receipt and utilisation of grants from the Government.*—(a) The *samiti* received grants of Rs. 7.00 lakhs and Rs. 5.00 lakhs from the Government in April 1973 and August 1973. The grants were to be utilised specifically for the following purposes :—

- (i) Supply of clothes to girls in backward areas.
- (ii) Supply of text books free of cost.
- (iii) Mid-day meals programme.
- (iv) Arrangement of living accommodation for lady teachers in rural areas.

The *samiti* utilised Rs. 5.17 lakhs upto 1975-76 (Rs. 1.22 lakhs in 1973-74; Rs. 0.31 lakh in 1974-75 and Rs. 3.64 lakhs in 1975-76) on supply of clothes and Rs. 1.33 lakhs on supply of text books. The *samiti* did not take up the "Mid-day meals" programme. In June 1975, the *samiti* decided to construct quarters for one lady teacher in each district (cost: Rs. 0.10 lakh per quarter) if public contribution of half the cost was available. As public contribution was not forthcoming, no quarters had been constructed.

(b) Out of the grant of Rs. 7.00 lakhs received from the Government in April 1973 and of Rs. 1.00 lakh received from the Board of Secondary Education, the *samiti* deposited in June 1973 Rs. 6.00 lakhs in term deposits for 6 months and Rs. 2.00 lakhs in long term deposits with a bank. Following receipt of further grants, short term deposits of Rs. 6.15 lakhs for 6 months were also made (December 1973) and renewed for further 6 months on expiry. On these deposits the *samiti* earned Rs. 1.49 lakhs by way of interest.

(c) Out of the total expenditure of Rs. 6.80 lakhs incurred by the *samiti* during 1973-74 to 1975-76, Rs. 0.30 lakh had been spent in 1975-76 on "non-formal education scheme" which was not covered by any of the four stipulated purposes

for which grants were given by the Government. A further sum of Rs. 0.32 lakh was spent on this scheme in April 1976. This scheme envisaged imparting of education beyond school hours to girls who left school before passing primary or VIII class examination. The expenditure on this scheme also included Rs. 0.36 lakh on imparting non-formal education to boys, which was outside the scope of the *samiti's* objects.

6.5.4. *Supply of clothes and text books.*—The schemes for supply of clothes and text books envisaged the supply of a pair of frocks and one set of text books free of cost to each girl student of classes I to V of selected primary schools in 10 districts of the State. Frocks were got stitched by the *samiti* and supplied to District Education Officers while text books were supplied to them directly by the Madhya Pradesh Text Book Corporation as instructed by the *samiti*. From 1973-74 to 1975-76, the *samiti* supplied 34,625 pairs of frocks and 33,311 sets of text books to District Education Officers for distribution among girl students. Accounts of the frocks and books so supplied and their actual distribution to the students were not kept by the *samiti*. The *samiti* had also no information about the number of girl students who actually received the frocks and text books for all the years, but information available in respect of 8 districts for 1974-75 showed that in those 8 districts, as against 6,738 pairs of frocks and 13,245 sets of text books supplied by the *samiti* during 1974-75, the number of girl students on the rolls of the schools where these were stated to have been distributed was 4,120 only during that year.

6.5.5. *Utilisation of cloth.*—In response to enquiries from the *samiti* for rates for stitching of 20,000 frocks of chest sizes 26" and 28", agency 'A' intimated (November 1973) the rate as Rs. 1.50 per frock and the requirement of cloth as 2.00 metres per frock. In December 1973, the *samiti* reduced the chest sizes of the frocks to 24" and 26" respectively.

Five agencies including the above mentioned agency were chosen by the *samiti* and were supplied with cloth at the flat rate of 2.50 metres per frock during the period from January 1974 to June 1974. Details of the number of frocks stitched, the quantum of cloth utilised and the cloth utilised per frock by each of these agencies are given below :

Agency	Number of frocks stitched	Cloth utilised	Cloth utilised per frock
(1)	(2)	(3)	(4)
		(In metres)	
A	10,000	25,000	2.50
B	1,000	2,250	2.25
C	1,000	2,250	2.25
D	500	1,125	2.25
E	2,000	4,000	2.00

During 1975-76, 55,415 frocks were got stitched by the same agencies 'A' (575 frocks), 'B' (13,340 frocks), 'C' (5,000 frocks), 'D' (2,500 frocks) and 'E' (15,000 frocks) and a new agency 'F' (19,000 frocks), all of whom were supplied cloth at the uniform rate of 2.00 metres per frock. On this basis, which was also the lowest utilisation per frock in 1974-75, there was excess utilisation of 5,625 metres of cloth costing Rs. 0.16 lakh in 12,500 frocks stitched by parties 'A' 'B' 'C' and 'D' in 1974-75.

6.5.6 *Non-accountal of contributions collected.*—All district Collectors were requested by the *samiti* in March 1974 to make efforts for collecting funds for the *samiti*. The collected amounts were required to be given to District Education Officers who were to deposit them in accounts opened in the name of the *samiti* in the local branches of the State Bank of India. The District Education Officers had reported that a total sum of Rs. 0.11 lakh was collected in 21 districts till March 1976. These receipts had, however, not been included in the accounts of the *samiti*. The *samiti* stated in July 1976 that it would take action to get the amounts transferred from the districts to the account of the *samiti* in the State Bank of India at Bhopal.

6.5.7. *Temporary advances.*—Temporary advances totalling Rs. 0.62 lakh made during April 1975 to April 1976 were shown as final payments in the cash book. No record to watch the receipt of vouchers in support of actual expenditure against the advances was maintained.

The points mentioned above were brought to the notice of the Government in October 1976; their comments are awaited (March 1977).

LOCAL GOVERNMENT (URBAN) DEPARTMENT

6.6. Financial assistance for removal of temporary water scarcity

For removal of temporary water scarcity in urban areas in summer months, financial assistance in the form of grants and loans was sanctioned by the Government to local bodies during 1973-74 and 1974-75 as under :

Year	Number of local bodies	Grants	Loans
(1)	(2)	(3)	(4)
		<i>(In lakhs of rupees)</i>	
1973-74	48	10.54	15.07
1974-75	11	8.53	19.23

A scrutiny of the sanctions and test check of the records in the office of the sanctioning authority showed the following :—

(i) Rules for regulating the financial assistance for removal of temporary water scarcity had not been framed by the Government.

(ii) The grants and loans were to be utilised by the local bodies within the periods specified in the sanctions. Neither the Government nor the Director, Local Bodies had laid down any procedure/system for watching the receipt of utilisation certificates. In all the cases the utilisation certificates were awaited

(December 1976). The Government stated (January 1977) that necessary action was being taken to call for the utilisation certificates.

(iii) According to the sanctions issued in 1973-74, the works were to be completed before the end of September 1973 and those issued in 1974-75 specified the completion date as June 1975 or earlier. No record was available with the Government to show that any progress reports were called for and received by the Government from the local bodies. No records were available to show if the schemes had been actually completed by the local bodies within the periods specified. The Government stated (January 1977) that the Deputy Director, Local Bodies had been asked to obtain the completion reports and send them to the Government.

(iv) The Municipal Council, Rajnandgaon was sanctioned a grant of Rs. 1.2 lakhs and a loan of Rs. 2.80 lakhs on 7th December 1974 and 31st March 1975 respectively, to be utilised before 30th June 1975. Works to the extent of Rs. 1.9 lakhs were completed and the balance of Rs. 2.09 lakhs was refunded by the Municipal Council between December 1975 and August 1976.

(v) A grant of Rs. 0.20 lakh had been sanctioned in August 1974 and paid in October 1974 to the Municipal Council, Nowgong to be utilised before 31st March 1975. The amount remained unutilised by the Municipal Council (May 1976) and was not refunded. The Government stated (January 1977) that orders had been issued for recovering the amount from the Municipal Council.

CO-OPERATION DEPARTMENT

6.7. Grants and loans for specific purposes

Grants and loans payable to co-operative institutions for various purposes are sanctioned by the Government in the Co-operation Department. The amounts are drawn and paid to apex institutions by the Registrar, Co-operative Societies and to divisional and district level institutions by the divisional Deputy Registrar concerned. During the three years ending 1975-76, grants and loans totalling Rs. 4.50 crores were sanctioned and paid to co-operative institutions. Points noted in test check of the procedures followed by the department for watching proper utilisation of the amounts paid are set out below.

6.7.2. *Loans to a sugar factory.*—Loans aggregating Rs. 90.00 lakhs were sanctioned in seven instalments to the *Morena Mandal Sahakari Shakkar Karkhan Limited*, Kailaras during the period from December 1972 to February 1975 as shown below :

	Amount (In lakhs of rupees)
December 1972	20.0
November 1973	15.0
December 1973	15.0
July 1974	7.3
September 1974	7.6
December 1974	15.0
February 1975	10.0

On the first six occasions, the loans were sanctioned and paid without prescribing the terms and conditions for repayment such as number and amount of instalments of repayment of principal, due dates of repayments and rates of ordinary and penal interest applicable to each loan. While sanctioning the seventh loan of Rs. 10.00 lakhs in February 1975, the department stipulated that the recovery of all the loans should be effected in 20 annual instalments commencing from the year 1980, but the rate or rates of interest (ordinary and penal) applicable to each of these seven loans had not been specified (January 1977).

6.7.3 *Loans to co-operatives.*—Under a scheme for construction of rural godown and marketing godowns, the Government provided assistance in the form of grants and loans to different co-operative societies. While the grants were provided out of State funds, the amounts lent by the State Government were to be reimbursed to it by the National Co-operative Development Corporation in the form of long term loans. The Corporation provided these loans in two equal instalments, the first on receipt of information from the State Government that the co-operative societies possessed or had acquired a site for the construction of a godown and the second, on receipt of information that the construction had progressed upto plinth level.

The rules stipulate that in the case of grants for specific works, the sanctioning authority should use its discretion in authorising payments according to the needs of the works and ensure that money is not drawn in advance of requirements. However, Rs. 14.16 lakhs representing the entire assistance payable in the form of grants for 175 rural godowns and 26 marketing godowns was sanctioned by the State Government and paid in March 1974 with the stipulation that the grants should not be utilised till the loan element of assistance was sanctioned. Eleven months later (February 1975), the entire loan assistance of Rs. 24.15 lakhs was also paid by the State Government in a single instalment with the condition that the godowns should be completed in one year. The position of construction of godowns at the end of September 1976 as intimated by the Registrar, Co-operative Societies was as under :

	Rural godowns			Marketing godowns		
	Number	Amount of		Number	Amount of	
		Grant	Loan		Grant	Loan
(1)	(2)	(3)	(4)	(5)	(6)	(7)
		<i>(In lakhs of rupees)</i>			<i>(In lakhs of rupees)</i>	
<i>Godowns—</i>						
Constructed	70	3.93	6.56	15	1.97	3.28
Under construction	67	3.77	6.28	10	2.56	4.30
Not taken up for construction.	38	1.56	2.98	1	0.37	0.75
Total	175	9.26	15.82	26	4.90	8.33

The Registrar stated (May 1976) that delays usually occurred in acquisition of land and formulation of plans and estimates and that it was not possible to complete all the godowns within 12 months. He did not, however, state why the payment of grants and loans could not have been deferred until after the preliminaries were completed by the beneficiaries and why disbursement of assistance could not have been phased according to the needs of the works. No extensions have been given for utilisation of the assistance nor have the unutilised amounts been got refunded (March 1977).

6.7.4. *Non-maintenance of control records.*—No systematic record indicating the amounts of grants/loans sanctioned during a year to individual societies, the purposes for which they were given, the dates by which the amounts were to be utilised and whether the grantees had actually utilised the amounts for the intended purposes by the stipulated dates and if not whether they were asked to refund the unutilised amounts was maintained by the sanctioning/countersigning authority.

6.7.5. *Watch over assets.*—According to the instructions issued by the Finance Department in June 1961, the authority sanctioning a grant should specify in the sanction that assets created out of the grant should not be disposed of, encumbered or utilised for purposes other than those for which the grant was sanctioned without the prior approval of the Government. Block accounts of permanent and semi-permanent assets acquired wholly or mainly out of Government grants by grantees were also required to be maintained by the sanctioning authority on the basis of returns required to be furnished by the grantees. It was noticed that these requirements were not specified in sanctions for grants to co-operative institutions and that block accounts of assets were also not maintained. The Government stated (February 1976) that the grantees did not maintain accounts of assets acquired wholly or substantially out of Government grants and that departmental officers had been instructed (December 1975) to obtain the required information from the grantees from the year 1956 onwards.

6.8 Madhya Pradesh State Co-operative Union Limited, Bhopal

6.8.1. *Introduction.*—The Madhya Pradesh State Co-operative Union Limited, Bhopal was formed by the amalgamation of two existing apex unions of co-operative societies in the former Mahakoshal and Madhya Bharat regions of the State and was registered under the Madhya Pradesh Co-operative Societies Act, 1912 on 25th March 1958. Its main objects are to promote and develop co-operative education, propagate and co-ordinate co-operative activities in the State and publicise the achievements and progress of the co-operative movement.

The present membership of the Union consists of 8 apex co-operative institutions, 43 district co-operative central banks, 43 primary land development banks, 43 district co-operative unions and 8 other societies. Its annual accounts are audited by the Registrar, Co-operative Societies. Audit of accounts upto the co-operative year 1974-75 had been completed by October 1976.

6.8.2. *Income and expenditure.*—(a) The following table summarises the income and expenditure of the Union for five co-operative years since 1971-72:—

(1)	1971-72 (2)	1972-73 (3)	1973-74 (4)	1974-75 (5)	(A) 1975-76 (6)
	<i>(In lakhs of rupees)</i>				
<i>Income—</i>					
1. Annual subscriptions and contributions from affiliated members	1.58	2.60	1.30	3.23	3.46
2. Proceeds from sale of publications, interest, dividends and other miscellaneous receipts	0.74	0.58	0.78	0.18	0.46
3. Grants-in-aid and subsidies received from—					
(i) the State Government					
(a) Scheme for education of members	5.69	6.15	8.46	10.17	10.00
(b) Co-operative training centres	2.37	2.74	2.75	3.56	3.50
(c) Special courses	0.20	..	0.20	0.08	0.40
(d) Propaganda and publicity	0.25	0.21	0.25	..	0.25
(e) Subsidy for staff	0.40	0.40	0.40	0.40	0.40
(f) Subsidy for educated unemployed	..	..	..	..	0.52
(ii) the National Co-operative Union of India.	0.02	..	..	..	..
4. Excess of expenditure over income.	0.03	..	0.96	..	0.29
Total	11.28	12.68	15.10	17.62	19.28
<i>Expenditure—</i>					
1. General establishment	1.63	2.13	2.48	2.63	3.24
2. Scheme for education of members	5.69	5.64	6.93	6.81	10.72
3. Running of co-operative training centres (including special courses)	2.53	2.74	2.82	2.56	3.88
4. Propaganda and publicity	0.57	0.81	0.58	0.76	0.65
5. Depreciation, contributions to other reserve funds and miscellaneous expenses.	0.58	0.45	0.63	0.15	0.14
6. Provision for refund of unutilised balances of grants-in-aid.	0.28	0.51	1.66	0.44	0.65
7. Excess of income over expenditure	..	0.40	..	4.27	..
Total	11.28	12.68	15.10	17.62	19.28

The Union was financed substantially by grants-in-aid and subsidies from the Government; annual subscriptions and contributions from affiliated co-operative institutions also constituted a significant part of its finances.

(A) Provisional figures from accounts which had not been audited by Registrar, Co-operative Societies.

(b) According to the orders issued by the Government under the Madhya Pradesh Co-operative Societies Act, 1960, affiliated societies were required to pay an annual membership subscription to the Union at prescribed rates not later than 31st October of each year. Such subscriptions for years upto 1975-76 were overdue from 34 institutions to the extent of Rs. 1.18 lakhs, including Rs. 0.61 lakh outstanding for over three years, of which the oldest defaults dated back to 1964-65. The details of the arrears were furnished by the Union to the Registrar, Co-operative Societies at the latter's request in May 1976, but the Registrar informed the Union in June 1976 that no action for recovery of arrears was possible at his level.

(c) Member societies were also to pay contributions to the Union out of their annual net profits at rates ranging between 1 and 1½ percent of such profits as laid down in Rule 30 of the Madhya Pradesh Co-operative Societies Rules, 1962. Out of 145 member societies, contributions had been received from 36 societies in 1971-72, 24 in 1972-73, 15 in 1973-74, 23 in 1974-75 and 33 in 1975-76. The Union had not assessed the arrears of such contributions (January 1977), the reason stated being non-availability of audited balance sheets of the member societies concerned.

6.8.3. *Scheme for education of members of co-operatives.*—(a) The Union had been implementing since its inception a training scheme for non-official participants in the co-operative movement, along the guide-lines issued by the National Co-operative Union of India, with the object of training them to run their institutions efficiently and effectively. The scheme provided for courses of training lasting 28 days for secretaries and members of central co-operative banks at district and branch levels, 5 days for managing committee members, etc., of village level societies and 3 days for members and prospective members. The courses were conducted by peripatetic units of which there were to be two in each district, each unit consisting of one instructor and one contactman. The expenditure on the scheme was borne entirely by the State Government.

The table below indicates the grants received by the Union from the Government for the scheme and the expenditure incurred by the Union on the scheme in each of the last five co-operative years as well as in the corresponding financial years :

Year (1)	During co-operative year ending June		During financial year ending March	
	Grants from Government (2)	Expenditure incurred (3)	Grants from Government (4)	Expenditure incurred (5)
	(In lakhs of rupees)			
1971-72	5.69	5.69	6.84	6.95
1972-73	6.15	5.64	7.58	7.07
1973-74	8.46	6.93	10.00	8.46
1974-75	10.17	6.81	8.46	8.10
1975-76	10.00	10.72	10.10	10.56

The expenditure incurred fell short of the grants received during the financial years 1972-73, 1973-74 and 1974-75 by Rs. 0.51 lakh, Rs. 1.54 lakhs and Rs. 0.36 lakh respectively and these amounts were refunded to the Government in October 1973, January 1975 and March 1976 respectively.

(b) As against 86 to 90 units required for covering all the districts in the State (at the rate of 2 per district) in the years from 1971-72 to 1975-76, 73 units were operated in 1971-72 and 1972-73, 77 in 1973-74 and 1974-75 and 76 in 1975-76. The following table depicts the achievements of these units:—

Year	Duration of training (days)	Courses		Trainees		
		Targets	Actuals	Targets	Actuals	Percentage
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1971-72	28	43	16	860	518	60
	5	2,409	1,255	36,135	16,582	45
1972-73	28	43	13	860	364	42
	5	1,806	907	27,090	13,216	49
	3	1,376	607	27,520	13,083	48
1973-74	28	43	12	860	297	34
	5	1,762	997	26,430	13,096	49
	3	1,762	1,299	35,240	27,241	77
1974-75	28	45	12	900	303	33
	5	1,080	845	16,200	12,099	74
	3	1,080	1,228	21,600	27,320	126
1975-76	28	45	7	900	212	23
	5	1,080	1,914	16,200	13,329	82
	3	1,080	1,196	21,600	23,022	106

6.8.4. *Co-operative training centres.*—A scheme of training for the employees of co-operatives and of the co-operation department of the Government was being implemented by the Union through 4 co-operative training centres located at Jabalpur, Bilaspur, Nowgong and Agar. The table below gives details of grants received from the Government for this scheme and the expenditure incurred by the Union, the admission capacities, the targets fixed and the number of persons actually trained each year during the five co-operative years ending with 1975-76:—

Year	Grant received	Expenditure incurred	Admission capacity	Number of trainees		Percentage of actuals to targets
				Targets	Actuals	
(1)	(2)	(3)	(4)	(5)	(6)	
(In lakhs of rupees)						
1971-72	2.37	2.39	1,120	1,040	456	44
1972-73	2.74	2.74	840	660	530	80
1973-74	2.75	2.74	840	660	549	83
1974-75	3.56	2.56	840	660	438	66
1975-76	3.50	3.73	840	780	443	57

Shortfalls in achievements in terms of persons trained were attributed by the Union to the failure of co-operative bodies to sponsor candidates in sufficient numbers. The Registrar, Co-operative Societies had stressed (March 1973) the need for vigorous efforts by the Union to persuade co-operative institutions to send their untrained employees for training. It was stated (October 1976) by the Union that all efforts were being made to increase admissions from the co-operative sector.

6.8.5. *Special courses.*—In accordance with a recommendation of the National Co-operative Union of India, special short-term management courses, each of eight weeks, duration, in co-operative banking, marketing and auditing were arranged in these centres. The table below gives details of grants received from the Government for this purpose, expenditure incurred by the Union and achievements during the co-operative years 1971-72 and 1973-74 to 1975-76:

Year (1)	Amount of grant (2)	Expendi- ture incurred (3)	Number of trainees		Percentage of actuals to targets (6)
			Targets (4)	Actuals (5)	
<i>(In lakhs of rupees)</i>					
1971-72	0.20	0.14	120	79	66
1973-74	0.20	0.08	120	39	32
1974-75	0.08	..	..	..	..
1975-76	0.40	0.15	140	54	38

The Union attributed (October 1976) the shortfall in the number trained to delay in receipt of sanctions and grants and lack of sufficient interest on the part of co-operatives in deputing their employees for training.

6.8.6. *Propaganda and publicity.*—(a) With a view to keeping co-operators well informed, the Union started (1959-60) publishing two periodicals in Hindi, one monthly (Madhya Pradesh *Sahkari Samachar*) and the other quarterly (*Sahkari Madhya Pradesh*); the monthly was converted into a weekly in July 1966 while the quarterly was discontinued after the issue of March 1975. The table below indicates the direct expenses on and the income from these periodicals during each of the last five co-operative years:

Year (1)	Direct expenditure (2)	Income from			Excess of expenditure over income (6)
		Sale of per- iodicals (3)	Advertise- ments (4)	Grants-in- aid (5)	
<i>(In lakhs of rupees)</i>					
1971-72	0.28	0.06	0.17	0.05	..
1972-73	0.30	0.05	0.16	0.05	0.04
1973-74	0.34	0.06	0.16	0.05	0.07
1974-75	0.31	0.04	0.11	..	0.16
1975-76	0.30	0.05	0.15	0.05	0.05

Out of 3.51 lakh copies of the two periodicals produced at a direct cost of Rs. 1.53 lakhs in the five years, 2.19 lakh copies were sold for Rs. 0.26 lakh; 1.04

lakh copies (selling price: Rs. 0.20 lakh) were distributed as complementary copies and 0.28 lakh copies (selling price: Rs. 0.06 lakh) remained unutilised. Annual sales of the weekly declined from 0.57 lakh copies in 1972-73 to 0.29 lakh copies in 1975-76 and nearly a fourth of the copies produced in 1975-76 was neither sold nor distributed free.

(b) Besides publicity literature, the Union was publishing, from time to time, text books for trainees and students. During the period from 1966-67 to 1975-76, it brought out eleven books. Out of 17,510 copies produced at a cost of Rs. 0.35 lakh in direct expenses and priced at Rs. 0.47 lakh, 7,009 copies worth Rs. 0.16 lakh were sold, 1,142 copies worth Rs. 0.05 lakh were distributed free and 9,359 copies worth Rs. 0.26 lakh remained unsold at the end of October 1976. The unsold stocks included copies worth Rs. 0.18 lakh which were produced in 1968-69 or earlier.

6.8.7. *Accounts of cash, stores and stock.*—(a) For meeting expenditure on a State level family planning seminar organised in February 1976, advances aggregating Rs. 1,550 were given to certain staff members against which they rendered accounts for Rs. 1,500 along with vouchers. Instead of adjusting the outstanding advances, the amount of Rs. 1,500 was shown as a fresh item of expenditure and again debited in the cash book on 4th March 1976. The Union stated (January 1977) that an enquiry had been instituted against the person responsible.

(b) Agricultural equipment and a water pump set acquired from a co-operative farming training unit in December 19 64 (value: Rs. 0.13 lakh), 16 petromax lamps purchased in 1965 and 14 purchased in March 1974 (value: Rs. 0.04 lakh) and one film projector purchased in March 1972 (value: Rs. 0.08 lakh) were lying idle (October 1976). There were also surplus stores (value: Rs. 0.21 lakh) in stock at the end of the co-operative year 1976.

(c) No physical verification of library books as well as books published by the Union had been conducted.

6.8.8. *Deductions under the Additional Emoluments (Compulsory Deposit) Act, 1974.*—In terms of the provisions of the Act, the Union started making deductions from salary commencing May 1976 at 50 per cent of the additional allowance paid to its staff; it also made similar deductions from arrears for the period from October 1975 to April 1976. Out of a total amount of Rs. 0.40 lakh so deducted upto September 1976, Rs. 0.28 lakh had not been deposited with the Regional Provident Fund Commissioner, Indore as required under the Act.

6.9. Co-operative Institutions

6.9.1. (a) *Investments in share capital.*—According to the information furnished by the Registrar, Co-operative Societies, the total number of societies in the State registered under the Madhya Pradesh Co-operative Societies Act, 1960 at the end of each of the three years ending 30th June 1976, their total paid up

capital, the number of societies in whose share capital the Government have made investments and the amount of investments are indicated below :

At the end of June	Societies registered		Societies with Government investments	
	Number	Paid up capital	Number	Amount
(1)	(2)	(3)	(4)	(5)
		(In lakhs of rupees)		(In lakhs of rupees)
1974	18,225	68,56.00	11,973	28,94.78
1975	18,195	77,54.00	12,119	30,48.10
1976		(Not available)	12,455	32,82.66

(b) *Financial assistance.*—The financial assistance granted to the institutions in various forms during the three years ending 30th June 1976 is indicated below :

Year	Assistance granted in the form of					
	Share capital		Subsidy		Loans	
	Number of societies	Amount	Number of societies	Amount	Number of societies	Amount
(1)	(2)	(3)	(4)	(5)	(6)	(7)
		(In lakhs of rupees)		(In lakhs of rupees)		(In lakhs of rupees)
1973-74	499	1,82.56	615	91.30	25	1,06.00
1974-75	146	1,53.32	469	35.17	209	78.00
1975-76	336	2,34.56	392	31.92	211	1,07.00

6.9.2. *Dividends.*—The table below indicates the details of dividends received and percentage of return on total investment during the three years ending 30th June 1976:

Year	Amount of dividend received	Total investment at the end of the year	Percentage of return on investment
(1)	(2)	(3)	(4)
	(In lakhs of rupees)		
1973-74	13.10	28,94.78	0.45
1974-75	16.99	30,48.10	0.56
1975-76	22.32	32,82.66	0.68

6.9.3. *Debentures.*—The Government have invested in the debentures of one co-operative institution *viz.*, the Madhya Pradesh State Co-operative Land Development Bank Limited, Bhopal. The particulars of investments and interest received during the three years ending 30th June 1976 are indicated below :

Year	Investment in debentures		Interest for the year	Percentage of return
	Investment during the year	Investment at the end of the year		
	(In lakhs of rupees)			
(1)	(2)	(3)	(4)	(5)
1973-74	49.88	9,42.53	51.21	5.4
1974-75	1,91.04	11,33.57	52.92	4.7
1975-76	1,56.04	12,89.61	58.47	4.5

6.9.4. *Guarantees.*—The Government have also guaranteed repayment of loans by Co-operative Societies to the extent of Rs. 4,78.88 crores upto June 1976, out of which Rs. 61.33 crores were outstanding as on 30th June 1976 according to the information furnished by the Registrar, Co-operative Societies.

6.9.5. *Arrears in audit.*—In accordance with the provisions of the Madhya Pradesh Co-operative Societies Act, 1960, the accounts of the co-operative societies are required to be audited by the Registrar, Co-operative Societies every year.

According to the information furnished by the Registrar, Co-operative Societies, 1,459 accounts of 788 societies remained to be audited (as on 30th June 1976) as per details shown below :

Period of arrears	Number of societies	Number of accounts
(1)	(2)	(3)
More than 3 years	126	630
Upto 3 years	40	120
Upto 2 years	87	174
Upto 1 year	535	535
Total	788	1,459

The following reasons were given (October 1976) by the Registrar in this connection:—

- (i) Non-completion of accounts,
- (ii) Non-availability of account books for audit and,
- (iii) Records remaining with Police or Courts.

6.9.6. *Audit fees.*—Audit fees due to the Government from co-operative societies were in arrears to the extent of Rs. 2.60 lakhs at the end of March 1976. Year-wise break-up of the dues is indicated below:

Year	(In lakhs of rupees)
Upto 1971-72	1.60
1972-73	0.16
1973-74	0.44
1974-75	0.40
Total	2.60

6.9.7. *Outstanding loans and interest.*—Out of the total sum of Rs. 10.24 crores disbursed as loans to co-operative societies upto 31st March 1976, Rs. 7.10 crores were outstanding as on 31st March 1976. The amounts of principal and interest overdue as on 31st March 1976 were Rs. 1.05 crores and Rs. 2.91 crores respectively. It was stated (October 1976) by the Registrar, Co-operative Societies that District Assistant Registrars had been instructed from time to time to take concrete steps for recovery of dues, issue demand notices to defaulting societies and, if necessary, issue revenue recovery certificates against them.

CHAPTER VII

COMMERCIAL ACTIVITIES

7.1. This chapter deals with the results of audit of departmentally managed Government commercial and *quasi*-commercial undertakings.

7.2. As on 31st March 1976, there were four departmentally managed commercial and *quasi*-commercial undertakings, *viz.* Sales Dispensary, Indore; Government Milk Supply Scheme, Bhopal; Training-cum-Production Centre, Chanderi and Government Handloom Factory, Maheshwar. There were also six State Trading Schemes, *viz.*, Grain Supply Scheme, Purchase and Sale of *Tendu* Leaves, Minor Forest Produce, Timber, Bamboos and *Sal* Seeds. The financial results of two undertakings on the basis of latest available accounts are given in Appendix V.

The *pro forma* accounts of the following schemes/undertakings were in arrears (March 1977) for the periods shown against each:—

(1)	(2)	(3)
	Year from which <i>pro forma</i> accounts are awaited	Remarks
Forest Department—		
Purchase and sale of <i>Tendu</i> leaves	1965-66	} Government appointed (June 1976) a departmental committee to decide the manner in which, and the period from which, the <i>pro forma</i> accounts should be prepared.
Minor Forest Produce	1969-70	
State Trading in Timber	1970-71	
State Trading in Bamboos	1973-74	
State Trading in <i>Sal</i> seeds	1975-76	
Food Department—		
Grain Supply Scheme	1970-71	The Director of Civil Supplies stated (May 1976) that (i) the reconciliation of figures for the years 1958-59 to 1960-61 between departmental figures with those as per books of the Accountant General had been completed, (ii) reconciled figures were being incorporated in the revised <i>pro forma</i> accounts, (iii) steps were being taken to compile

(1)	(2)	(3)
	year from which <i>proforma</i> accounts are awaited	Remarks
		<i>pro forma</i> accounts for the year 1969-70 and subsequent years, and (iv) <i>pro forma</i> accounts for the previous years would be recast and revised accounts sent to Audit. <i>Pro forma</i> accounts for the year 1969-70 were made available by the Department in November 1976. Further progress made in recasting the <i>pro forma</i> accounts of previous years is awaited (March 1977).
Veterinary Department—		
Government Milk Supply Scheme, Bhopal	1974-75	The <i>pro forma</i> accounts for 1974-75 have since been received (February 1977) and are under check.
Co-operation Department—		
Government Handloom Factory, Maheshwar	1975-76	
Public Health and Family Planning Department—		
Sales Dispensary, Indore	1975-76	

7.3. Nationalised Text Book Scheme

This scheme of the Education Department was started in December 1957 and discontinued in March 1971. Government decided (September 1966) that *pro forma* accounts of the Scheme should be prepared from 1960-61 onwards. The Department assured the Public Accounts Committee (April 1971) that accounts up to 1969-70 would be got prepared within a period of two years.

A statement of affairs as on 1st April 1960 and *pro forma* accounts of the Scheme for the years 1960-61 to 1970-71 were rendered to Audit by the Controller, Printing and Stationery between December 1975 and March 1976. Defects noticed in the statement of affairs and the *pro forma* accounts were intimated to the Controller, Printing and Stationery in March 1976 and May 1976. Further action is awaited (March 1977).

CHAPTER VIII

OUTSTANDING AUDIT OBSERVATIONS AND INSPECTION REPORTS

8.1. Outstanding audit observations

Audit observations on financial transactions of the Government are reported to the departmental authorities concerned so that appropriate action is taken to rectify the defects and omissions. Half-yearly reports of such observations outstanding for more than six months are also forwarded to the Government to expedite their settlement.

The following table shows the number of audit observations issued upto the end of March 1976 and outstanding on 30th September 1976 as compared with the corresponding position indicated in two preceding reports :—

(1)	As on 30th Sep- tember 1974 (2)	As on 30th Sep- tember 1975 (3)	As on 30th Sep- tember 1976 (4)
Number of observations	2,44,592	2,83,990	2,31,083
Amount involved (<i>in crores of rupees</i>)	82.80	1,07.83	1,11.78

The following departments have comparatively heavy outstanding observations :—

S. No. (1)	Department (2)	Number (3)	Amount (4) <i>(In lakhs of rupees)</i>
1.	Public Works (Buildings and Roads)	44,218	31,56.01
2.	Irrigation	46,902	23,65.27
3.	Agriculture	14,024	9,21.20
4.	Public Health Engineering	22,014	6,96.33
5.	Education	26,546	4,88.57
6.	Medical	5,567	4,90.09
7.	Tribal and Harijan Welfare	7,863	4,48.51
8.	Animal husbandry	8,267	4,20.54
9.	Revenue	9,060	2,79.20
10.	Food and Nutrition	1,019	2,47.55
11.	Forest	4,592	1,81.64
12.	Family Planning	5,476	1,78.80
13.	Panchayat and Social Welfare	3,313	1,56.76
14.	Dairy Development	1,122	1,57.50
15.	Public Health	5,786	1,46.90
16.	Jails	750	1,18.63
17.	Home (Police)	1,745	69.95
18.	Mines and Minerals	1,156	70.77
19.	Industries	4,907	62.94
20.	Labour and Employment	1,319	54.14

(*) Excludes advances paid to Government servants not recovered, which were included in previous years,

The following are some of the major reasons for which audit observations have remained outstanding:—

S. No. (1)	Nature of observation (2)	Number (3)	Amount (4) <i>(In lakhs of rupees)</i>
1.	Payees' receipts not received	1,44,585	55,14.73
2.	Sanctions for reserve limit of stock not received	160	11,94.56
3.	Agreements with contractors/suppliers not received	761	11,78.51
4.	Detailed bills for lump sum drawals not received	32,938	9,68.09
5.	Vouchers not received	11,684	5,59.05
6.	Sanctions for contingent and miscellaneous expenditure not received	6,822	3,90.63
7.	Sanctions to estimates not received	31	1,09.81
8.	Overpayments or amounts disallowed in audit not recovered.	3,755	14.68
9.	Sanctions for establishment not received	703	10.19

It will be seen that a sizable portion of the total outstandings is due to non-submission of payees' receipts and vouchers. The departments with comparatively heavy outstandings on this account were:

Department (1)	Amount (2) <i>(In lakhs of rupees)</i>
Irrigation	15,17.02
Public Works (Buildings and Roads)	11,97.77
Public Health Engineering	6,93.14
Agriculture	5,61.45
Medical	3,90.65
Animal husbandry	2,81.28
Tribal and Harijan Welfare	1,98.81
Food and Nutrition	1,98.68
Education	1,52.50
Dairy Development	1,50.14

The facility of drawing amounts as advances on abstract contingent bills by disbursing officers is intended to expedite payments in certain cases but they are to be followed by detailed contingent bills (containing all particulars of expenditure with supporting documents), which should be sent to the Audit Office by 25th of the month succeeding that to which the abstract contingent bills relate. In the absence of detailed contingent bills, it is not practicable for Audit to know whether the whole amount has been spent on the purpose or purposes for which the advances were drawn. Rupees 9,68.09 lakhs are held under observation as detailed contingent bills have not been received in Audit Office. The departments with comparatively heavy outstandings are mentioned below:

Department	Amount
(1)	(2)
	<i>(In lakhs of rupees)</i>
Education	1,76.85
Agriculture	1,68.17
Tribal and Harijan Welfare	1,40.53
Revenue	1,19.36
Jails	1,17.67

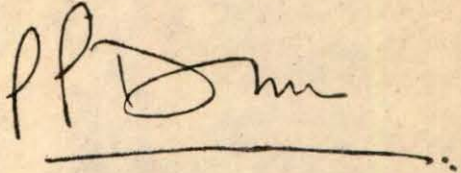
8.2. Outstanding inspection reports

Audit observations on financial irregularities and defects in initial accounts, noticed during local audit and not settled on the spot, are communicated to heads of offices and to the next higher departmental authorities through audit inspection reports. The more important irregularities are reported to the Heads of Departments and the Government. The Government have prescribed that first replies to inspection reports should be sent within five weeks.

At the end of September 1976, 10,396 inspection reports issued up to March 1976 were not settled as shown below with corresponding figures for the earlier two years :

(1)	As on 30th September 1974	As on 30th September 1975	As on 30th September 1976
	(2)	(3)	(4)
Number of inspection reports	8,415	9,422	10,397
Number of paragraphs	37,745	44,175	48,197

Of the reports outstanding at the end of September 1976, 8,670 reports related to Civil departments, 10 to Commercial departments and 1,717 to Revenue receipts. These included 1,884 inspection reports (1,569 Civil and 315 Revenue Receipts) for which first replies had not been received till the end of September 1976.



Gwalior :
The 1-6-1977

(P.P. DHIR)
Accountant General-I, Madhya Pradesh.

Countersigned.



New Delhi :
The 3-6-1977

(A. BAKSI)
Comptroller and Auditor General of India.

In the report submitted to the end of September 1974, and which
has been published in the Financial Department and 1575 of the
Department of Finance, the report refers to the fact that the
Department of Finance has received from the Department of
Finance, a copy of the report which has been received from the
Department of Finance.

[Handwritten signature]

(P. P. Dunn)
Accountant General, Ministry of Finance

1-8-1977

Confidential

[Handwritten signature]

(A. A. Baker)
Comptroller and Auditor General of India

3-8-1977

APPENDIX

Department of the Interior

STATEMENT OF EXPENDITURES FOR THE FISCAL YEAR 1907

Department	1907		1906	
	No. Amount	% of Total	No. Amount	% of Total
1. Public Lands Office	137	8.11	130	7.91
2. Bureau of Land Management	14	0.84	14	0.84
3. Bureau of Reclamation	14	0.84	14	0.84
4. Bureau of Indian Affairs	14	0.84	14	0.84
5. Geological Survey	14	0.84	14	0.84
6. General Land Office	14	0.84	14	0.84
7. Office of the Secretary of the Interior	14	0.84	14	0.84
8. Office of the Chief of Mines	14	0.84	14	0.84
9. Office of the Chief of Forestry	14	0.84	14	0.84
10. Office of the Chief of Irrigation	14	0.84	14	0.84
11. Office of the Chief of Fisheries	14	0.84	14	0.84
12. Office of the Chief of Geology	14	0.84	14	0.84
13. Office of the Chief of Paleontology	14	0.84	14	0.84
14. Office of the Chief of Botany	14	0.84	14	0.84
15. Office of the Chief of Zoology	14	0.84	14	0.84
16. Office of the Chief of Entomology	14	0.84	14	0.84
17. Office of the Chief of Plant Industry	14	0.84	14	0.84
18. Office of the Chief of Animal Industry	14	0.84	14	0.84
19. Office of the Chief of Fisheries and Game	14	0.84	14	0.84
20. Office of the Chief of Conservation	14	0.84	14	0.84
21. Office of the Chief of Education	14	0.84	14	0.84
22. Office of the Chief of Statistics	14	0.84	14	0.84
23. Office of the Chief of Printing	14	0.84	14	0.84
24. Office of the Chief of Buildings	14	0.84	14	0.84
25. Office of the Chief of Transportation	14	0.84	14	0.84
26. Office of the Chief of Communication	14	0.84	14	0.84
27. Office of the Chief of Information	14	0.84	14	0.84
28. Office of the Chief of Research	14	0.84	14	0.84
29. Office of the Chief of Administration	14	0.84	14	0.84
30. Office of the Chief of Finance	14	0.84	14	0.84
31. Office of the Chief of Legal Affairs	14	0.84	14	0.84
32. Office of the Chief of Public Affairs	14	0.84	14	0.84
33. Office of the Chief of Congressional Relations	14	0.84	14	0.84
34. Office of the Chief of Public Information	14	0.84	14	0.84
35. Office of the Chief of Intergovernmental Relations	14	0.84	14	0.84
36. Office of the Chief of Foreign Relations	14	0.84	14	0.84
37. Office of the Chief of International Cooperation	14	0.84	14	0.84
38. Office of the Chief of Global Development	14	0.84	14	0.84
39. Office of the Chief of Sustainable Development	14	0.84	14	0.84
40. Office of the Chief of Climate Change	14	0.84	14	0.84
41. Office of the Chief of Environmental Protection	14	0.84	14	0.84
42. Office of the Chief of Natural Resources	14	0.84	14	0.84
43. Office of the Chief of Energy	14	0.84	14	0.84
44. Office of the Chief of Water Resources	14	0.84	14	0.84
45. Office of the Chief of Ocean Resources	14	0.84	14	0.84
46. Office of the Chief of Arctic Resources	14	0.84	14	0.84
47. Office of the Chief of Antarctic Resources	14	0.84	14	0.84
48. Office of the Chief of Space Resources	14	0.84	14	0.84
49. Office of the Chief of Information Technology	14	0.84	14	0.84
50. Office of the Chief of Cybersecurity	14	0.84	14	0.84
51. Office of the Chief of Digital Government	14	0.84	14	0.84
52. Office of the Chief of Data Science	14	0.84	14	0.84
53. Office of the Chief of Artificial Intelligence	14	0.84	14	0.84
54. Office of the Chief of Robotics	14	0.84	14	0.84
55. Office of the Chief of Nanotechnology	14	0.84	14	0.84
56. Office of the Chief of Biotechnology	14	0.84	14	0.84
57. Office of the Chief of Nanobiotechnology	14	0.84	14	0.84
58. Office of the Chief of Space Exploration	14	0.84	14	0.84
59. Office of the Chief of Space Science	14	0.84	14	0.84
60. Office of the Chief of Space Policy	14	0.84	14	0.84

APPENDICES

(Reference : Paragraph

STATEMENT OF OUTSTANDING UTILISATION CERTIFICATES

S.No. (1)	Name of Department (2)	1970-71		1971-72		1972-73	
		No. (3)	Amount (4)	No. (5)	Amount (6)	No. (7)	Amount (8)
1.	Tribal and Harijan Welfare	127	8.12	300	29.92	215	24.74
2.	Town and Country Planning (Local Bodies)	..	..	..	..	..	..
3.	Education	24	4.81	46	19.56	66	16.72
4.	Agriculture	11	5.41	9	1.87	14	2.88
5.	Industries	14	1.07	2	0.50	31	53.64
6.	Community Development Projects	152	2.58	148	1.73	352	6.93
7.	Co-operation	80	6.74	17	13.29	19	30.55
8.	Social Welfare	235	18.38	149	6.74	177	29.00
9.	Animal Husbandry	22	0.51	4	0.40	1	0.15
10.	Public Health Engineering	892	24.21	49	6.58	..	..
11.	Local Self-Government	..	..	..	..	10	4.60
12.	General Administration	40	6.41	25	11.49	32	7.12
13.	Public Health	36	1.28	9	0.49	10	2.33
14.	Medical	48	0.52	12	0.22	17	0.58
15.	Housing	..	..	..	..	..	..
16.	Rehabilitation	..	..	..	..	..	..
17.	Family Planning	..	..	..	..	..	..
18.	Labour	3	0.08	..	..	..	..
19.	Fisheries	..	..	..	..	..	..
	Total	1,684	80.12	770	92.79	944	179.24

DIX. 1

1.16, page 25)

IN RESPECT OF GRANTS-IN-AID

(All amounts in lakhs of rupees)

1973-74		1974-75		Total	
No. (9)	Amount (10)	No. (11)	Amount (12)	No. (13)	Amount (14)
507	85.99	1,120	105.87	2,269	254.64
..	..	530	251.90	530	251.90
96	47.17	382	127.04	614	215.30
61	100.05	20	95.02	115	205.23
14	2.03	19	64.99	80	122.23
290	7.37	774	84.29	1,716	102.90
20	29.62	12	19.85	143	100.05
350	33.58	122	2.43	1,033	90.13
313	35.17	288	37.26	628	73.49
5	0.25	20	17.00	966	48.04
6	1.71	14	8.43	30	14.74
43	11.75	19	5.01	159	41.78
4	1.64	125	15.23	184	20.97
83	4.09	110	8.97	270	14.38
..	..	5	11.69	5	11.69
..	..	6	11.43	6	11.43
20	1.52	55	4.73	75	6.25
..	..	..	..	3	0.08
1	0.12	1	0.05	2	0.17
1,813	362.06	3,622	871.19	8,833	1,585.40

APPENDIX II

[Reference : Paragraph 2.4 (ii), page 36)

GRANTS/APPROPRIATIONS WHERE SAVINGS EXCEEDED 10 PER CENT
OF TOTAL PROVISION

S. No.	Number and name of grant/appropriation	Total grant/ appropriation	Actual expenditure	Saving (Percentage)
(1)	(2)	(3)	(4)	(5)
(In lakhs of rupees)				
<i>Revenue Section :</i>				
1.	1—General Administration	2,72.53	2,34.35	38.18 (14)
2.	2—Other Expenditure pertaining to General Administration Department	47.08	30.57	16.51 (35)
3.	7—Expenditure pertaining to Separate Revenue and Registration Departments.	7,21.68	6,44.08	77.60 (11)
4.	8—Land Revenue and District Administration (Charged)	4,53.37	3,01.57	1,51.80 (33)
5.	10—Forest (Charged)	3.82	0.77	3.05 (80)
6.	15—Dairy Development	4,76.98	3,93.10	83.88 (18)
7.	16—Fisheries	86.03	73.82	12.21 (14)
8.	17—Co-operation	2,86.99	2,21.25	65.74 (23)
9.	22—Expenditure pertaining to Local Government Department	1,81.52	1,21.04	60.48 (33)
10.	23—State Legislature and Elections	1,67.97	1,39.35	28.62 (17)
11.	26—Expenditure pertaining to Panchayat and Community Development Department	8,95.01	6,87.99	2,07.02 (23)
12.	31—Expenditure pertaining to Planning, Economics and Statistics Department	91.40	69.56	21.84 (24)
13.	33—Tribal and Harijan Welfare	25,59.07	20,05.21	5,53.86 (22)
14.	35—Rehabilitation	1,01.87	88.47	13.40 (13)
15.	37—Expenditure pertaining to Town and Country Planning Department	81.41	67.04	14.37 (18)

APPENDIX II (concluded)

S.No.	Number and name of grant/appropriation	Total grant/ appropriation	Actual expenditure	Saving (Per- centage)
(1)	(2)	(3)	(4)	(5)
<i>(In lakhs of rupees)</i>				
<i>Capital Section :</i>				
1.	6—Expenditure pertaining to Finance Department	9,84.10	4,09.58	5,74.52 (58)
2.	8—Land Revenue and District Administration	1,70.00	1,46.54	23.46 (14)
3.	10—Forest	84.81	44.58	40.23 (47)
4.	11—Expenditure pertaining to Commerce and Industry Department.	3,63.96	2,64.32	99.64 (27)
5.	11—Expenditure pertaining to Commerce and Industry Department' (Charged)	21.47	13.63	7.84 (37)
6.	13—Agriculture	56,64.57	48,24.32	8,40.25 (15)
7.	16—Fisheries	5.56	0.08	5.48 (99)
8.	17—Co-operation	8,02.31	4,68.98	3,33.33 (42)
9.	20—Public Health Engineering	1,68.24	1,22.92	45.32 (27)
10.	25—Expenditure pertaining to Natural Resources Department	40.00	20.00	20.00 (50)
11.	30—Expenditure pertaining to Panchayat and Community Development Department	10.78	4.75	6.03 (56)
12.	35—Rehabilitation	1,00.65	72.81	27.84 (28)
13.	40—Expenditure pertaining to Food Department	1,50.00	48.53	1,01.47 (68)

CASES OF MISAPPROPRIATION REPORTED UP TO 31ST MARCH 1976 BUT

S.No.	Name of the Department	Cases reported in 1970-71 and earlier years		Cases reported during 1971-72		Cases reported during 1972-73	
		Number of cases	Amount	Number of cases	Amount	Number of cases	Amount
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1.	Education	20	5.62	11	0.85	2	0.02
2.	Public Health	4	0.13	4	0.42	1	0.06
3.	Revenue	65	3.01	11	0.51	5	0.55*
4.	Agriculture	40	3.26	2	0.27	4	0.19
5.	Tribal and Harijan Welfare	22	1.27	3	0.19	5	0.38
6.	Medical	6	1.48	3	0.10	7	0.97
7.	Industry	7	1.58	1	0.02	2	0.26
8.	Food	7	3.18	1	0.14	..	..
9.	Police	1	0.56	..	..	1	1.24
10.	Planning and Development	20	1.90	..	..	2	0.03
11.	Irrigation	16	0.55	2	0.10	2	0.07
12.	Forest	7	0.24	..	..	..	..
13.	Public Works	18	1.86	..	..	1	0.02
14.	Animal Husbandry	9	0.38	2	0.18	5	0.21
15.	Excise	2	0.31	..	..	1	0.97
16.	Law	2	0.07	1	0.03	1	0.01
17.	Finance	2	0.13	..	..	..	..
18.	Public Health Engineering	4	0.07	..	..	..	..
19.	Tourism	..	..	..	..	..	..
20.	Social Welfare	1	0.01	1	0.09	1	0.01
21.	Labour and Employment	1	..	..	..	1	0.03
22.	Stamps	..	..	..	..	..	..
23.	Co-operation	3	0.01	1	..	..	..
24.	Rehabilitation	1	0.02	..	..	..	..
25.	Publicity	..	..	..	..	..	..
	Total	258	25.64	43	2.93	41	5.07

*Differs from the amount shown in the Report of the Comptroller and Auditor General of India for the year 1974-75 (Civil) by Rs. 0.05 lakh due to the amounts of misappropriation being determined as more after enquiry.

DIX III

3.14. page 82)

NOT FINALISED TILL 30TH SEPTEMBER 1976

(All amounts in lakhs of rupees)

Cases reported during 1973-74		Cases reported during 1974-75		Cases reported during 1975-76		TOTAL	
Number of cases	Amount	Number of cases	Amount	Number of cases	Amount	Number of cases	Amount
(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
12	0.88	9	2.24	12	1.15	66	10.76
7	0.75	1	0.04	8	8.27	25	9.67
6	0.33	14	1.59	7	0.71	108	6.70
5	0.06	8	1.14	12	1.50	71	6.42
3	0.63	2	0.39	16	2.78	51	5.64
4	0.10	3	1.75	3	0.40	26	4.80
..	..	1	0.71	38	1.65	49	4.22
1	0.08	..	..	..	..	9	3.40
2	0.02	..	..	7	1.49	11	3.31
3	0.12	6	0.27	4	0.24	35	2.56
4	0.51	8	0.65	3	0.55	35	2.43
2	0.08	3	0.07	6	1.82	18	2.21
..	..	4	0.03	2	0.12	25	2.03
4	0.39	2	0.18	5	0.16	27	1.50
..	..	2	0.11	..	..	5	1.39
2	0.08	4	0.10	11	0.60	21	0.92
1	0.10	2	0.34	2	0.11	7	0.63
..	..	3	0.15	1	0.06	8	0.28
..	..	1	0.13	..	..	1	0.13
..	..	..	..	..	..	3	0.11
..	..	..	..	..	..	2	0.03
1	0.05	..	..	..	..	1	0.05
1	0.03	..	..	..	..	5	0.04
..	..	..	..	..	..	1	0.02
1	0.02	..	..	..	..	1	0.02
59	4.23	73	9.89	137	21.61	611	69.37

APPENDIX IV

(Reference : Paragraph 3.15, page 84)

LOSSES, ETC., WRITTEN OFF DURING THE YEAR 1975-76

S.No.	Name of the Department	Write-off of losses, irrecoverable revenue, advances etc.		Waiver of recovery		Remission of revenue	
		Number of cases	Amount	Number of cases	Amount	Number of cases	Amount
(1)	(2)	(3)	(4) Rs.	(5)	(6) Rs.	(7)	(8) Rs.
1.	Excise	15	74,960	..	..	..	..
2.	Forest	91	4,23,227	8	77	..	..
3.	Sales Tax	285	2,81,485	..	..	1	1,500
4.	Food	34	2,23,676	..	..	..	..
5.	Public Works (Buildings and Roads)	20	73,031	1	4,672	5	24,410
6.	Veterinary	61	66,723	..	..	..	..
7.	Irrigation	25	49,057	..	..	..	..
8.	Panchayat and Community Development	6	43,902	..	..	..	..
9.	Publicity	5	25,963	..	..	..	..
10.	Home (Police)	14	31,118	1	4,528	..	..
11.	Tribal and Harijan Welfare	3	20,138	..	..	..	..
12.	Agriculture	110	16,691	..	..	..	..
13.	Revenue	6	12,750	1	809	..	..
14.	Education	5	10,972	2	7,846	..	..
15.	General Administration	1	6,568	..	..	..	..
16.	Co-operation	1	445	..	..	..	..
17.	Law	1	272	..	..	..	..
18.	Vidhan Sabha	1	223	..	..	..	..
19.	Finance	..	..	1	2,198	..	..
	Total	684	13,66,201	14	20,130	6	25,910

APPENDIX V

(Reference: Paragraph 7.2, Page 132)

SUMMARISED FINANCIAL RESULTS OF THE GOVERNMENT
COMMERCIAL AND QUASI-COMMERCIAL UNDERTAKINGS

Name of the Undertaking	Government Handloom Factory, Maheshwar	Training-cum Production Centre, Chanderi
Name of administrative department	Co-operation 1910	Co-operation 1909
Year of commencement	1974-75	1975-76
Period of Account	(In lakhs of rupees)	
1. Government capital at the close of the year	4.24	9.13
2. Mean capital	3.67	5.34
3. Block assets (net)	0.18	0.36
4. Cumulative depreciation	@	@
5. Turnover	0.34	0.47
6. Net profit (+)/Net loss (-)	(-)-1.00	(-)-1.45
7. Interest on capital	0.21	0.31
8. Total return	(-)-0.79	(-)-1.14

@ Depreciation has not been provided.

APPENDIX 7

(Name of company or firm)

ANNUAL REPORT FOR THE YEAR ENDING 1910

Name of the Corporation
Address of the Corporation
City
State

Statement of Assets and Liabilities		Statement of Income	
Assets	Liabilities	Income	Expenses
1. Cash	1. Accounts Payable	1. Sales	1. Salaries
2. Receivables	2. Notes Payable	2. Dividends	2. Depreciation
3. Inventory	3. Bonds Payable	3. Interest	3. Taxes
4. Fixed Assets	4. Other Liabilities	4. Other Income	4. Other Expenses
5. Total Assets	5. Total Liabilities	5. Total Income	5. Total Expenses

1910-1911-1912-1913-1914-1915